



NEW REVENUE ACCOUNTING STANDARD (ASC 606)

February 7, 2018



DISCLAIMERS

Forward-Looking Statements

Statements in this document that are not statements of historical fact are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including without limitation statements regarding the future financial performance of CDW. These statements involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. These risks and uncertainties include, among others, global and regional economic conditions; decreases in spending on technology products; CDW's relationships with vendor partners and availability of their products; continued innovations in hardware, software and services offerings by CDW's vendor partners; substantial competition that could reduce CDW's market share; CDW's substantial indebtedness and ability to generate sufficient cash to service such indebtedness; restrictions imposed by agreements relating to CDW's indebtedness on its operations and liquidity; changes in, or the discontinuation of, CDW's share repurchase program or dividend payments; the continuing development, maintenance and operation of CDW's information technology systems; potential breaches of data security; potential failures to comply with Public segment contracts or applicable laws and regulations; potential failures to provide high-quality services to CDW's customers; potential losses of any key personnel; potential interruptions of the flow of products from suppliers; potential adverse occurrences at one of CDW's primary facilities or customer data centers; CDW's dependence on commercial delivery services; CDW's exposure to accounts receivable and inventory risks; fluctuations in foreign currency; future acquisitions or alliances; fluctuations in CDW's operating results; current and future legal proceedings and audits; potential acceleration of CDW's deferred cancellation of debt income; and other risk factors or uncertainties identified from time to time in CDW's filings with the SEC. Although CDW believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Reference is made to a more complete discussion of forward-looking statements and applicable risks contained under the captions "Forward-Looking Statements" and "Risk Factors" in CDW's Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent filings with the SEC. CDW undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise unless required by law.

Non-GAAP Financial Information

EBITDA is defined as consolidated net income before interest expense, income tax expense, depreciation and amortization. Adjusted EBITDA, which is a measure defined in the Company's credit agreements, means EBITDA adjusted for certain items which are described in the financial statement tables on investor.cdw.com ("Non-GAAP Reconciliations"). Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of Net sales. Non-GAAP net income excludes, among other things, charges related to the amortization of acquisition-related intangible assets, equity-based compensation, acquisition and integration expenses, and gains and losses from the extinguishment of long-term debt. Consolidated net sales growth on a constant currency basis is defined as consolidated net sales growth excluding the impact of foreign currency translation on net sales compared to the prior period. EBITDA, Adjusted EBITDA, Non-GAAP net income, Non-GAAP net income per diluted share, Non-GAAP net income per diluted share, on a constant currency basis, organic net sales, consolidated and organic net sales growth on a constant currency basis are considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP.

Non-GAAP net income per diluted share on a constant currency basis is defined as Non-GAAP net income per diluted share excluding the impact of foreign currency translation on Non-GAAP net income per share compared to the prior period. Organic net sales growth is defined as net sales growth excluding the impact of acquisitions within the last twelve months. Organic net sales growth on a constant currency basis is defined as organic net sales growth excluding the impact of foreign currency translation on organic sales compared to the prior period. The Company believes these measures provide analysts, investors and management with helpful information regarding the underlying operating performance of the Company's business, as they remove the impact of items that management believes are not reflective of underlying operating performance. The Company uses these measures to evaluate period-over-period performance as management believes they provide a more comparable measure of the underlying business. Additionally, Adjusted EBITDA is a measure in the credit agreement governing our Senior Secured Term Loan Facility ("Term Loan") used to evaluate the Company's ability to make certain investments, incur additional debt and make restricted payments, such as dividends and share repurchases, as well as whether the Company is required to make additional principal prepayments on the Term Loan beyond the quarterly amortization payments. Our medium term annual targets are provided on a non-GAAP basis because certain reconciling items are dependent on future events that either cannot be controlled, such as currency impacts or interest rates, or reliably predicted because they are not part of the Company's routine activities, such as acquisition and integration expenses. The financial statement tables available on investor.cdw.com ("Non-GAAP Reconciliations") include a reconciliation of non-GAAP financial measures to the applicable most comparable GAAP financial measures. Non-GAAP measures used by the Company may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

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- Impacts to CDW
- Prior Standard* vs. New Standard (ASC 606)

* Defined throughout this presentation as the guidance of ASC 605, Revenue Recognition, and the industry-specific guidance of ASC 985, Software.

Q1 2018 ADOPTION OF ASC 606

Impacts to CDW

- Lower revenue for certain security software licenses (e.g. third-party support deemed to be critical or essential to the core functionality of the software license)
- Revenue recognition acceleration for certain bill and hold arrangements
 - Bill and hold arrangements exist when customers purchase product from CDW, but store the product in CDW's warehouses pending delivery to their location

Financial Statement Impacts to CDW

- Lower Net sales in 2017 and 2016 for certain security software licenses being reported on a net basis
- Lower deferred revenue for bill and hold arrangements since these are now recognized at time of performance
- Higher gross profit margin reflecting more netted (100% gross margin) sales

Areas not impacted

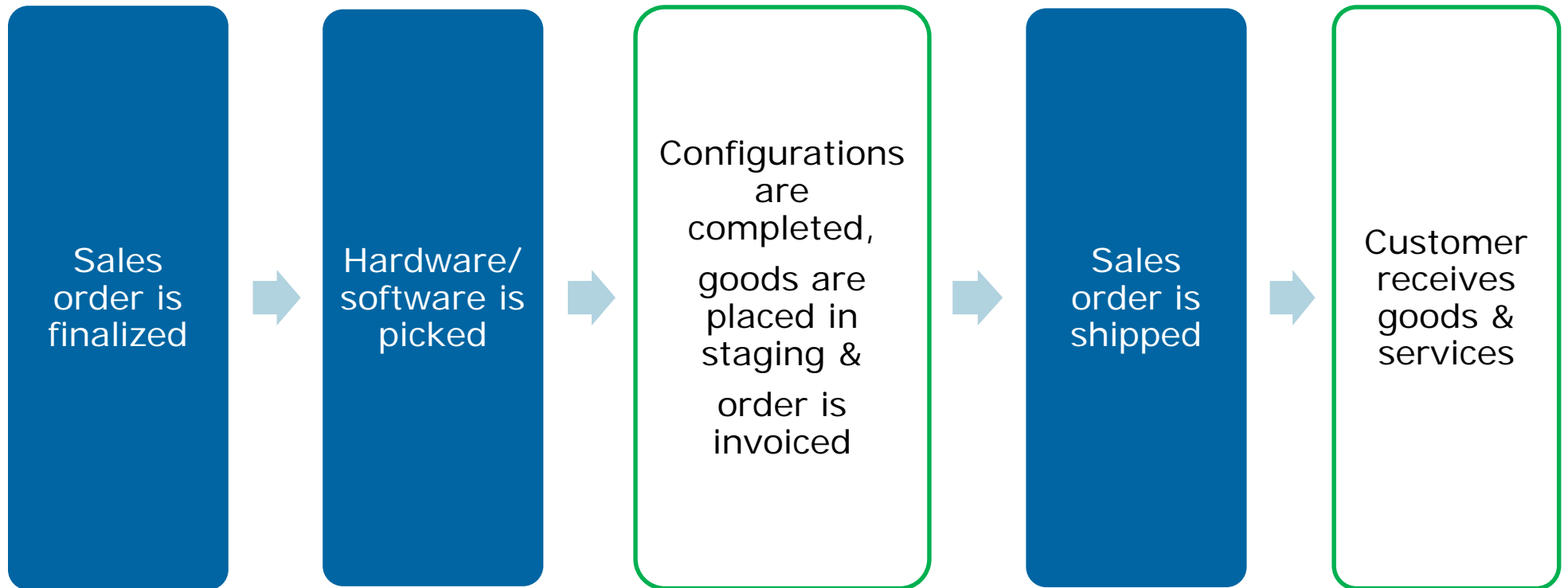
- Customer invoicing
- Cost paid to vendors
- Operating cash flow
- Free cash flow

Periods covered

- 2017 and 2016 years have been restated for comparability

PRIOR STANDARD VS. NEW STANDARD (ASC 606)

BILL & HOLD CHANGE



When we will recognize revenue under the new standard.

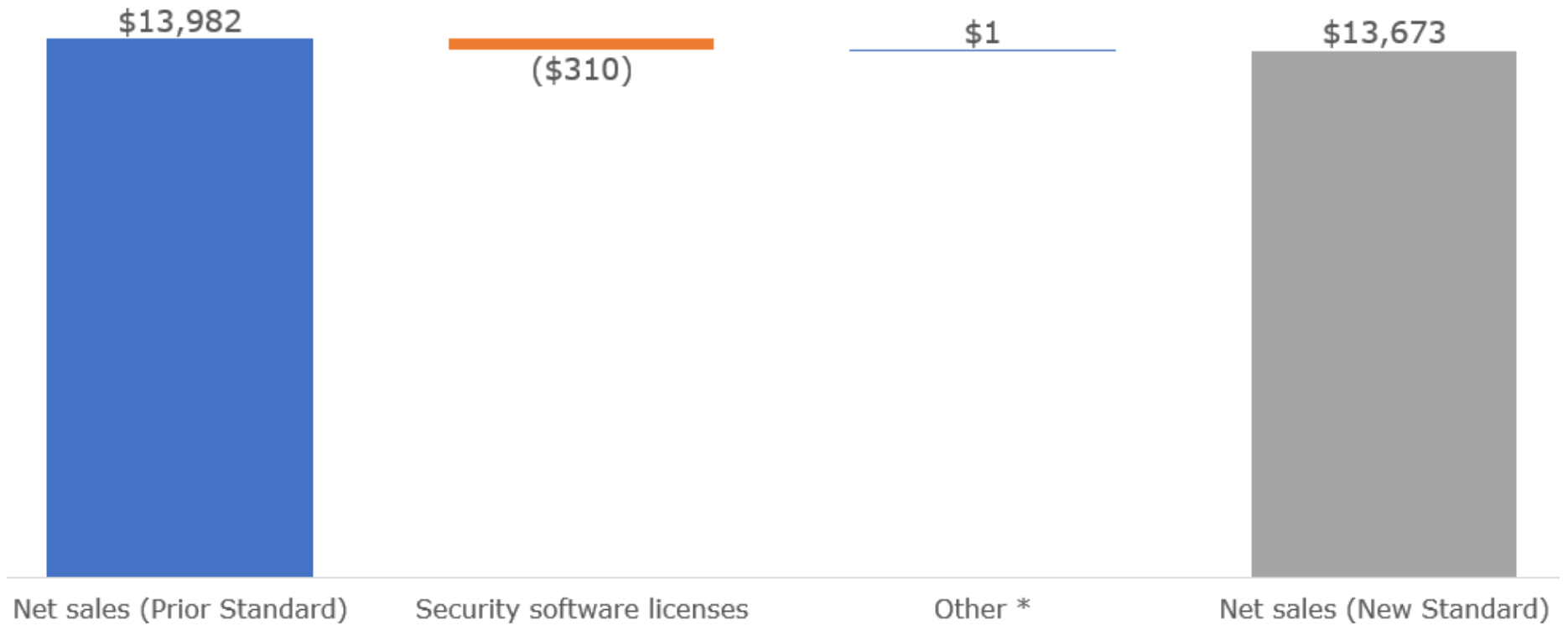
When we recognized revenue under the prior standard.

2017 NET SALES: PRIOR STANDARD TO NEW REVENUE STANDARD



*Comprised primarily of bill and hold transactions

2016 NET SALES: PRIOR STANDARD TO NEW REVENUE STANDARD



*Comprised of bill and hold transactions

RESTATED INCOME SUMMARY: 2017 AND 2016

\$ millions	2017			2016			Growth rate	
	Prior Standard	New Standard (ASC 606)	Change	Prior Standard	New Standard (ASC 606)	Change	Prior Standard	New Standard (ASC 606)
Net sales	\$15,191.5	\$14,832.9	(\$358.6)	\$13,981.9	\$13,672.7	(\$309.2)	8.7%	8.5%
Gross profit	2,449.9	2,450.2	0.3	2,327.2	2,328.3	1.1	5.3%	5.2%
Gross margin	16.1%	16.5%	40 bps	16.6%	17.0%	40 bps		
Income from operations	866.1	866.5	0.4	819.2	820.0	0.8	5.7%	5.7%
Net income	523.0	523.1	0.1	424.4	425.1	0.7	23.2%	23.1%
Adjusted EBITDA	1,185.6	1,186.0	0.4	1,117.3	1,118.1	0.8	6.1%	6.1%
Adjusted EBITDA margin	7.8%	8.0%	20 bps	8.0%	8.2%	20 bps		
Non-GAAP net income	605.8	605.9	0.1	569.0	569.7	0.7	6.5%	6.4%
Non-GAAP diluted EPS	\$3.83	\$3.83	\$0.0	\$3.43	\$3.43	\$0.0	11.7%	11.7%

RESTATED NET SALES BY SEGMENT

	Q1 2017		Q2 2017		Q3 2017		Q4 2017		Full Year 2017*	
	Prior Standard	New Standard (ASC 606)	Prior Standard	New Standard (ASC 606)	Prior Standard	New Standard (ASC 606)	Prior Standard	New Standard (ASC 606)	Prior Standard	New Standard (ASC 606)
Corporate	\$ 1,476.3	\$ 1,440.6	\$ 1,630.7	\$ 1,580.1	\$ 1,598.5	\$ 1,552.8	\$ 1,641.4	\$ 1,599.3	\$ 6,346.9	\$ 6,172.8
Small Business	298.7	292.0	321.5	315.0	311.5	305.4	314.8	308.1	1,246.5	1,220.5
Public:										
Government	386.9	374.6	543.9	523.4	606.7	591.9	630.0	619.9	2,167.5	2,109.8
Education	397.1	393.2	712.9	704.9	700.7	691.2	400.8	395.2	2,211.5	2,184.5
Healthcare	392.5	385.9	417.3	404.5	425.5	410.8	423.3	411.0	1,658.6	1,612.2
Total Public	1,176.5	1,153.7	1,674.1	1,632.8	1,732.9	1,693.9	1,454.1	1,426.1	6,037.6	5,906.5
Other	373.2	369.7	368.1	363.7	391.0	381.1	428.3	418.6	1,560.6	1,533.1
Total Net Sales	\$ 3,324.7	\$ 3,256.0	\$ 3,994.4	\$ 3,891.6	\$ 4,033.9	\$ 3,933.2	\$ 3,838.6	\$ 3,752.1	\$ 15,191.6	\$ 14,832.9
	Q1 2016		Q2 2016		Q3 2016		Q4 2016		Full Year 2016*	
	Prior Standard	New Standard (ASC 606)	Prior Standard	New Standard (ASC 606)	Prior Standard	New Standard (ASC 606)	Prior Standard	New Standard (ASC 606)	Prior Standard	New Standard (ASC 606)
Corporate	\$ 1,414.9	\$ 1,376.4	\$ 1,490.8	\$ 1,449.6	\$ 1,466.4	\$ 1,432.7	\$ 1,517.7	\$ 1,476.2	\$ 5,889.8	\$ 5,734.9
Small Business	277.4	272.1	288.4	284.3	282.5	275.6	291.8	286.1	1,140.1	1,118.1
Public:										
Government	339.9	333.9	456.6	442.9	537.5	515.8	529.6	521.0	1,863.6	1,813.6
Education	341.0	337.4	640.0	633.0	671.4	662.3	365.9	361.7	2,018.3	1,994.4
Healthcare	388.5	381.0	450.4	439.4	431.7	422.5	436.8	426.5	1,707.4	1,669.4
Total Public	1,069.4	1,052.3	1,547.0	1,515.3	1,640.6	1,600.6	1,332.3	1,309.2	5,589.3	5,477.4
Other	355.0	350.5	338.4	331.7	318.7	311.6	350.5	348.6	1,362.6	1,342.4
Total Net Sales	\$ 3,116.7	\$ 3,051.3	\$ 3,664.6	\$ 3,580.9	\$ 3,708.2	\$ 3,620.5	\$ 3,492.4	\$ 3,420.1	\$ 13,981.9	\$ 13,672.8

* Full year amounts may not tie to reported due to rounding

NON-GAAP RECONCILIATIONS

ADJUSTED EBITDA RECONCILIATION TO NET INCOME

(Unaudited)
(\$ in millions)

	Prior Standard		New standard (ASC 606)	
	2017	2016	2017	2016
Net income	\$ 523.0	\$ 424.4	\$ 523.1	\$ 425.1
Depreciation and amortization	260.9	254.5	260.9	254.5
Income tax expense	137.3	248.0	137.6	248.0
Interest expense, net	150.5	146.5	150.5	146.5
EBITDA *	\$ 1,071.7	\$ 1,073.4	\$ 1,072.1	\$ 1,074.1
Adjustments:				
Equity-based compensation	43.7	39.2	43.7	39.2
Net loss on extinguishments of long-term debt	57.4	2.1	57.4	2.1
Income from equity investments (i)	(0.7)	(1.1)	(0.7)	(1.1)
Integration expenses (ii)	2.5	7.3	2.5	7.3
Restatement of prior year unclaimed property balances (iii)	4.1	-	4.1	-
Other adjustments (iv)	6.9	(3.6)	6.9	(3.5)
Adjusted EBITDA *	\$ 1,185.6	\$ 1,117.3	\$ 1,186.0	\$ 1,118.1
Net Sales	\$ 15,191.5	\$ 13,981.9	\$ 14,832.9	\$ 13,672.8
Adjusted EBITDA Margin	7.8%	8.0%	8.0%	8.2%

(i) Represents the Company's share of net income from the Company's equity investments.

(ii) Comprised of expenses related to CDW UK.

(iii) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change enacted during 2017.

(iv) Primarily includes expenses related to payroll taxes on equity-based compensation during 2017. The year ended December 31, 2016 primarily includes the Company's share of the settlement payments received from the Dynamic Random Access Memory class actions lawsuits and the favorable resolution of a local sales tax matter, partially offset by expenses related to the consolidation of office locations north of Chicago.

* EBITDA and Adjusted EBITDA are non-GAAP financial measures. See Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 6, 2018, for a discussion of non-GAAP financial measures.

NON-GAAP NET INCOME RECONCILIATION

(Unaudited)
(\$ in millions)

	Prior Standard		New standard (ASC 606)	
	2017	2016	2017	2016
Net income	\$ 523.0	\$ 424.4	\$ 523.1	\$ 425.1
Non-GAAP Adjustments:				
Amortization of intangibles (i)	185.1	187.2	185.1	187.2
Equity-based compensation	43.7	39.2	43.7	39.2
Net loss on extinguishments of long-term debt	57.4	2.1	57.4	2.1
Integration expenses (ii)	2.5	7.3	2.5	7.3
Restatement of prior year unclaimed property balances (iii)	4.1	-	4.1	-
Other adjustments (iv)	4.9	(5.4)	4.9	(5.4)
Aggregate adjustment for income taxes (v)	(214.9)	(85.8)	(214.9)	(85.8)
Non-GAAP Net Income *	\$ 605.8	\$ 569.0	\$ 605.9	\$ 569.7

- (i) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
- (ii) Comprised of expenses related to CDW UK.
- (iii) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change enacted during 2017.
- (iv) Primarily includes expenses related to payroll taxes on equity-based compensation during 2017. The year ended December 31, 2016 primarily includes the Company's share of the settlement payments received from the Dynamic Random Access Memory class actions lawsuits and the favorable resolution of a local sales tax matter, partially offset by expenses related to the consolidation of office locations north of Chicago.
- (v) Aggregate adjustment for income taxes consists of the following:

	Prior Standard		New standard (ASC 606)	
	2017	2016	2017	2016
Total Non-GAAP adjustments	\$ 297.7	\$ 230.4	\$ 297.7	\$ 230.4
Weighted-average statutory effective rate	36.0%	36.0%	36.0%	36.0%
Income tax	(107.2)	(82.9)	(107.2)	(82.9)
Excess tax benefits from equity-based compensation	(36.2)	(1.8)	(36.2)	(1.8)
Deferred tax adjustment due to law changes	1.3	(1.5)	1.3	(1.5)
Tax Cuts and Jobs Act	(75.5)	-	(75.5)	-
Non-deductible adjustments and other	2.7	0.4	2.7	0.4
Total aggregate adjustment for income taxes	\$ (214.9)	\$ (85.8)	\$ (214.9)	\$ (85.8)

* Non-GAAP net income is non-GAAP financial measures. See Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 6, 2018, for a discussion of non-GAAP financial measures.

NON-GAAP NET INCOME PER SHARE

(Unaudited)

(\$ and shares in millions, except per share amounts)

	Prior Standard		New standard (ASC 606)	
	2017	2016	2017	2016
Net income	\$ 523.0	\$ 424.4	\$ 523.1	\$ 425.1
Weighted-average common shares outstanding - Diluted	158.2	166.0	158.2	166.0
Net income per diluted share	\$ 3.31	\$ 2.56	\$ 3.31	\$ 2.56
Non-GAAP net income *	\$ 605.8	\$ 569.0	\$ 605.9	\$ 569.7
Weighted-average common shares outstanding - Diluted	158.2	166.0	158.2	166.0
Non-GAAP net income per diluted share *	\$ 3.83	\$ 3.43	\$ 3.83	\$ 3.43

* Non-GAAP net income and Non-GAAP net income per diluted shares are non-GAAP financial measures. See Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 6, 2018, for a discussion of non-GAAP financial measures.