

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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) December 9, 2004**

**PC Connection, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation)

**0-23827**

(Commission File Number)

**Rt. 101A, 730 Milford Road Merrimack, NH**

(Address of Principal Executive Offices)

**02-0513618**

(IRS Employer Identification No.)

**03054**

(Zip Code)

**(603) 683-2000**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

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

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**Item 8.01 Other Events and Required FD Disclosure**

On December 9, 2004, PC Connection, Inc., a Delaware corporation (“PCC”), is planning to participate in the Raymond James IT Supply Chain Conference and will be discussing various aspects of its business. During the course of those discussions, certain limited financial information and other limited facts of its business will be presented to investors. This information is included below as an Exhibit.

(c) Exhibits

- 99.1 Presentation for Raymond James IT Supply Chain Conference.

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: December 9, 2004

REGISTRANT

PC CONNECTION, INC.

By: /s/ Patricia Gallup

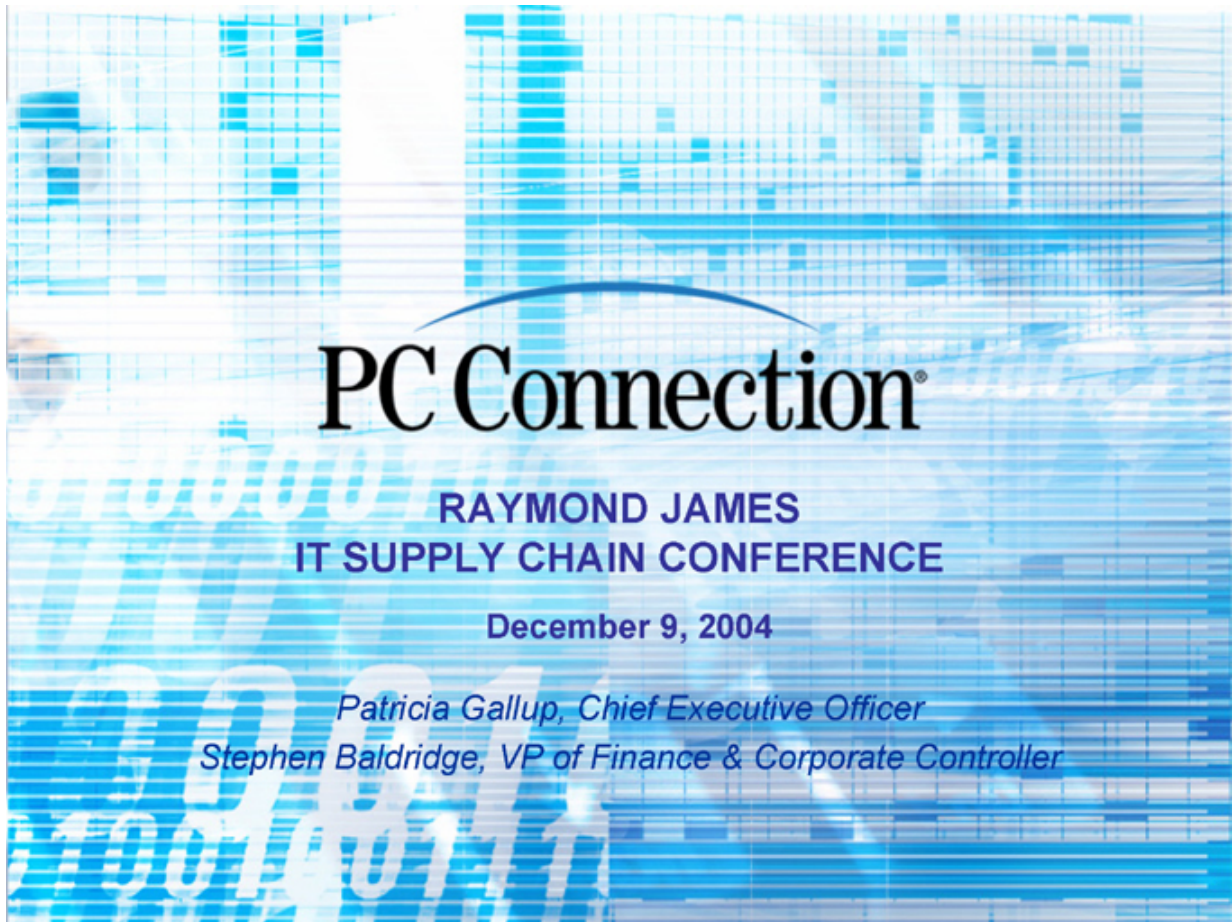
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Patricia Gallup  
President and Chief Executive Officer

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**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
99.1	Presentation for Raymond James IT Supply Chain Conference.



# PC Connection®

**RAYMOND JAMES  
IT SUPPLY CHAIN CONFERENCE**

**December 9, 2004**

*Patricia Gallup, Chief Executive Officer  
Stephen Baldrige, VP of Finance & Corporate Controller*

# Safe Harbor Statement

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995:  
This release contains forward-looking statements that are subject to risks and uncertainties, including, but not limited to, the impact of changes in market demand and the overall level of economic activity, or in the level of business investment in information technology products, competitive products, and pricing, product availability and market acceptance, new products, fluctuations in operating results and other risks detailed under the caption "Factors That May Affect Future Results and Financial Condition" in the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission for the quarter ended September 30, 2004. More specifically, the statements in this presentation concerning the Company's outlook for the remainder of 2004 and the statements concerning the Company's gross margin percentage and selling and administrative costs and other statements of a non-historical basis (including statements regarding implementing strategies for future growth and the ability of the Company to improve sales productivity) are forward-looking statements that involve certain risks and uncertainties. Such risks and uncertainties include the ability to realize market demand for and competitive pricing pressures on the products and services marketed by the Company, the continued acceptance of the Company's distribution channel by vendors and customers, continuation of key vendor and customer relationships and support programs, and the ability of the Company to hire and retain qualified sales representatives and other essential personnel.

The logo for PC Connection, featuring the text "PC Connection" in a serif font with a blue arc above the "C" in "Connection".

## PC Connection, Inc.

■ Fortune 1000	
■ Founded	1982
■ Employees*	1,360
■ Exchange	NASDAQ
■ Symbol	PCCC
■ Shares Outstanding*	25.1 Million
■ Float*	7.9 Million
■ Market Capitalization*	\$172 Million
■ 2003 Sales:	\$1.31 Billion
■ Total Book Value Per Share*	\$6.54
■ Tangible Book Value Per Share*	\$4.63
■ Closing Price – 11/30/04	\$7.03

\*As of September 30, 2004

PC Connection

## Business Overview

- A rapid response provider of information technology (IT) products and solutions
- Operates through three sales subsidiaries
- Relationship-based model with 571 sales representatives as of September 30, 2004
- Offering more than 100,000 brand-name products
- Multiple vendor relationships



# PC Connection, A Widely Recognized Brand Name

The screenshot shows the PC Connection website interface. At the top, there are navigation links for Business Customers, MacConnection, and GeoConnection. The main header features the PC Connection logo and a search bar. A sidebar on the left lists various product categories like Monitors & Displays, Peripherals, Software, Electronics, Networking, Storage, Upgrades, and Accessories. The main content area is titled "we have your brand™" and features a promotional banner for "The New Acrobat 7 Family" by Adobe. Below this, there are sections for "Featured Products" with specific offers: a 19" FPM's LED Monitor for \$299.99, a P4001 LCD Projector for \$799.99, a DSC-001 CyberShot Digital Camera for \$129.99, and an After Market Service USB 4-in-1 Wireless LAN Adapter for \$69.99. There are also "HOT Deals" and "Great Gifts!" sections.

This block displays a collage of various promotional materials from PC Connection. It includes several brochures and flyers, such as one for "IT PROFESSIONAL" with a laptop image, a "MacConnection" flyer with "FREE SHIPPING!" and price tags like \$1294, \$43, and \$794, and a "PC Connection" flyer for a laptop with a price of \$699. Other flyers feature various electronic products and services, all with promotional text and pricing.

PC Connection

Building Brand Awareness

PC Connection®

GovConnection™

**MORE™**  
**DIRECT**

PC Connection®

# Broad Product Selection

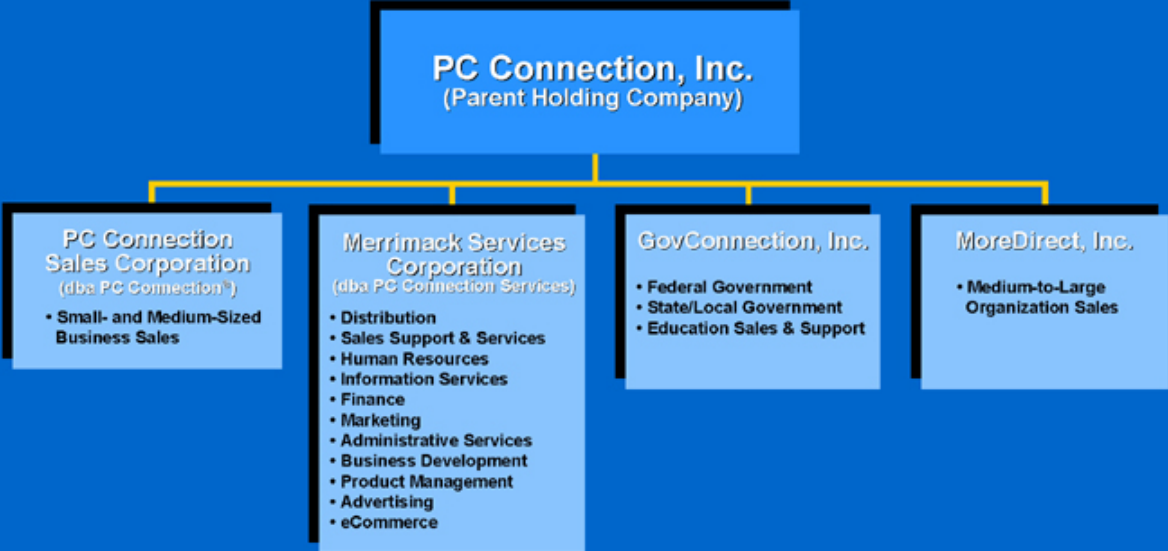


PC Connection

# Major Vendor Partners



# Organizational Structure & Business Segments



## PC Connection Sales Corporation (SMB)

- Focused on small- and medium-sized businesses (SMBs: 20-500 seats)
- Utilize outbound telemarketing (394 reps), catalog, and Web site marketing
- Differentiated by providing superior service and value to customers
- September '04 YTD sales – \$597 million

## GovConnection, Inc. (Public Sector)

- Focused on Public Sector: Four distinct markets
  - Federal
  - K-12
  - State and Local
  - Higher Ed
- Utilize field sales, outbound telemarketing (104 reps), teaming, catalog, and Web site
- Awarded new GSA Schedule
- September '04 YTD sales – \$195 million

## MoreDirect, Inc. (Large Account)

- Focused on large customer segment (>500 seats)
- Knowledgeable, high-level field sales account managers (73 reps) with 10-20 years experience in IT hardware
- Aggregates inventories of leading wholesale distributors and manufacturers (virtual inventory—no warehousing or logistics) through e-procurement system
- September '04 YTD sales – \$222 million



## Pursuing Market Opportunities

Company Segments	Market <sup>(1)</sup> Opportunity	Company Market Share <sup>(2)</sup>
<b>Small- and Medium-Sized Businesses</b>	<b>\$75 Billion</b>	<b>1.1%</b>
<b>Government &amp; Education</b>	<b>40 Billion</b>	<b>0.6%</b>
<b>Large Corporate Accounts</b>	<b>85 Billion</b>	<b>0.3%</b>
<b>Total</b>	<b>\$200 Billion</b>	<b>0.7%</b>

(1) IDC and PC Connection estimate

(2) PC Connection estimate

# Growth Strategies Overview

- Improve Sales Productivity
- Increase the Number of Sales Representatives
- Continue Margin Rate Improvement
- Expand Product and Service Offerings
  - Voice Over Internet Protocol (VOIP)
  - ServiceConnection
- Pursue Strategic Initiatives

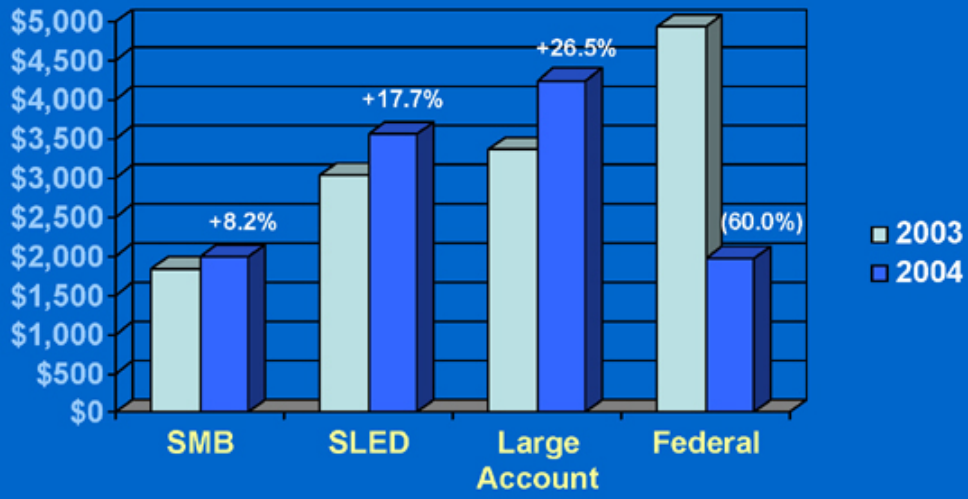
## Improve Sales Productivity

Company Segments	Sales Reps Annual	Average Productivity	
		Annual 2004 <sup>(1)</sup>	Target
Small- and Medium-Sized Businesses	394	\$ 2,030	\$ 2,500
Government & Education	104	2,500	3,200
Large Corporate Account	73	4,040	4,500
<b>Total/Average</b>	<b>571</b>	<b>\$ 2,373</b>	<b>\$ 2,900</b>

<sup>(1)</sup> Based on September '04 YTD annualized sales

# Annualized Sales Rep Productivity<sup>(1)</sup>

(Amounts in thousands)



<sup>(1)</sup> Represents Q3 annualized sales rep productivity

## Increase the Number of Sales Representatives

- Enhance recruitment efforts at current call centers
- Consider additional call centers
- Expand the number of field reps in our Large Account and Public Sector segments
- Investigate Virtual Call Centers for SMB segment

# Strategic Initiatives

## ■ Internal

- K2
- Monadnock
- Rapid Response Sales Support

## ■ External

- ServiceConnection
- Acquisition Opportunities



# PC Connection®

## Financial Summary

*Stephen Baldrige, VP of Finance & Corporate Controller*

## Operating Results—Consolidated

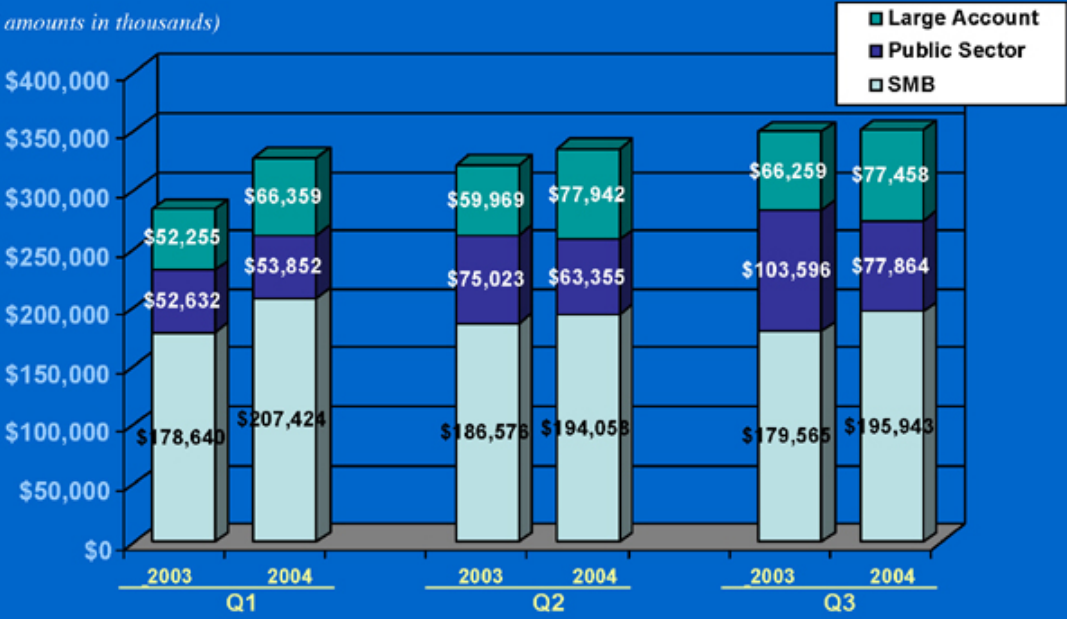
<i>(Amounts in thousands, except EPS)</i>	Q3 2004	Q3 2003	Sept 04 YTD	Sept 03 YTD
<b>Net Sales</b>	\$ 351,265	\$ 349,420	\$ 1,014,235	\$ 954,515
<b>Gross Profit</b>	39,406	35,926	109,493	101,358
<i>% of Net Sales</i>	11.2%	10.3%	10.8%	10.6%
<b>SG&amp;A Expenses</b>	32,765	32,059	94,938	91,716
<i>% of Net Sales</i>	9.3%	9.2%	9.4%	9.6%
<b>Special Charges</b>	1,800	-	3,583	397
<b>Operating Income</b>	4,841	3,867	10,972	9,245
<i>% of Net Sales</i>	1.4%	1.1%	1.1%	1.0%
<b>Net Income</b>	\$ 2,817	\$ 2,180	\$ 6,231	\$ 5,158
<i>% of Net Sales</i>	0.8%	0.6%	0.6%	0.5%
<b>EPS (GAAP)</b>	\$ 0.11	\$ 0.09	\$ 0.25	\$ 0.21

PC Connection



# Net Sales by Segment

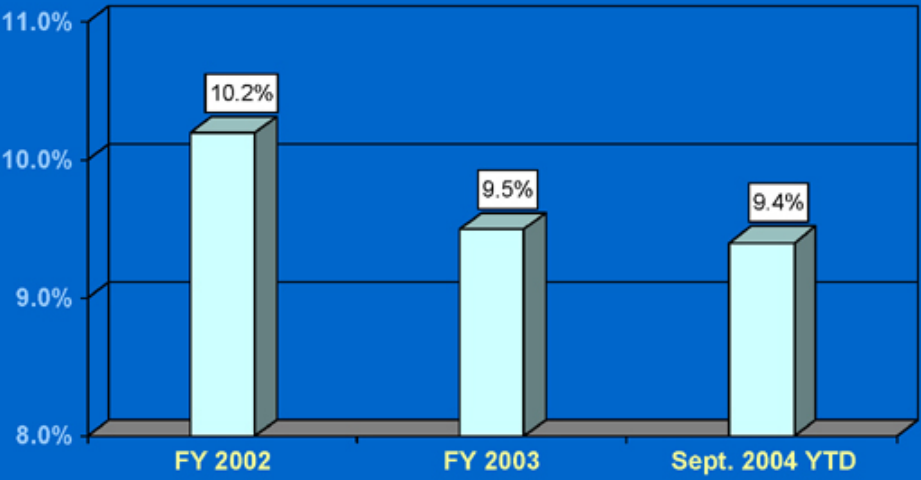
(\$ amounts in thousands)



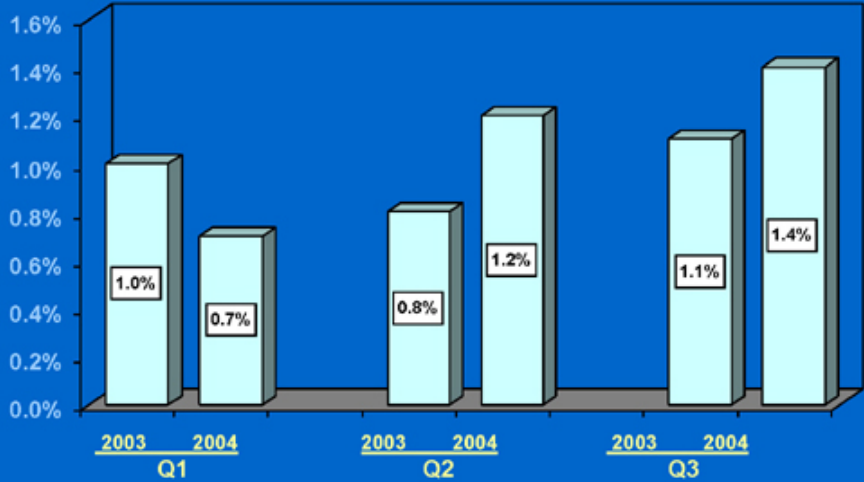
## Gross Margin % of Sales

	Q3 2004	Q3 2003
SMB	12.2%	11.2%
Public Sector	9.8%	8.0%
Large Account	10.2%	11.3%
Consolidated	11.2%	10.3%

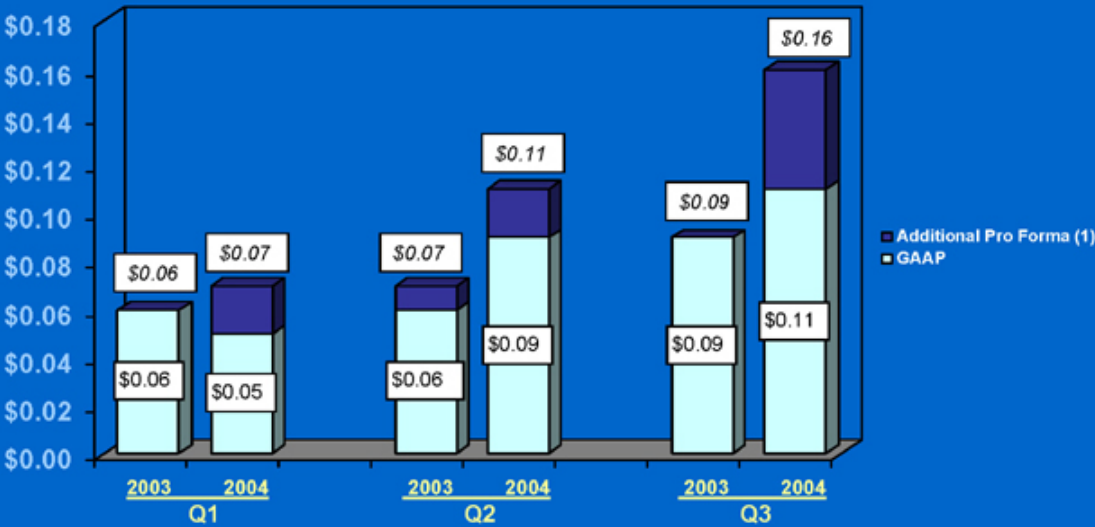
# SG&A % of Sales



# Operating Margin % of Sales



# Diluted Earnings per Share



<sup>(1)</sup> Pro forma EPS exclude special charges

# A Reconciliation Between GAAP and Pro Forma Results

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

(\$ in thousands, except EPS)	Q1		Q2		Q3	
	2003	2004	2003	2004	2003	2004
GAAP Net Income:	\$ 1,575	\$ 1,158	\$ 1,403	\$ 2,256	\$ 2,180	\$ 2,817
Special Charges (after tax):						
GSA and Other	-	299	-	451	-	1,111
Workforce Reduction	-	340	240	16	-	5
Subtotal	-	639	240	467	-	1,116
Pro Forma Net Income	\$ 1,575	\$ 1,797	\$ 1,643	\$ 2,723	\$ 2,180	\$ 3,933
GAAP Earnings Per Share:	\$ 0.06	\$ 0.05	\$ 0.06	\$ 0.09	\$ 0.09	\$ 0.11
Special charges (after tax):	-	0.02	0.01	0.02	-	0.05
Pro Forma Earnings Per Share:	\$ 0.06	\$ 0.07	\$ 0.07	\$ 0.11	\$ 0.09	\$ 0.16

## Asset Utilization

	Q3 2004	Q3 2003
DSO	41	48
Inventory Turns	16	19

# Financial Model

	2001	2002	2003	Sept YTD 2004	Two-Year Target Ranges
REVENUE GROWTH	(17.6)%	0.4%	10.2%	6.3%	15% + (annual)
EPS GROWTH	(75.4)%	(56.7)%	76.9 %	19.0%	30% + (annual)
GROSS PROFIT MARGIN	11.1%	10.8%	10.5%	10.8%	11.3-11.8%
SG&A <sup>(1)</sup>	9.9%	10.2%	9.5%	9.4%	8.8%-9.3%
OPERATING MARGIN	1.0%	0.5%	0.8%	1.1%	2.0%-2.5%
INVENTORY TURNS	18X	22X	15X	16X	20-24X
DAYS SALES OUTSTANDING (DSO)	53	49	47	41	36-40 Days

<sup>(1)</sup> Excludes special charges

PC Connection





# PC Connection®

we solve IT.