



ENVISION • ENGAGE • ENHANCE

PC CONNECTION, INC.
2005 ANNUAL REPORT

Dear Fellow Shareholders,

At PC Connection, Inc., we embrace change. It is a fundamental constant in the continually evolving business of providing Information Technology (IT) solutions. At the same time, however, we continue to adhere to a few key unchanging tenets that allowed us to exceed customer expectations in 2005 just as we did back in 1982. With a seasoned staff including some of the most experienced executives, salespeople, technicians, and support staff in the business, our efforts to surpass customer expectations are rooted in ideas first put into place when PC Connection® was founded nearly a quarter-century ago.

We envision the needs of our customers by listening to them, analyzing their requirements, and using our extensive IT knowledge and experience to anticipate their needs. We engage a wide network of partners—from customers and employees to manufacturing suppliers and service providers—to identify and capitalize on new business opportunities. And, we are making strategic investments we believe will enhance long-term shareholder value.

These practices continue to serve us well. In 2005, we had a record revenue year of \$1.44 billion in sales, up 6.7 percent from \$1.35 billion the previous year. Revenues grew in each of our business segments primarily due to successful customer acquisition initiatives, with the most significant increase of more than 16 percent occurring in our large corporate account segment. In 2005, our networking/communications category showed 16 percent year-over-year growth and IT storage equipment sales grew 12 percent. Our operating expenses increased both in total and as a percent of sales, however, and earnings declined in 2005 compared to the previous year. This was due to significant investments we made during the year to increase sales and improve our business performance.

In October 2005, we completed the acquisition of key assets of Amherst Technologies, a Manchester, NH-based IT solutions provider specializing in serving medium-to-large corporate clients. We believe this investment will augment our ability to support higher-end sales and enhance our professional services capabilities.

We also announced several efforts designed to push sales momentum in 2006. We established a new call center in the Dallas, TX Metroplex to better serve our small- and medium-business customers in the western U.S. We launched a new sales training program designed to increase the productivity and retention of our account managers. Our new HealthConnection™ initiative allows the PC Connection family of companies to provide IT solutions tailored to the healthcare industry. Throughout 2005 we strengthened our ServiceConnection® offerings—our branded, growing set of value-added services. The integration lab in our distribution center achieved ISO 9001: 2000 status, an internationally recognized milestone reflecting the excellent work and

commitment of the people in our organization and validates the quality systems and processes we have put in place for customer satisfaction.

The Company's multi-branded sales and marketing strategy enables our three sales subsidiaries to fully engage key customer segments. PC Connection Sales Corporation, which includes our MacConnection® division, serves consumers and small- to medium-sized businesses; GovConnection, Inc. serves government agencies and educational institutions, and; MoreDirect, Inc. supports large corporate customers. In all segments, we work closely with our customers to determine the full range of their needs and then configure and supply comprehensive IT solutions.

To continue building the brand image of PC Connection, we participated in a wide variety of high profile corporate sponsorship and advertising activities. In 2005, we continued our relationships with the Boston Red Sox and the New England Patriots. We also engaged in aggressive marketing campaigns through traditional channels, including our e-commerce websites, catalogs and direct-mail pieces, and tradeshows and events.

PC Connection, Inc. also expanded our community support initiatives in 2005 by underwriting the new PC Connection Technology Learning Center at the Souhegan Boys and Girls Club, which is located near our Merrimack, NH corporate headquarters. Supporting community activities, especially in locations where significant numbers of our employees live, is the right thing to do, plus it helps attract and retain an engaged and productive workforce.

Above all, our efforts in 2005 were aimed at creating and maintaining significant value for all PC Connection stakeholders—our customers, employees, community, manufacturing partners, and shareholders. Even as our business changes, we remain true to our founding and guiding principles that have served us well for decades. These principles inspire us to provide the highest level of service in the industry and to continually pioneer innovative ways to meet the evolving needs of our customers.

PC Connection will continue to adapt as always, but we will never lose sight of the core essential strengths that have been the foundation of our success since 1982.



Patricia Gallup

Patricia Gallup
Chairman & CEO
PC Connection, Inc.

Shareholder Information

The Finance Department of PC Connection is responsible for shareholder communications and welcomes shareholder inquiries about PC Connection, either by telephone, or in writing. The Annual Report, filings with the U.S. Securities and Exchange Commission, and general information can be obtained upon written request to:

Investor Relations
PC Connection, Inc.
730 Milford Road
Merrimack, NH 03054-4631
(603) 683-2322

Or by visiting the PC Connection website at www.pcconnection.com

Annual Meeting

The annual meeting of shareholders will be held at 10 a.m. on May 24, 2006 at the Crowne Plaza, 2 Somerset Parkway, Nashua, NH 03063.

Transfer Agent

American Stock Transfer & Trust Co.
40 Wall Street, 46th Floor,
New York, NY 10005
(800) 937-5449

This Annual Report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. When used in this Annual Report, the words "should," "will," "expects," "anticipates," "predict," and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, but are not limited to, the Company's future capital needs and resources, fluctuations in customer demand, intensity of competition from other vendors, timing and acceptance of new product introductions, delays or difficulties in programs designed to increase sales and profitability, general economic and industry conditions, and other risks set forth in the Company's filings with the Securities and Exchange Commission, and the information set forth herein should be read in light of such risks. In addition, any forward-looking statements represent the Company's estimates only as of the date of this Annual Report and should not be relied upon as representing the Company's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so, even if its estimates change.

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BOARD OF DIRECTORS

Patricia Gallup
Chairman

David Hall
Director

David Beffa-Negrini
Director

Bruce Barone
Audit and Compensation Committees

Joseph Baute
Audit and Compensation Committees

Donald Weatherson
Audit and Compensation Committees

EXECUTIVE OFFICERS

Patricia Gallup
Chairman and CEO

Peter Cannone
Senior Vice President, Sales Operations

Bradley Mousseau
Senior Vice President, Human Resources

Jack Ferguson
Senior Vice President, Treasurer and CFO

LOCATIONS

PC Connection, Inc.
Corporate Headquarters
730 Milford Road
Merrimack, NH 03054-4631

PC Connection Sales Corporation
730 Milford Road
Merrimack, NH 03054-4631

PCSC, Inc.
293 Boston Post Road
Marlborough, MA 01752

GovConnection, Inc.
7503 Standish Place
Rockville, MD 20855

MoreDirect, Inc.
Suite 950
4950 Communication Avenue
Boca Raton, FL 33431

Merrimack Services Corporation
730 Milford Road
Merrimack, NH 03054-4631

Distribution Center:
Wilmington, OH 45177



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