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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
PC Connection, Inc. and Subsidiaries
Merrimack, New Hampshire

We have reviewed the accompanying condensed consolidated balance sheet of PC Connection, Inc. and subsidiaries (the "Company") as of March 31, 2000, and the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2000 and 1999. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated January 26, 2000, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 1999 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

DELOITTE & TOUCHE LLP
Boston, Massachusetts
April 18, 2000

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

	MARCH 31, 2000 (UNAUDITED)	December 31, 1999
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 27,023	\$20,416
Accounts receivable, net	108,466	99,405
Inventories-merchandise	61,474	64,348
Deferred income taxes	1,882	1,991
Prepaid expenses and other current assets	3,454	4,651
	-----	-----
TOTAL CURRENT ASSETS	202,299	190,811
Property and equipment, net	24,523	23,126
Other assets	523	169
Goodwill	10,098	9,431
	-----	-----
TOTAL ASSETS	\$237,443 =====	\$223,537 =====
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of capital lease obligation to affiliate	\$ 140	\$ 137
Notes payable, current maturities	1,000	1,000
Accounts payable	112,042	105,547
Accrued expenses and other liabilities	11,991	11,877
	-----	-----
TOTAL CURRENT LIABILITIES	125,173	118,561
Notes payable, less current maturities	2,000	2,000
Capital lease obligation to affiliate	6,909	6,945
Deferred taxes	1,387	1,579
Other liabilities	200	229
	-----	-----
TOTAL LIABILITIES	135,669 -----	129,314 -----
 Stockholders' Equity:		
Common stock	158	158
Additional paid-in capital	59,059	58,627
Retained earnings	42,557	35,438
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	101,774 -----	94,223 -----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$237,443 =====	\$223,537 =====

See accompanying notes to condensed consolidated financial statements.

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

THREE MONTHS ENDED MARCH 31, -----	2000 -----	1999 -----
Net sales	\$326,092	\$224,979
Cost of sales	285,462	197,913
	-----	-----
GROSS PROFIT	40,630	27,066
Selling, general and administrative expenses	29,007	19,763
	-----	-----
INCOME FROM OPERATIONS	11,623	7,303
Interest expense	(340)	(266)
Other, net	204	94
	-----	-----
Income before taxes	11,487	7,131
Income taxes	(4,368)	(2,710)
	-----	-----
NET INCOME	\$ 7,119	\$ 4,421
	=====	=====
Earnings per common share:		
Basic	\$.45	\$.28
	=====	=====
Diluted	\$.43	\$.28
	=====	=====

=====

See accompanying notes to condensed consolidated financial statements.

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	COMMON STOCK		ADDITIONAL	RETAINED	TOTAL
	SHARES	AMOUNT	PAID IN CAPITAL	EARNINGS	
BALANCE, DECEMBER 31, 1999	15,767	\$ 158	\$58,627	\$35,438	\$ 94,223
Exercise of stock options, including income tax benefits	30	-	384	-	384
Compensation under nonstatutory stock option agreements	-	-	48	-	48
Net income	-	-	-	7,119	7,119
	-----	-----	-----	-----	-----
BALANCE, MARCH 31, 2000	15,797	\$ 158	\$59,059	\$42,557	\$101,774
	=====	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(AMOUNTS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31, 2000	1999
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$7,119	\$4,421
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	1,479	1,137
Deferred income taxes	(141)	1,139
Compensation under nonstatutory stock option agreements	48	48
Provision for doubtful accounts	2,457	1,509
(Gain) loss on disposal of fixed assets	(21)	20
Changes in assets and liabilities:		
Accounts receivable	(11,018)	(6,510)
Inventories	2,874	7,900
Prepaid expenses and other current assets	1,198	(283)
Other non-current assets	(354)	-
Accounts payable	6,648	(8,820)
Accrued expenses and other liabilities	183	(2,550)
	-----	-----
Net cash provided by (used for) operating activities	10,472	(1,989)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,976)	(1,428)
Proceeds from sale of property and equipment	74	3
Purchase of a call center business	(2,158)	-
	-----	-----
Net cash used for investing activities	(4,060)	(1,425)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings	77,741	142,420
Repayment of short-term borrowings	(77,741)	(142,420)
Repayment of capital lease obligation	(33)	(29)
Issuance of stock upon exercise of nonstatutory stock options	228	112
	-----	-----
Net cash provided by financing activities	195	83
	-----	-----
Increase (decrease) in cash and cash equivalents	6,607	(3,331)
Cash and cash equivalents, beginning of period	20,416	11,910
	-----	-----
Cash and cash equivalents, end of period	\$ 27,023	\$ 8,579
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 181	\$ 258
Income taxes paid	\$ 4,197	\$ 268

See accompanying notes to condensed consolidated financial statements.

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1-BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements of PC Connection, Inc. ("PCC" or the "Company") have been prepared in accordance with generally accepted accounting principles. Such principles were applied on a basis consistent with those of the financial statements contained in the Company's Annual Report on Form 10-K/A for the year ended December 31, 1999 (the "10-K/A Report") filed with the Securities and Exchange Commission ("SEC"). The accompanying financial statements should be read in conjunction with the financial statements contained in the Company's 10-K/A Report. In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation. The operating results for the three months ended March 31, 2000 may not be indicative of the results expected for any succeeding quarter or the entire year ending December 31, 2000.

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 2-EARNINGS PER SHARE

Basic earnings per common share is computed using the weighted average number of shares outstanding. Diluted earnings per common share is computed using the weighted average number of shares outstanding adjusted for the incremental shares attributed to outstanding options to purchase common stock.

The following table sets forth the computation of basic and diluted earnings per share:

THREE MONTHS ENDED MARCH 31,	2000	1999
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)		
Numerator:		
Net income	\$ 7,119 =====	\$ 4,421 =====
Denominator:		
Denominator for basic earnings per share:		
Weighted average shares	15,784	15,622
Effect of dilutive securities:		
Employee stock options	802	446
	-----	-----
Denominator for diluted earnings per share	16,586 =====	16,068 =====
Earnings per share:		
Basic	\$.45 =====	\$.28 =====
Diluted	\$.43 =====	\$.28 =====

The following stock options to purchase Common Stock were excluded from the computation of diluted earnings per share for the three months ended March 31, 2000 and 1999 because the effect of the options on the calculation would have been anti-dilutive:

	THREE MONTHS ENDED	

MARCH 31, (AMOUNTS IN THOUSANDS)	2000	1999

Anti-dilutive stock options

178

834

=====

=====

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
(UNAUDITED)

NOTE 3-REPORTING COMPREHENSIVE INCOME

SFAS No. 130, "Reporting Comprehensive Income" requires the reporting of comprehensive income in addition to net income. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income. Based on the current financial structure and operations of the Company, the Company had no other components to be included in

comprehensive income. Therefore, comprehensive income is the same as net income reported for the three months ended March 31, 2000 and 1999.

NOTE 4-RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", effective for fiscal years beginning after June 15, 2000. The new standard requires that all companies record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. Management is currently assessing the impact of SFAS No. 133 on the financial statements of the Company. The Company will adopt this accounting standard on January 1, 2001, as required.

NOTE 5-ACQUISITION

On January 4, 2000, the Company acquired the Merisel Americas, Inc., call center in Marlborough, Massachusetts for approximately \$2.2 million including acquisition costs. The Company acquired the assembled work force of Merisel, as well as its fixed assets; it also assumed its lease liabilities. The excess of the purchase price over the fair value of the assets acquired totaled approximately \$1.3 million. Such excess will be amortized over a period of 15 years. Operating results of PC Connection would not have been materially different from those reported for the three months ended March 31, 1999 had the acquisition occurred on January 1, 1999.

NOTE 6-SEGMENT AND RELATED DISCLOSURES

SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information", requires that public companies report profits and losses and certain other information on its "reportable operating segments" in its annual and interim financial statements.

Management has determined that the Company has only one "reportable operating segment", given the financial information provided to and used by the "chief decision maker" of the Company to allocate resources and assess the Company's performance. However, senior management does monitor revenue by platform (PC vs. Mac), sales channel (Corporate Outbound, Inbound Telesales and On-line Internet), and product mix (Computer Systems and Memory, Peripherals, Software, and Networking and Communications).

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
(UNAUDITED)

NOTE 6-SEGMENT AND RELATED DISCLOSURES-CONT'D.

Net sales by platform, sales channel and product mix are presented below:

THREE MONTHS ENDED MARCH 31, (amounts in thousands)	2000	1999

Platform		

PC and Multi Platform	\$285,927	\$182,458
Mac	40,165	42,521
	-----	-----
Total	\$326,092	\$224,979
	=====	=====
Sales Channel		

Corporate Outbound	\$236,551	\$128,677
Inbound Telesales	65,462	84,267
On-Line Internet	24,079	12,035
	-----	-----
Total	\$326,092	\$224,979
	=====	=====
Product Mix		

Computer Systems and Memory	\$170,470	\$106,351
Peripherals	95,383	75,646
Software	36,416	28,625
Networking and Communications	23,823	14,357
	-----	-----
Total	\$326,092	\$224,979
	=====	=====

Substantially, all of the Company's net sales for the quarters ended March 31, 2000 and 1999 were made to customers located in the United States. Shipments to customers located in foreign countries aggregated less than 2% in those respective quarters. All of the Company's assets at March 31, 2000 and December 31, 1999 were located in the United States. The Company's primary target customers are small- to medium-size businesses ("SMBs") comprised of 20 to 1,000 employees, although its customers also include individual consumers, larger companies, federal, state and local governmental agencies and educational institutions. Except for the federal government, no single customer accounted for more than 2% of total net sales in the three months ended March 31, 2000 and 1999. Sales to the federal government accounted for \$24.4 million, or 7.5% of total net sales for the three months ended March 31, 2000 and \$3.9 million or 1.7% of total net sales for the three months ended March 31, 1999.

NOTE 7-SUBSEQUENT EVENTS

PC Connection, Inc. announced on May 1, 2000 that the Board of Directors approved a three-for-two common stock split to be effected in the form of a 50% stock dividend. The dividend of one additional share of common stock for every two shares currently held by stockholders will be distributed on or about May 23, 2000 to the stockholders of record as of the close of business on May 12, 2000.

The stock dividend will increase the number of outstanding shares of the Company's common stock from 16.0 million to 23.9 million shares.

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

OVERVIEW

- - - - -

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements based on management's current expectations, estimates and projections about the Company's industry, management's beliefs and certain assumptions made by management. All statements, trends, analyses and other information contained in this report relative to trends in net sales, gross margin and anticipated expense levels, as well as other statements, including words such as "anticipate", "believe," "plan," "estimate," "expect," and "intend" and other similar expressions, constitute forward-looking statements. These forward-looking statements involve risks and uncertainties, and actual results may differ materially from those anticipated or expressed in such statements. Potential risks and uncertainties include, among others, those set forth in Item 7 under the caption "Factors That May Affect Future Results and Financial Condition" in the Company's Annual Report on Form 10-K/A for the year ended December 31, 1999 filed with the SEC, which are incorporated by reference herein. Particular attention should be paid to the cautionary statements involving the industry's rapid technological change and exposure to inventory obsolescence, availability and allocation of goods, reliance on vendor support and relationships, competitive risks, pricing risks, and economic risks. Except as required by law, the Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Readers, however, should carefully review the factors set forth in other reports or documents that the Company files from time to time with the SEC.

GENERAL

- - - - -

The Company was founded in 1982 as a mail-order business offering a broad range of software and accessories for IBM and IBM-compatible personal computers ("PCs"). The founders' goal was to provide consumers with superior service and high quality branded products at competitive prices. The Company initially sought customers through advertising in magazines and the use of inbound toll-free telemarketing. Currently, the Company seeks to generate sales through (i) outbound telemarketing by account managers focused on the business, education and government markets, (ii) inbound calls from customers responding to the Company's catalogs and other advertising and (iii) the Company's Internet Web site.

The Company offers both PC compatible products and Mac personal computer compatible products. Reliance on Mac product sales has decreased over the last three years, from 23.0% of net sales in 1996 to 12.3% of net sales in the quarter ended March 31, 2000. The Company believes sales attributable to Mac products will continue to decrease as a percentage of net sales and may decline in dollar volume in future periods.

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS-CONTINUED

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2000 COMPARED WITH THE THREE MONTHS ENDED MARCH 31, 1999

The following table sets forth for the periods indicated information derived from the Company's statements of income expressed as a percentage of net sales.

THREE MONTHS ENDED MARCH 31,	2000	1999

Net sales (in millions)	\$326.1	\$225.0
Net sales.....	100.0%	100.0%
Gross profit.....	12.5	12.0
Selling, general and administrative expenses.....	8.9	8.8
Income from operations.....	3.6	3.3
Interest expense.....	0.1	0.1
Income before income taxes.....	3.5	3.2
Income taxes.....	1.3	1.2
Net income.....	2.2	2.0

The following table sets forth the Company's percentage of net sales by platform, sales channel, and product mix:

THREE MONTHS ENDED MARCH 31,	2000	1999

Platform		

PC and Multi-Platform.....	88%	81%
Mac.....	12	19
	---	---
Total.....	100%	100%
	===	===
Sales Channel		

Corporate Outbound.....	73%	57%
Inbound Telesales.....	20	37
On-Line Internet.....	7	6
	---	---
Total.....	100%	100%
	===	===
Product Mix		

Computer Systems and Memory.....	52%	47%
Peripherals.....	29	34
Software.....	11	13
Networking and Communications.....	8	6
	---	---
Total.....	100%	100%
	===	===

NET SALES increased \$101.1 million, or 45%, to \$326.1 million for the quarter ended March 31, 2000 from \$225.0 million for the comparable period in 1999. Growth in net sales was primarily attributable to the continued expansion and increased productivity of the Company's outbound telemarketing group, continued growth in average order size, an increase in the number of catalog mailings and growth in the Company's Internet sales. Outbound sales increased \$107.9 million, or 84%, to \$236.6 million in the quarter ended March 31, 2000 from \$128.7

million in the comparable period in 1999, reflecting the above-mentioned

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS-CONTINUED

RESULTS OF OPERATIONS-CONT'D.

- - - - -

productivity increases in the outbound telemarketing group. Inbound sales decreased \$18.8 million, or 22.3%, to \$65.5 million in the quarter ended March 31, 2000 from \$84.3 million in the comparable period in 1999. This decrease in inbound sales can be attributed to a shift in in-bound sales to those categorized as "Internet sales". Internet sales increased \$12.0 million or 100%, to \$24.1 million in the quarter ended March 31, 2000 from \$12.0 million in the comparable period in 1999.

All of the Company's product categories experienced strong growth in the quarter ended March 31, 2000 over the comparable period in 1999, with sales of networking and communications products representing the Company's fastest growing product category with 66% growth in net sales over the first quarter of 1999. Management believes that this category will continue to grow substantially as its customers further upgrade their network and communications infrastructure. Sales of computer systems continued to be the largest product category. Sales of computer systems result in a relatively high dollar sales order, as reflected in the increase in the Company's average order size from \$628 in the quarter ended March 31, 1999 to \$926 in the quarter ended March 31, 2000. Computer system sales generally provide the largest gross profit dollar contribution per order of all of the Company's products, although they usually yield the lowest gross margin percentage.

GROSS PROFIT increased \$13.5 million, or 49.8%, to \$40.6 million for the quarter ended March 31, 2000 from \$27.1 million for the comparable quarter in 1999. Gross profit margin as a percentage of net sales increased to 12.5% in the first quarter of 2000 from 12.0% in the first quarter of 1999. The margin improvement resulted from a continuing focus on solutions sales to business, government and educational customers, stable average selling prices, and the impact of various profitability improvement programs. The Company's profit margins are also influenced by, among other things, industry pricing and the relative mix of inbound, outbound, and on-line Internet sales. Generally, pricing in the computer and related products market is very aggressive and the Company intends to maintain prices at competitive levels. Since outbound sales are typically to corporate accounts that purchase at volume discounts, the gross margin on such sales is generally lower than inbound sales. However, the gross profit dollar contribution per order is generally higher as average order sizes of orders to corporate accounts are usually larger. As stated in previous reports, the Company expects that its gross margin, as a percentage of sales may vary by quarter based upon vendor support programs, product mix, pricing strategies, market conditions and other factors.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES increased \$9.2 million, or 46.5%, to \$29.0 million for the quarter ended March 31, 2000 from \$19.8 million for the comparable quarter in 1999, and increased as a percentage of sales from 8.8% in the three months ended March 31, 1999 to 8.9% for the three months ended March 31, 2000. The percentage increase was primarily attributable to costs associated with the January 2000 acquisition of Merisel's Marlboro, MA call center.

INCOME FROM OPERATIONS increased \$4.3 million, or 58.9%, to \$11.6 million for the quarter ended March 31, 2000, from \$7.3 million for the comparable period in 1999. Income from operations as a percentage of sales increased to 3.6% in the quarter ended March 31, 2000 from 3.3% in the comparable period in 1999 for the reasons discussed above.

INTEREST EXPENSE increased \$74,000, or 27.8%, to \$340,000 for the quarter ended March 31, 2000 from \$266,000 for the comparable period in 1999. This increase in interest expense was due primarily to higher average outstanding borrowings in the three months ended March 31, 2000.

OTHER, NET increased \$110,000, or 117.0% for the quarter ended March 31, 2000, from \$94,000 for the comparable period in 1999. This increase was due primarily to higher interest income from investments.

INCOME TAXES for the quarter ended March 31, 2000 were \$4.4 million, compared to \$2.7 million for the comparable quarter in 1999. The effective tax rate was 38% for both quarters presented. Management believes that the corporate reorganization recently undertaken will not have a material impact on the Company's effective tax rate in the future.

NET INCOME for the quarter ended March 31, 2000 increased \$2.7 million, or 61.4%, to \$7.1 million from \$4.4 million for the comparable period in 1999, principally as a result of the increase in operating income as described above.

PC CONNECTION, INC. AND SUBSIDIARIES
PART I - FINANCIAL INFORMATION
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS-CONTINUED

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically financed its operations and capital expenditures through cash flow from operations and bank borrowings. The Company believes that funds generated from operations, together with available credit under its bank line of credit, will be sufficient to finance its working capital and capital expenditure requirements at least through 2000. The Company's ability to continue funding its planned growth, both internally and externally, is dependent upon its ability to generate sufficient cash flow from operations or to obtain additional funds through equity or debt financing, or from other sources of financing, as may be required.

At March 31, 2000, the Company had cash and cash equivalents of \$27.0 million and working capital of \$77.1 million. At December 31, 1999, the Company had cash and cash equivalents of \$20.4 million and working capital of \$72.3 million.

The Company has an unsecured credit agreement with a bank providing for short-term borrowings up to \$50.0 million, which bears interest at various rates ranging from the prime rate (9.00% at March 31, 2000) to prime less 1%, depending on the ratio of senior debt to EBITDA (earnings before interest, taxes, depreciation and amortization). The credit agreement includes various customary financial and operating covenants, including restrictions on the payment of dividends, none of which the Company believes significantly restricts its operations. No borrowings were outstanding at March 31, 2000.

Net cash provided by operating activities was \$10.5 million for the quarter ended March 31, 2000, as compared to \$2.0 million net cash used in the comparable period in 1999. The primary factors historically affecting cash flows from operations are the Company's net income and changes in the levels of accounts receivable, inventories and accounts payable. Historically, accounts receivable has increased primarily due to an increase in open account purchases by commercial customers resulting from the Company's continued efforts to increase its sales to such customers. Cash flows from operations have improved in the period ended March 31, 2000 because of the Company's aggressive program in managing its inventory levels.

Capital expenditures were \$2.0 million in the quarter ended March 31, 2000, as compared to \$1.4 million in the comparable period in 1999. The majority of the capital expenditures for the respective 2000 and 1999 periods relate to computer hardware and software for the Company's management information systems. Total capital expenditures for the year ending December 31, 2000 are estimated to be \$16.6 million.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", effective for fiscal years beginning after June 15, 2000. The new standard requires that all companies record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. Management is currently assessing the impact of SFAS No. 133 on the financial statements of the Company. The Company will adopt this accounting standard on January 1, 2001, as required.

INFLATION

The Company has historically offset any inflation in operating costs by a combination of increased productivity and price increases, where appropriate. The Company does not expect inflation to have a significant impact on its business in the future.

PC CONNECTION, INC. AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company invests cash balances in excess of operating requirements in short-term securities, generally with maturities of 90 days or less. The Company believes that the effect, if any, of reasonably possible near-term changes in interest rates on the Company's financial position, results of operations and cash flows should not be material.

PC CONNECTION, INC. AND SUBSIDIARIES
PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

Not applicable.

ITEM 2 - CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5 - OTHER INFORMATION

Not applicable.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Exhibit Number -----	Description -----
27	Financial Data Schedule
15	Letter on unaudited interim financial information
10.43	Amendment, dated January 1, 1999, to the Lease Agreement between the Registrant and Gallup & Hall Partnership, dated June 1, 1987, as amended, for property located in Marlow, New Hampshire.

(b) REPORTS ON FORM 8-K

- (i) The Company filed a current report on Form 8-K on January 3, 2000, due to the reorganization of the Company.
- (ii) The Company filed a current report on Form 8-K on May 8, 2000 due to the announcement of a three-for-two stock split of the Company's outstanding shares of Common Stock.

PC CONNECTION, INC. AND SUBSIDIARIES
MARCH 31, 2000

SIGNATURES

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 thereunto duly authorized.

PC CONNECTION, INC.

May 12, 2000

By:/s/ Wayne L. Wilson

Wayne L. Wilson
President and Chief Operating Officer

May 12, 2000

By:/s/ Mark A. Gavin

Mark A. Gavin, Senior Vice President
of Finance and Chief Financial Officer

This schedule contains summary financial information extracted from Form 10-Q and is qualified in its entirety by reference to such financial statements.

1,000

3-MOS		
	DEC-31-2000	
	JAN-01-2000	
	MAR-31-2000	
		27,023
		0
		116,686
		8,220
		61,474
		202,299
		48,254
		23,731
		237,443
	125,173	
		0
	0	
		0
		158
		101,616
237,443		
		326,092
	326,092	
		285,462
		285,462
		(204)
		2,457
		340
		11,487
		4,368
	7,119	
		0
		0
		0
		7,119
		.45
		.43

April 26, 2000

PC Connection, Inc. and subsidiaries
Merrimack, New Hampshire

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of PC Connection and subsidiaries for the period ended March 31, 2000, as indicated in our report dated April 26, 2000; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, is incorporated by reference in Registration Statement Nos. 333-69981, 333-50847, 333-50847, 333-50845, and 333-83943 of PC Connection, Inc. on Form S-8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

DELOITTE & TOUCHE LLP
Boston, Massachusetts

AMENDMENT TO LEASE

This Amendment, with an effective date of January 1, 1999, modifies the Lease entered into June 1, 1987, as previously amended from time to time by and between Gallup & Hall Partnership with offices at 730 Milford Road, Merrimack, New Hampshire (Landlord) and PC Connection, Inc., a Delaware corporation with offices at 730 Milford Road, Merrimack, New Hampshire (Tenant) for premises known as the Christmas Trees Inn, situated on Route 10 in Marlow, New Hampshire, as follows:

Item	Sec.	Amend or Replace the Indicated Lease Section as follows:
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1.	3	Delete and replace with: "Tenant shall pay as rent to the Landlord, the sum of \$500.00 per month, payable in advance, during the term of this Lease."

All other provisions of the Lease shall continue in full force and effect.

Agreed: Gallup & Hall, LLP

By: /s/

Patricia Gallup, Partner

PC Connection, Inc.

By: /s/

Wayne Wilson, President