

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): January 1, 2000  
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PC CONNECTION, INC.  
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(Exact Name of Registrant as Specified in its Charter)

Delaware  
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(State or Other Jurisdiction of Incorporation)

0-23827  
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(Commission File Number)

02-0497006  
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(IRS Employer Identification No.)

Route 101 A, 730 Milford Road, Merrimack, New Hampshire  
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03054  
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(Address of Principal Executive Offices)

(Zip Code)

(603) 423-2000  
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Registrant's Telephone Number, Including Area Code

Not Applicable  
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(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.

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Effective on January 1, 2000, PC Connection, Inc., a Delaware corporation ("PC Connection"), was reorganized as a second-tier wholly-owned subsidiary of a new Delaware holding company (the "Holding Company") pursuant to Section 251(g) of the Delaware General Corporation Law (the "Reorganization"). As part of the Reorganization, the name of the Holding Company was changed to "PC Connection, Inc." and the name of PC Connection was changed to "PC Connection Sales Corp." Pursuant to Rule 414 promulgated under the Securities Act of 1933, as amended, the Holding Company is the successor issuer of PC Connection.

The Reorganization was effected pursuant to an Agreement and Plan of Merger, dated December 29, 1999, by and among PC Connection, the Holding Company and PC Transitory Corp., each of which is a Delaware corporation. Prior to the Reorganization the Holding Company was a wholly-owned subsidiary of PC Connection and PC Transitory Corp. was a wholly-owned subsidiary of the Holding Company. As part of the Reorganization, the Transitory Corp. was merged with and into PC Connection (the "Merger"). PC Connection was the surviving corporation in the Merger and became a second-tier wholly-owned subsidiary of the Holding Company.

As a result of the Merger, stockholders of PC Connection became stockholders of the Holding Company, receiving one share of common stock of the Holding Company in exchange for each share of common stock of PC Connection held at the effective time of the Merger in a non-taxable transaction, with the same voting powers, designations, preferences and rights, the same qualifications, restrictions and limitations as the shares of PC Connection previously held by stockholders. No additional capital stock of the Holding Company was issued as part of the Merger. The conversion of shares of common stock of PC Connection in the Merger occurred without an exchange of share certificates. From and after the date of the Merger, share certificates formerly representing shares of common stock of PC Connection will be deemed to represent shares of common stock of the Holding Company. The shares of common stock of the Holding Company will be listed on the Nasdaq National Market under the symbol "PCCC", the same symbol used by PC Connection prior to the Merger.

The Certificate of Incorporation and the Bylaws of the Holding Company are identical to the Amended and Restated Certificate of Incorporation and Bylaws of PC Connection (except for provisions relating to the corporate name, capitalization and other changes required by Delaware General Corporation Law). The directors and officers of PC Connection became the directors and officers of the Holding Company at the effective time of the Merger. The directors of the Holding Company will hold office for the same terms held by them with PC Connection prior to the Merger.

A copy of the press release is attached hereto as an exhibit and incorporated herein by reference.

Item 7. Financial Statements and Exhibits.  
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Exhibits

- 2 Agreement and Plan of Merger, dated December 29, 1999, by and among PC Connection, Inc., PC Holding Corp. and PC Transitory Corp.
- 4.1 Certificate of Incorporation of PC Connection, Inc. (formerly PC Holdco, Inc.)
- 4.2 By-laws of PC Connection, Inc. (formerly PC Holdco, Inc.)
- 99 Press release, issued January 3, 2000

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: January 3, 2000

PC CONNECTION, INC.  
(Registrant)

By: /s/ Patricia Gallup

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Patricia Gallup  
Chairman of the Board and  
Chief Executive Officer

AGREEMENT AND PLAN OF MERGER

AMONG

PC CONNECTION, INC.

PC HOLDCO, INC.

AND

PC TRANSITORY CORP.

December 29, 1999

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## AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (the "Agreement"), entered into as of December 29, 1999, by and among PC Connection, Inc., a Delaware corporation (the "Company"), PC Holdco, Inc., a Delaware corporation ("Holding") and a wholly owned subsidiary of the Company, and PC Transitory Corp. a Delaware corporation ("Merger Sub") and a wholly owned subsidiary of Holding.

### PRELIMINARY STATEMENTS

1. The Company's authorized capital stock consists of (i) 30,000,000 shares of common stock, \$.01 par value per share (the "Company Common Stock"), of which as of December 27, 1999, 15,740,895 shares were issued and outstanding and no shares were held in the Company's treasury; and (ii) 7,500,000 shares of preferred stock, \$.01 par value per share, none of which is currently outstanding.

2. As of the date hereof, Holding's authorized capital stock consists of (i) 30,000,000 shares of common stock, \$.01 par value per share (the "Holding Common Stock"), of which 100 shares are issued and outstanding and owned by the Company and no shares are held in treasury, and (ii) 7,500,000 shares of preferred stock, \$.01 par value per share, none of which are outstanding.

3. As of the date hereof, Merger Sub has an authorized capital stock consisting of 100 shares of common stock, \$.01 par value per share (the "Merger Sub Common Stock"), of which 100 shares are issued and outstanding on the date hereof and owned by Holding.

4. The designations, rights and preferences, and the qualifications, limitations and restrictions of the Holding Common Stock are the same as those of the Company Common Stock.

5. The Certificate of Incorporation of Holding (the "Holding Charter") and the Bylaws of Holding (the "Holding Bylaws") in effect immediately after the Effective Date (as hereinafter defined) will contain provisions identical to the Amended and Restated Certificate of Incorporation of the Company (the "Company Charter") and Bylaws of the Company (the "Company Bylaws") in effect immediately before the Effective Time (as defined below) (other than as required by Section 251(g) of the General Corporation Law of the State of Delaware (the "DGCL")).

6. The directors and substantially all of the officers of the Company immediately prior to the Merger (as defined below) will be the directors and officer of Holding as of the Effective Time.

7. Holding and Merger Sub are newly formed corporations organized for the purpose of participating in the transactions herein contemplated.

8. The Company desires to create a new holding company structure by merging Merger Sub with and into the Company, with (a) the Company continuing as the surviving corporation of such merger and (b) each outstanding share (or any fraction thereof) of Company Common Stock



being converted in such merger into a like number of shares of Holding Common Stock, all in accordance with the terms of this Agreement (the "Merger").

9. The boards of directors of Holding, Merger Sub and the Company, the Company, in its capacity as the sole stockholder of Holding, and Holding, in its capacity as the sole stockholder of Merger Sub, have approved this Agreement and the Merger upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained in this Agreement, and intending to be legally bound hereby, the Company, Holding and Merger Sub hereby agree as follows:

#### ARTICLE I THE MERGER

SECTION 1.1 THE MERGER. In accordance with Section 251(g) of the DGCL and subject to, and upon the terms and conditions of, this Agreement, Merger Sub shall, at the Effective Time, be merged with and into the Company, the separate corporate existence of Merger Sub shall cease, and the Company shall continue as the surviving corporation of the Merger (the "Surviving Corporation"). At the Effective Time, the effects of the Merger shall be as provided in Section 259 of the DGCL.

SECTION 1.2 EFFECTIVE DATE. As soon as practicable on or after the date hereof, the parties shall file this Agreement, executed and certified in accordance with the relevant provisions of the DGCL, with the Secretary of State of the State of Delaware and shall make all other filings or recordings required under the DGCL to effectuate the Merger. The Merger shall become effective as of 12:01 a.m., Eastern Daylight Time, on January 1, 2000 (the "Effective Time").

SECTION 1.3 CERTIFICATE OF INCORPORATION. From and after the Effective Time, the Company's Charter, as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation (the "Surviving Corporation's Charter") until thereafter amended as provided therein or by the DGCL, except as follows:

(a) Article Fourth thereof shall be amended so as to read in its entirety as follows:

"The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 100 shares of common stock, \$.01 par value per share."

(b) A new Article Thirteenth shall be added thereto which shall be and read in its entirety as follows:

"Thirteenth. Any act or transaction by or involving the Corporation that requires for its adoption under the General Corporation Law of the State of Delaware or this Amended and Restated Certificate of Incorporation the approval of the stockholders of the Corporation shall, pursuant to Section 251(g) of the General Corporation Law of the State of Delaware, require, in addition, the approval of the stockholders of PC Connection Inc., a Delaware corporation, or any successor thereto by merger, by the same vote that is required by the General Corporation Law of the State of Delaware or this Amended and Restated Certificate of Incorporation, as the case may be."

SECTION 1.4 BYLAWS. From and after the Effective Time, the Merger Sub Bylaws, as in effect immediately prior to the Effective Time, shall constitute the Bylaws of the Surviving Corporation until thereafter amended as provided therein or by applicable law.

SECTION 1.5 DIRECTORS. The directors of the Merger Sub in office immediately prior to the Effective Time shall be the directors of the Surviving Corporation and will continue to hold office from the Effective Time until their successors are duly elected or appointed and qualified in the manner provided in the Surviving Corporation's Charter and Bylaws, or as otherwise provided by law.

SECTION 1.6 OFFICERS. The officers of the Merger Sub in office immediately prior to the Effective Time shall be the officers of the Surviving Corporation until the earlier of their resignation or removal or until their successors are duly elected or appointed and qualified in the manner provided in the Surviving Corporation's Charter and Bylaws, or as otherwise provided by law.

SECTION 1.7 ADDITIONAL ACTIONS. Subject to the terms of this Agreement, the parties hereto shall take all such reasonable and lawful actions which may be necessary or appropriate in order to effectuate the Merger, which shall include executing and delivering an Assumption Agreement (as hereinafter defined), effective upon the Merger, in such form as the Company and Holding determine to be appropriate to evidence the Company's assignment to and Holding's assumption of such rights, interests, obligations and liabilities as the Company and Holding determine to be appropriate. If, at any time after the Effective Date, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its right, time or interest in, to or under any of the rights, properties or assets of either of Merger Sub or the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of each of Merger Sub and the Company, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of Merger Sub and the Company or otherwise, all such other actions and things as may be necessary or

desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.

SECTION 1.8 CONVERSION OF SECURITIES. At the Effective Time, by virtue of the Merger and without any action on the part of Holding, Merger Sub, the Company or the holder of any of the following securities:

(a) Conversion of Company Common Stock. Each share of Company Common

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Stock (or fraction of a share of Company Common Stock) issued and outstanding immediately prior to the Effective Time shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share (or equal fraction of a share) of Holding Common Stock.

(b) Conversion of Capital Stock of Merger Sub. Each share of Merger

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Sub Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of common stock, \$.01 par value per share, of the Surviving Corporation.

(c) Cancellation of Capital Stock of Holding. Each share of Holding

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Common Stock that is owned by the Company immediately prior to the Merger shall automatically be cancelled and retired and shall cease to exist.

(d) Rights of Certificate Holders. From and after the Effective Time,

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holders of Certificates formerly evidencing Company Common Stock shall cease to have any rights as stockholders of the Company, except as provided by law; except, however, that such holders shall have the rights set forth in Section 1.9 herein.

SECTION 1.9 NO SURRENDER OF CERTIFICATES. Until thereafter surrendered for transfer or exchange, each outstanding stock certificate that, immediately prior to the Effective Time, evidenced Company Common Stock shall be deemed and treated for all corporate purposes to evidence the ownership of the number of shares of Holding Common Stock into which such shares of Company Common Stock were converted pursuant to the provisions of Section 1.8(a) herein.

## ARTICLE II ACTIONS TO BE TAKEN IN CONNECTION WITH THE MERGER

SECTION 2.1 ASSUMPTION OF STOCK INCENTIVE PLAN. Holding and the Company shall, as of the Effective Time, execute, acknowledge and deliver an assignment and assumption agreement (the "Assumption Agreement") pursuant to which Holding will, from and after the Effective Time, assume and agree to perform all obligations of the Company pursuant to the Company's 1993 Incentive and Non-Statutory Stock Option Plan (the "1993 Plan") Amended and Restated 1997 Stock Incentive Plan (the "1997 Plan") and 1997 Employee Stock Purchase Plan (the "1997 Purchase Plan"). The 1993 Plan, the 1997 Plan and the 1997 Purchase Plan shall be collectively referred to as the "Option Plans". As of the Effective Time, each option to purchase

a share of Company Common Stock which has been granted and is then outstanding and unexercised under the 1993 Plan and the 1997 Plan ("Existing Stock Option") shall be converted into an option to purchase one share of Holding Common Stock at the same exercise price, for the same period and subject to substantially the same terms and conditions including any stockholder approval which may be required with respect to the 1993 Plan and 1997 Plan applicable to the relevant Existing Stock Option ("Substitute Option"); provided, however, that after the Effective Time no exercise shall occur unless and until the holder of the Existing Option shall have executed and delivered to Holding an instrument in such form as Holding may prescribe to evidence his or her acceptance of the terms and conditions of the Substitute Option.

SECTION 2.2 RESERVATION OF SHARES. On or prior to the Effective Time, Holding shall reserve sufficient authorized but unissued shares of Holding Common Stock to provide for the issuance of Holding Common Stock upon the exercise of options payable and outstanding under the Option Plans, as assumed by Holding.

### ARTICLE III CONDITIONS OF MERGER

SECTION 3.1 CONDITIONS PRECEDENT. The obligations of the parties to this Agreement to consummate the Merger and the transactions contemplated by this Agreement shall be subject to fulfillment or waiver by the parties hereto of each of the following conditions:

(a) Prior to the Effective Time, the Holding Common Stock to be issued pursuant to the Merger shall have been approved for listing, upon official notice of issuance, by the Nasdaq Stock Market ("Nasdaq").

(b) Prior to the Effective Time, no order, statute, rule, regulation, executive order, injunction, stay, decree, judgment or restraining order shall have been enacted, entered, promulgated or enforced by any court or governmental or regulatory authority or instrumentality which prohibits or makes illegal the consummation of the Merger or the transactions contemplated hereby.

### ARTICLE IV COVENANTS

SECTION 4.1 ELECTION OF DIRECTORS. The Company, in its capacity as the sole stockholder of Holding, shall elect each person who is then a member of the board of directors of the Company as a director of Holding (and to be the only directors of Holding), each of whom shall serve until the next annual meeting of shareholders of Holding and until his successor shall have been elected and qualified or until such director's early resignation or removal.

SECTION 4.2 LISTING OF HOLDING COMPANY COMMON STOCK. Holding shall use its best efforts to obtain, at or before the Effective Time, authorization to list on

Nasdaq, upon official notice of issuance, Holding Common Stock issuable pursuant to the Merger.

SECTION 4.3 STOCK PLANS. The Company and Holding shall take or cause to be taken all actions necessary or desirable in order for Holding to assume the Option Plans and the Purchase Plan.

ARTICLE V  
TERMINATION AND AMENDMENT

SECTION 5.1 TERMINATION. This Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time prior to the Effective Time by action of the board of directors of the Company, Holding or Merger Sub if it is determined that for any reason the completion of the transactions provided for herein would be inadvisable or not in the best interest of such corporation or its stockholders. In the event of such termination and abandonment, this Agreement shall become void and neither the Company, Holding or Merger Sub nor their respective stockholders, directors or officers shall have any liability or rights with respect to such termination and abandonment.

SECTION 5.2 AMENDMENTS. This Agreement may be supplemented, amended or modified by the mutual consent of the boards of directors of the parties to this Agreement; provided, however, that, any amendment effected subsequent to stockholder approval shall be subject to the restrictions contained in the DGCL. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the parties hereto.

ARTICLE VI  
MISCELLANEOUS PROVISIONS

SECTION 6.1 GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws.

SECTION 6.2 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which shall constitute one and the same agreement.

SECTION 6.3 ENTIRE AGREEMENT. This Agreement, including the documents and instruments referred to herein, constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

IN WITNESS WHEREOF, Holding, Merger Sub and the Company have caused this Agreement to be executed as of the date first above written above by the respective officers thereunto duly authorized.

PC CONNECTION, INC.

By: /s/ Patricia Gallup  
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Name: \_\_\_\_\_

Title: \_\_\_\_\_

PC HOLDCO, INC.

By: /s/ Patricia Gallup  
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Name: \_\_\_\_\_

Title: \_\_\_\_\_

PC TRANSITORY CORP.

By: /s/ Robert F. Wilkins  
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Name: \_\_\_\_\_

Title: \_\_\_\_\_

CERTIFICATE OF INCORPORATION

OF

PC HOLDCO, INC.

FIRST. The name of the Corporation is: PC Holdco, Inc.

SECOND. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The nature of the business or purposes to be conducted or promoted by the Corporation is as follows:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 37,500,000 shares, consisting of (i) 30,000,000 shares of Common Stock, \$.01 par value per share ("Common Stock"), and (ii) 7,500,000 shares of Preferred Stock, \$.01 par value per share ("Preferred Stock"), which may be issued from time to time in one or more series as set forth in Part B of this Article FOURTH.

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK.

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1. General. The voting, dividend and liquidation rights of the holders

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of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board of Directors upon any issuance of the Preferred Stock of any series.

2. Voting. The holders of the Common Stock are entitled to one vote for

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each share held at all meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting.

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of Delaware.

3. Dividends. Dividends may be declared and paid on the Common Stock

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from funds lawfully available therefor as and when determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding Preferred Stock.

4. Liquidation. Upon the dissolution or liquidation of the Corporation,

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whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject to any preferential rights of any then outstanding Preferred Stock.

B. PREFERRED STOCK.

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Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors of the Corporation as hereinafter provided by the affirmative vote of all of the directors then in office. Any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly provided.

Authority is hereby expressly granted to the Board of Directors from time to time to, by the affirmative vote of all of the directors then in office, to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by resolution or resolutions providing for the issue of the shares thereof, to determine and fix such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the General Corporation Law of Delaware. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to the Preferred Stock of any other series to the extent permitted by law. Except as otherwise provided in this Certificate of Incorporation, no vote of the holders of the Preferred Stock or Common Stock shall be a prerequisite to the designation or issuance of any shares of any series of the Preferred Stock authorized by and complying with the conditions of this Certificate of Incorporation, the



right to have such vote being expressly waived by all present and future holders of the capital stock of the Corporation.

FIFTH. The Corporation shall have a perpetual existence.

SIXTH. In furtherance of and not in limitation of powers conferred by statute, it is further provided:

1. Election of directors need not be by written ballot.

2. The Board of Directors is expressly authorized to alter, amend or repeal the Bylaws of the Corporation or adopt new bylaws by the affirmative vote of all of the directors then in office.

SEVENTH. Except to the extent that the General Corporation Law of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

EIGHTH.

1. Actions, Suits and Proceedings Other than by or in the Right of the

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Corporation. The Corporation shall indemnify each person who was or is a party

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or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) (all such persons being referred to hereafter as an "Indemnatee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere

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or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. Notwithstanding anything to the contrary in this Article, except as set forth in Section 7 below, the Corporation shall not indemnify an Indemnatee seeking indemnification in connection with a proceeding (or part thereof) initiated by the Indemnatee unless the initiation thereof was approved by the Board of Directors of the Corporation. Notwithstanding anything to the contrary in this Article, the Corporation shall not indemnify an Indemnatee to the extent such Indemnatee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to an Indemnatee and such Indemnatee is subsequently reimbursed from the proceeds of insurance, such Indemnatee shall promptly refund such indemnification payments to the Corporation to the extent of such insurance reimbursement.

2. Actions or Suits by or in the Right of the Corporation. The

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Corporation shall indemnify any Indemnatee who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of Delaware shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) which the Court of Chancery of Delaware shall deem proper.

3. Indemnification for Expenses of Successful Party. Notwithstanding the

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other provisions of this Article, to the extent that an Indemnatee has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, he shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection therewith. Without limiting the foregoing, if any action, suit or proceeding is disposed of,

on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to the Indemnatee, (ii) an adjudication that the Indemnatee was liable to the Corporation, (iii) a plea of guilty or nolo

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contendere by the Indemnatee, (iv) an adjudication that the Indemnatee did not

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act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that the Indemnatee had reasonable cause to believe his conduct was unlawful, the Indemnatee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

4. Notification and Defense of Claim. As a condition precedent to his

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right to be indemnified, the Indemnatee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving him for which indemnity will or could be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to the Indemnatee. After notice from the Corporation to the Indemnatee of its election so to assume such defense, the Corporation shall not be liable to the Indemnatee for any legal or other expenses subsequently incurred by the Indemnatee in connection with such claim, other than as provided below in this Section 4. The Indemnatee shall have the right to employ his own counsel in connection with such claim, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnatee unless (i) the employment of counsel by the Indemnatee has been authorized by the Corporation, (ii) counsel to the Indemnatee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and the Indemnatee in the conduct of the defense of such action or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel for the Indemnatee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article. The Corporation shall not be entitled, without the consent of the Indemnatee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for the Indemnatee shall have reasonably made the conclusion provided for in clause (ii) above.

5. Advance of Expenses. Subject to the provisions of Section 6 below, in

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the event that the Corporation does not assume the defense pursuant to Section 4 of this Article of any action, suit, proceeding or investigation of which the Corporation receives notice under this Article, any expenses (including attorneys' fees) incurred by an Indemnatee in defending a civil or criminal action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided,

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however, that the payment of such expenses incurred by an Indemnatee in advance

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of the final disposition of such matter shall be made only upon receipt of an

undertaking by or on behalf of the Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined that the Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article. Such undertaking shall be accepted without reference to the financial ability of the Indemnitee to make such repayment.

6. Procedure for Indemnification. In order to obtain indemnification or  
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advancement of expenses pursuant to Section 1, 2, 3 or 5 of this Article, the Indemnitee shall submit to the Corporation a written request, including in such request such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification or advancement of expenses. Any such indemnification or advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of the Indemnitee, unless with respect to requests under Section 1, 2 or 5 the Corporation determines within such 60-day period that the Indemnitee did not meet the applicable standard of conduct set forth in Section 1 or 2, as the case may be. Such determination shall be made in each instance by (a) a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (b) a majority vote of a quorum of the outstanding shares of stock of all classes entitled to vote for directors, voting as a single class, which quorum shall consist of stockholders who are not at that time parties to the action, suit or proceeding in question, (c) independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation), or (d) a court of competent jurisdiction.

7. Remedies. The right to indemnification or advances as granted by this  
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Article shall be enforceable by the Indemnitee in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within the 60-day period referred to above in Section 6. Unless otherwise required by law, the burden of proving that the Indemnitee is not entitled to indemnification or advancement of expenses under this Article shall be on the Corporation. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 6 that the Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. The Indemnitee's expenses (including attorneys' fees) incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation.

8. Subsequent Amendment. No amendment, termination or repeal of this  
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Article or of the relevant provisions of the General Corporation Law of Delaware or any

other applicable laws shall affect or diminish in any way the rights of any Indemnatee to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

9. Other Rights. The indemnification and advancement of expenses

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provided by this Article shall not be deemed exclusive of any other rights to which an Indemnatee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnatee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of the Indemnatee. Nothing contained in this Article shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification rights and procedures different from those set forth in this Article. In addition, the Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article.

10. Partial Indemnification. If an Indemnatee is entitled under any

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provision of this Article to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), judgments, fines or amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify the Indemnatee for the portion of such expenses (including attorneys' fees), judgments, fines or amounts paid in settlement to which the Indemnatee is entitled.

11. Insurance. The Corporation may purchase and maintain insurance, at

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its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of Delaware.

12. Merger or Consolidation. If the Corporation is merged into or

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consolidated with another corporation and the Corporation is not the surviving corporation, the surviving corporation shall assume the obligations of the Corporation under this Article with respect to any action, suit, proceeding or investigation arising out of or relating to any

actions, transactions or facts occurring prior to the date of such merger or consolidation.

13. Savings Clause. If this Article or any portion hereof shall be

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invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

14. Definitions. Terms used herein and defined in Section 145(h) and

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Section 145(i) of the General Corporation Law of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

15. Subsequent Legislation. If the General Corporation Law of Delaware is

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amended after adoption of this Article to expand further the indemnification permitted to Indemnitees, then the Corporation shall indemnify such persons to the fullest extent permitted by the General Corporation Law of Delaware, as so amended.

NINTH. This Article is inserted for the management of the business and for the conduct of the affairs of the Corporation.

1. Number of Directors. The number of directors of the Corporation shall

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not be less than one. The exact number of directors within the limitations specified in the preceding sentence shall be fixed from time to time by, or in the manner provided in, the Corporation's Bylaws.

2. Election of Directors. Elections of directors need not be by written

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ballot except as and to the extent provided in the Bylaws of the Corporation.

3. Quorum; Action at Meeting. A majority of the total number of the

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whole Board of Directors shall constitute a quorum for the transaction of business. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each director so disqualified; provided, however, that in no case shall less than one-third (1/3) of the number of directors fixed pursuant to Section 1 above constitute a quorum. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of those present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present. At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a

different vote is specified by law, by the Bylaws of the Corporation or by this Certificate of Incorporation.

4. Removal. Except as otherwise provided by the General Corporation Law

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of Delaware, any one or more or all of the directors of the Corporation may be removed with or without cause by the holders of a majority of the shares then entitled to vote at an election of directors, except that the directors elected by the holders of a particular class or series of stock may be removed without cause only by vote of the holders of a majority of the outstanding shares of such class or series.

5. Vacancies. Any vacancy in the Board of Directors, however occurring,

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including a vacancy resulting from an enlargement of the board, may be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified, or until his earlier death, resignation or removal.

6. Stockholder Nominations and Introduction of Business, Etc. Advance

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notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the Bylaws of the Corporation.

TENTH. Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of the General Corporation Law of Delaware or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of the General Corporation Law of Delaware order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as such court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any promise or arrangement, such compromise or arrangement and such reorganization shall, if sanctioned by the court to which application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ELEVENTH. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

TWELFTH. Section 203 of the General Corporation Law of Delaware, as it may be amended from time to time, shall apply to the Corporation.

\* \* \* \* \*



EXECUTED at Merrimack, New Hampshire on this 23 day of December, 1999.

By: /s/ Patricia Gallup

-----  
Patricia Gallup, Sole Incorporator  
Address: c/o PC Connection, Inc.  
Route 101 A  
730 Milford Road  
Merrimack, NH 03054

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CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
PC HOLDCO, INC.

Pursuant to Section 242  
of the General Corporation Law of  
the State of Delaware  
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PC Holdco, Inc. (hereinafter called the "Corporation"), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

At a meeting of the Board of Directors of the Corporation a resolution was duly adopted, pursuant to Section 242 of the General Corporation Law of the State of Delaware, setting forth an amendment to the Certificate of Incorporation of the Corporation and declaring said amendment to be advisable. The stockholders of the Corporation duly approved said proposed amendment in accordance with Section 242 of the General Corporation Law of the State of Delaware by written consent in accordance with Sections 228 and 242 of the General Corporation Law of the State of Delaware, and written notice of such consent has been given to all stockholders who have not consented in writing to said amendment. The resolution setting forth the amendment is as follows:

RESOLVED: That Article FIRST of the Certificate of Incorporation of the Corporation be and hereby is deleted in its entirety and the following paragraph is inserted in lieu thereof:

FIRST. The name of the Corporation is: PC Connection, Inc.

RESOLVED: That this Certificate of Amendment of Certificate of Incorporation shall be effective on January 1, 2000 at 12:02 a.m. Eastern Standard Time.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its Chairman of the Board and Chief Executive Officer this 29th day of December, 1999.

PC HOLDCO, INC.

By: /s/ Patricia Gallup

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Patricia Gallup  
Chairman of the Board and  
Chief Executive Officer

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BYLAWS  
OF  
PC CONNECTION, INC.

BYLAWS

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BYLAWS

OF

PC CONNECTION, INC.

ARTICLE 1 - Stockholders  
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1.1 Place of Meetings. All meetings of stockholders shall be held at  
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such place within or without the State of Delaware as may be designated from time to time by the Chairman of the Board (or, if there be no Chairman of the Board, the Vice Chairman of the Board, or if there be no Chairman and no Vice Chairman of the Board, the Board of Directors) or, if not so designated, at the registered office of the corporation.

1.2 Annual Meeting. The annual meeting of stockholders for the  
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election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date to be fixed by the Chairman of the Board (or, if there be no Chairman of the Board, the Vice Chairman of the Board, or if there be no Chairman and no Vice Chairman of the Board, the Board of Directors) (which date shall not be a legal holiday in the place where the meeting is to be held) at the time and place to be fixed by the Chairman of the Board (or, if there be no Chairman of the Board, the Vice Chairman of the Board, or if there be no Chairman and no Vice Chairman of the Board, the Board of Directors) and stated in the notice of the meeting. If no annual meeting is held in accordance with the foregoing provisions, the Chairman of the Board, Vice Chairman of the Board or the Board of Directors shall cause the meeting to be held as soon thereafter as convenient. If no annual meeting is held in accordance with the foregoing provisions, a special meeting may be held in lieu of the annual meeting, and any action taken at that special meeting shall have the same effect as if it had been taken at the annual meeting, and in such case all references in these Bylaws to the annual meeting of the stockholders shall be deemed to refer to such special meeting.

1.3 Special Meetings. Special meetings of stockholders may be  
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called at any time by the Chairman of the Board (or, if there be no Chairman of the Board, the Vice Chairman of the Board), by the Board of Directors or by the holders of forty percent (40%) or more of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at such meeting. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

1.4 Notice of Meetings. Except as otherwise provided by law, written  
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notice of each meeting of stockholders, whether annual or special, shall be given not less than

10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. The notices of all meetings shall state the place, date and hour of the meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at her/his address as it appears on the records of the corporation.

1.5 Voting List. The officer who has charge of the stock ledger of

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the corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, at a place within the city where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting, and may be inspected by any stockholder who is present.

1.6 Quorum. Except as otherwise provided by law, the Certificate of

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Incorporation or these Bylaws, the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business.

1.7 Adjournments. Any meeting of stockholders may be adjourned to

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any other time and to any other place at which a meeting of stockholders may be held under these Bylaws by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum, or, if no stockholder is present, by any officer entitled to preside at or to act as Secretary of such meeting. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place of the adjourned meeting are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one vote for

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each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may vote or express such consent or dissent in person or may authorize another person or persons to vote or act for her/him by written proxy executed by the stockholder or



her/his authorized agent and delivered to the Secretary of the corporation. No such proxy shall be voted or acted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 Action at Meeting. When a quorum is present at any meeting, the

holders of shares of stock representing a majority of the votes cast on a matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of shares of stock of that class representing a majority of the votes cast on a matter) shall decide any matter to be voted upon by the stockholders at such meeting, except when a different vote is required by express provision of law, the Certificate of Incorporation or these Bylaws. When a quorum is present at any meeting, any election by stockholders shall be determined by a plurality of the votes cast on the election.

1.10 Action without Meeting. Any action required or permitted to be

taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on such action were present and voted. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

1.11 Nomination of Directors. Only persons who are nominated in

accordance with the following procedures shall be eligible for election as directors. Nomination for election to the Board of Directors of the Corporation at a meeting of stockholders may be made by the Board of Directors or by any stockholder of the Corporation entitled to vote for the election of directors at such meeting who complies with the notice procedures set forth in this Section 1.11. Such nominations, other than those made by or on behalf of the Board of Directors or by or on behalf of the holders of forty percent (40%) or more of the shares of the capital stock of the corporation issued and outstanding and entitled to vote with respect to the election of directors, shall be made by notice in writing delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation, and received not less than 60 days nor more than 90 days prior to such meeting; provided, however, that if less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, such nomination shall have been mailed or delivered to the Secretary not later than the close of business on the 10th day following the date on which the notice of the meeting was mailed or public disclosure was made, whichever occurs first. Such notice shall set forth (a) as to each proposed nominee (i) the name, age, business address and, if known, residence address of each such nominee, (ii) the principal occupation or

employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to be named as a nominee and to serve as a director if elected); (b) as to the stockholder or stockholders giving the notice (i) the name and address, as they appear on the Corporation's books, of such stockholder or stockholders, and (ii) the class and number of shares of the Corporation which are beneficially owned by such stockholder or stockholders; and (c) as to the beneficial owner or owners, if any, on whose behalf the nomination is made, (i) the name and address of such person or persons and (ii) the class and number of shares of the Corporation which are beneficially owned by such person or persons.

The officer presiding at a meeting of stockholders may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if s/he should so determine, s/he shall so declare to the meeting and the defective nomination shall be disregarded.

Nothing in the foregoing provision shall obligate the Corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the Corporation or the Board of Directors information with respect to any nominee for directors submitted by a stockholder.

1.12 Notice of Business at Meetings. At a meeting of the

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stockholders, only such business shall be conducted as shall have been (a) specified in the notice of meeting (or any supplement thereto), (b) brought before the meeting by or at the direction of the Board of Directors or the holders of forty percent (40%) or more of the shares of the capital stock of the corporation issued and outstanding and entitled to vote with respect to such matter, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder who holds or stockholders who hold less than forty percent (40%) of the shares of capital stock of the corporation issued and outstanding and entitled to vote with respect to such matter, if such business relates to the election of directors of the Corporation, the procedures in Section 1.11 must be complied with. For business to be properly brought before a special meeting by a stockholder who holds or stockholders who hold less than forty percent (40%) of the shares of capital stock of the corporation issued and outstanding and entitled to vote with respect to such matter, and for business other than the election of directors to be properly brought before an annual meeting by a stockholder who holds or stockholders who hold less than forty percent (40%) of the shares of capital stock of the corporation issued and outstanding and entitled to vote with respect to such matter, such stockholder or stockholders must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely,

a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the meeting; provided, however, that if less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder or stockholders to be timely must be delivered or mailed to the Secretary not later than the close of business on the 10th day following the date on which the notice of the meeting was mailed or public disclosure was made, whichever occurs first. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder or stockholders proposing such business, and the name and address of the beneficial owner or owners, if any, on whose behalf the proposal is made, (c) the class and number of shares of the Corporation which are beneficially owned by such stockholder or stockholders and such person or persons, if any, and (d) any material interest of the stockholder or stockholders, and such person or persons, if any, in such business. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at any meeting of stockholders except in accordance with the procedures set forth in this Section 1.12 and except that any stockholder proposal which complies with Rule 14a-8 of the proxy rules (or any successor provision) promulgated under the Securities Exchange Act of 1934, as amended, and is to be included in the Corporation's proxy statement for an annual meeting of stockholders shall be deemed to comply with the requirements of this Section 1.12.

The officer presiding at a meeting of stockholders shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 10, and if s/he should so determine, s/he shall do declare to the meeting that any such business not properly brought before the meeting shall not be transacted.

## ARTICLE 2 - Directors

### 2.1 General Powers. The business and affairs of the corporation

shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

### 2.2 Number; Election and Qualification. The number of directors

which shall constitute the whole Board of Directors shall be determined by resolution of the stockholders or the Board of Directors, but in no event shall be less than one nor more

than seven. The number of directors may be decreased at any time and from time to time either by the stockholders or by a majority of the directors then in office, but only to eliminate vacancies existing by reason of the death, resignation, removal or expiration of the term of one or more directors. The directors shall be elected at the annual meeting of stockholders by such stockholders as have the right to vote on such election. Directors need not be stockholders of the corporation.

2.3           Enlargement of the Board. Subject to Section 2.2, the number of  
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directors may be increased at any time and from time to time by the stockholders or by a majority of the directors then in office.

2.4           Tenure. Each director shall hold office until the next annual  
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meeting and until her/his successor is elected and qualified, or until her/his earlier death, resignation or removal.

2.5           Vacancies. Unless and until filled by the stockholders, any  
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vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, may be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of her/his predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next annual meeting of stockholders and until her/his successor is elected and qualified, or until her/his earlier death, resignation or removal.

2.6           Resignation. Any director may resign by delivering her/his  
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written resignation to the corporation at its principal office or to the Chief Executive Officer or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

2.7           Regular Meetings. Regular meetings of the Board of Directors  
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may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.8           Special Meetings. Special meetings of the Board of Directors  
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may be held at any time and place, within or without the State of Delaware, designated in a call by the Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, two or more directors, or by one director in the event that there is only a single director in office.

2.9 Notice of Special Meetings. Notice of any special meeting of  
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directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (i) by giving notice to such director in person, by e-mail or by telephone at least 48 hours in advance of the meeting, (ii) by sending a telegram or telex, or delivering written notice by hand, to her/his last known business or home address at least 48 hours in advance of the meeting, or (iii) by mailing written notice to her/his last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.10 Meetings by Telephone Conference Calls. Directors or any  
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members of any committee designated by the directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.11 Quorum. A majority of the total number of the whole Board of  
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Directors shall constitute a quorum at all meetings of the Board of Directors. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so disqualified; provided, however, that in no case shall less than one-third (1/3) of the number so fixed constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.12 Action at Meeting. At any meeting of the Board of Directors at  
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which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by law, the Certificate of Incorporation or these Bylaws.

2.13 Action by Consent. Any action required or permitted to be  
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taken at any meeting of the Board of Directors or of any committee of the Board of Directors may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in writing, and the written consents are filed with the minutes of proceedings of the Board or committee.

2.14 Removal. Except as otherwise provided by the General  
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Corporation Law of Delaware, any one or more or all of the directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except that the directors elected by the holders of a particular class or series of

stock may be removed without cause only by vote of the holders of a majority of the outstanding shares of such class or series.

2.15 Committees. The Board of Directors may designate one or more

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committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not s/he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of the General Corporation Law of the State of Delaware, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation (with regard to the business of such committee) and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-laws for the Board of Directors.

2.16 Compensation of Directors. Directors may be paid such compensation

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for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary corporations in any other capacity and receiving compensation for such service.

### ARTICLE 3 - Officers

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3.1 Enumeration. The officers of the corporation shall consist of a Chief

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Executive Officer, President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including a Chairman of the Board, a Vice-Chairman of the Board, and one or more Vice Presidents, Assistant Treasurers, and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election. The Chief Executive Officer, President, Treasurer and

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Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more  
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offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by law, by the Certificate of  
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Incorporation or by these Bylaws, each officer shall hold office until her/his  
successor is elected and qualified, unless a different term is specified in the  
vote choosing or appointing her/him, or until her/his earlier death, resignation  
or removal.

3.5 Resignation and Removal. Any officer may resign by delivering her/his  
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written resignation to the corporation at its principal office or to the Chief  
Executive Officer or Secretary. Such resignation shall be effective upon  
receipt unless it is specified to be effective at some other time or upon the  
happening of some other event.

Any officer may be removed at any time, with or without cause, by vote of a  
majority of the entire number of directors then in office.

Except as the Board of Directors may otherwise determine, no officer who  
resigns or is removed shall have any right to any compensation as an officer for  
any period following her/his resignation or removal, or any right to damages on  
account of such removal, whether her/his compensation be by the month or by the  
year or otherwise, unless such compensation is expressly provided in a duly  
authorized written agreement with the corporation.

3.6 Vacancies. The Board of Directors may fill any vacancy occurring in  
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any office for any reason and may, in its discretion, leave unfilled for such  
period as it may determine any offices other than those of Chief Executive  
Officer, President, Treasurer and Secretary. Each such successor shall hold  
office for the unexpired term of her/his predecessor and until her/his successor  
is elected and qualified, or until her/his earlier death, resignation or  
removal.

3.7 Chairman of the Board and Vice-Chairman of the Board. The Board of  
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Directors may appoint a Chairman of the Board and may designate the Chairman of  
the Board as Chief Executive Officer. If the Board of Directors appoints a  
Chairman of the Board, s/he shall perform such duties and possess such powers as  
are assigned to her/him by these Bylaws or by the Board of Directors. If the  
Board of Directors appoints a Vice-Chairman of the Board, s/he shall, in the  
absence or disability of the Chairman of the Board, perform the duties and  
exercise the powers of the Chairman of the Board and shall perform such other  
duties and possess such other powers as are assigned to her/him by these Bylaws  
or as may from time to time be vested in her/him by the Board of Directors.

3.8 Chief Executive Officer. The Chief Executive Officer shall, subject

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to the direction of the Board of Directors, have general charge and supervision of the business of the corporation. Unless there shall be a Chairman or Vice Chairman of the Board or unless otherwise provided by the Board of Directors, (i) s/he shall preside at all meetings of the stockholders and, (ii) if s/he is a director, at all meetings of the Board of Directors. The Chief Executive Officer shall perform such other duties and shall have such other powers as are assigned to her/him by these Bylaws or as the Board of Directors may from time to time prescribe.

3.9 President. The President shall perform such duties and possess such

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powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. In the event of the inability or refusal to act of the Chief Executive Officer, the President shall perform the duties of the Chief Executive Officer (subject to the direction of the Board of Directors) and when so performing shall have all of the powers of and be subject to all of the restrictions upon the Chief Executive Officer.

3.10 Vice Presidents. Any Vice President shall perform such duties and

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possess such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.11 Secretary and Assistant Secretaries. The Secretary shall perform such

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duties and shall have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary, (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.



In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

3.12 Treasurer and Assistant Treasurers. The Treasurer shall perform such -----  
duties and shall have such powers as may from time to time be assigned to her/him by the Board of Directors or the Chief Executive Officer. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these By-laws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer, (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.13 Salaries. Officers of the corporation shall be entitled to such -----  
salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

ARTICLE 4 - Capital Stock  
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4.1 Issuance of Stock. Unless otherwise voted by the stockholders and -----  
subject to the provisions of the Certificate of Incorporation (including without limitation ARTICLE FOURTH, Section B), the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any unissued balance of the authorized capital stock of the corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such consideration and on such terms as the Board of Directors may determine.

4.2 Certificates of Stock. Every holder of stock of the corporation shall -----  
be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, certifying the number and class of shares owned by her/him in the corporation. Each such certificate shall be signed by, or in the name of the corporation by, the Chairman or Vice-Chairman, if any, of the Board of Directors, or the Chief

Executive Officer, and the Treasurer or the Secretary of the corporation. Any or all of the signatures on the certificate may be a facsimile.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the Bylaws, applicable securities laws or any agreement among any number of shareholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of each certificate representing shares of such class or series of stock, provided that in lieu of the foregoing requirements there may be set forth on the face or back of each certificate representing shares of such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the full text of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

4.3 Transfers. Except as otherwise established by rules and regulations

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adopted by the Board of Directors, and subject to applicable law, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these Bylaws.

4.4 Lost, Stolen or Destroyed Certificates. The corporation may issue a

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new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen, or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.5 Record Date. The Board of Directors may fix in advance a date as a  
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record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or to express consent (or dissent) to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 10 days after the date of adoption of a record date for a written consent without a meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is properly delivered to the corporation. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 5 - General Provisions  
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5.1 Fiscal Year. Except as from time to time otherwise designated by the  
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Board of Directors, the fiscal year of the corporation shall begin on the first day of January in each year and end on the last day of December in each year.

5.2 Corporate Seal. The corporate seal shall be in such form as shall be  
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approved by the Board of Directors.

5.3 Waiver of Notice. Whenever any notice whatsoever is required to be  
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given by law, by the Certificate of Incorporation or by these Bylaws, a waiver of such notice either in writing signed by the person entitled to such notice or such person's duly authorized attorney, or by telegraph, cable or any other available method, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice.

5.4 Voting of Securities. Except as the directors may otherwise

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designate, the Chief Executive Officer or Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at, any meeting of stockholders or shareholders of any other corporation or organization, the securities of which may be held by this corporation.

5.5 Evidence of Authority. A certificate by the Secretary, or an

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Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6 Certificate of Incorporation. All references in these By-laws to the

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Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

5.7 Transactions with Interested Parties. No contract or transaction

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between the corporation and one or more of the directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of the directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or a committee of the Board of Directors which authorizes the contract or transaction or solely because her/his or their votes are counted for such purpose, if:

(1) The material facts as to her/his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;

(2) The material facts as to her/his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee of the Board of Directors, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

5.8 Severability. Any determination that any provision of these Bylaws  
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is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Bylaws.

5.9 Pronouns. All pronouns used in these Bylaws shall be deemed to refer  
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to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

#### ARTICLE 6 - Amendments -----

6.1 By the Board of Directors. These Bylaws may be altered, amended or  
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repealed or new bylaws may be adopted by the affirmative vote of all of the directors then in office at any regular or special meeting of the Board of Directors.

6.2 By the Stockholders. These Bylaws may be altered, amended or  
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repealed or new bylaws may be adopted by the affirmative vote of the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at any regular meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new bylaws shall have been stated in the notice of such special meeting.



PC Connection, Inc. is a leading direct marketer of business computing solutions. The company offers over 50,000 brand-name products through its staff of technically trained corporate account managers and catalog telesales representatives, its comprehensive web sites at [www.pcconnection.com](http://www.pcconnection.com) and [www.macconnection.com](http://www.macconnection.com), and its catalogs PC Connection (1-800-800-5555) and MacConnection (1-800-800-2222). Through its full-service Distribution and Custom-Configuration Center, the company can deliver custom-configured computer systems overnight. In recognition of its role as a critical link between manufacturers of computer products and end users of these products, PC Connection was the only computer reseller on the 1999 list of the "Top 100 Technology Companies that are Changing the World" which appeared in PC Magazine. In addition, PC Connection has won PC World magazine's prestigious "World Class Award" eight times over the past ten years, including 1999.

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This press release contains forward-looking statements that involve a number of risks and uncertainties. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words, "believes", "anticipates", "plans", "expects", "intends", and similar expressions are intended to identify forward-looking statements. Important factors that could cause actual results to differ materially from the expectations described in these forward-looking statements are set forth under the caption "Factors That May Affect Future Results and Financial Condition" in the Company's 1998 Annual Report Quarterly Report on Form 10-Q which is on file with the Securities and Exchange Commission and incorporated herein by reference. These important factors include risks as to PC Connection's ability to grow in the future, exposure to inventory obsolescence and reliance on third-party vendors.  
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----- COMPARISON OF HEADERS -----

- -HEADER 1-

News from PC Connection, Inc.

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