



CDW Corporation

Non-GAAP Reconciliations
Fourth Quarter 2017

CDW.com | 800.800.4239

Q4 2017 Adjusted EBITDA Reconciliation to Net Income

(Unaudited)

(\$ in millions)

	Three Months Ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Net income	\$ 195.2	\$ 103.2	\$ 523.0	\$ 424.4
Depreciation and amortization ⁽ⁱ⁾	65.7	63.8	260.9	254.5
Income tax (benefit) expense	(10.6)	59.6	137.3	248.0
Interest expense, net	37.1	33.9	150.5	146.5
EBITDA*	287.4	260.5	1,071.7	1,073.4
Adjustments:				
Equity-based compensation	10.1	11.1	43.7	39.2
Net loss on extinguishments of long-term debt	—	—	57.4	2.1
Income from equity investment ⁽ⁱⁱ⁾	(0.3)	(0.2)	(0.7)	(1.1)
Integration expenses ⁽ⁱⁱⁱ⁾	—	1.1	2.5	7.3
Reinstatement of prior year unclaimed property balances ^(iv)	—	—	4.1	—
Other adjustments ^(v)	0.2	1.2	6.9	(3.6)
Total adjustments	10.0	13.2	113.9	43.9
Adjusted EBITDA*	\$ 297.4	\$ 273.7	\$ 1,185.6	\$ 1,117.3

- (i) Includes depreciation expense of \$2 million for both the three months ended December 31, 2017 and 2016, and \$7 million for both the years ended December 31, 2017 and 2016 reported within Cost of Sales.
- (ii) Represents the share of net income from the Company's equity investment.
- (iii) Comprised of expenses related to CDW UK.
- (iv) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change enacted in the third quarter of 2017.
- (v) Primarily includes expenses related to payroll taxes on equity-based compensation and historical retention costs 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 7, 2018, for a discussion of non-GAAP financial measures.

Q4 2017 Non-GAAP Income before Income Taxes and Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended December 31, 2017				Three Months Ended December 31, 2016			
	Income before income taxes	Income tax benefit (expense)	Net income	Effective tax rate	Income before income taxes	Income tax benefit (expense)	Net income	Effective tax rate
GAAP (as reported)	\$ 184.6	\$ 10.6	\$ 195.2	(5.7)%	\$ 162.8	\$ (59.6)	\$ 103.2	36.6%
Amortization of intangibles ⁽ⁱ⁾	46.2	(16.6)	29.6		46.1	(16.6)	29.5	
Equity-based compensation ⁽ⁱⁱ⁾	10.1	(9.1)	1.0		11.1	(4.6)	6.5	
Integration expenses ⁽ⁱⁱⁱ⁾	—	—	—		1.1	(0.4)	0.7	
Deferred Tax Adjustment due to state law changes	—	0.4	0.4		—	—	—	
Tax Cuts and Jobs Act	—	(75.5)	(75.5)		—	—	—	
Other adjustments ^(iv)	0.1	2.3	2.4		0.7	(0.2)	0.5	
Non-GAAP*	\$ 241.0	\$ (87.9)	\$ 153.1	36.5%	\$ 221.8	\$ (81.4)	\$ 140.4	36.7%

(i) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

(ii) Includes excess tax benefits related to equity-based compensation.

(iii) Comprised of expenses related to CDW UK.

(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 action 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.

* Non-GAAP income before income taxes and Non-GAAP net income are non-GAAP financial measures. For a reconciliation of 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 7, 2018 and in these slides.

YTD Non-GAAP Income before Income Taxes and Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Year Ended December 31, 2017				Year Ended December 31, 2016			
	Income before income taxes	Income tax benefit (expense)	Net income	Effective tax rate	Income before income taxes	Income tax benefit (expense)	Net income	Effective tax rate
GAAP (as reported)	\$ 660.3	\$ (137.3)	\$ 523.0	20.8%	\$ 672.4	\$ (248.0)	\$ 424.4	36.9%
Amortization of intangibles ⁽ⁱ⁾	185.1	(66.6)	118.5		187.2	(67.4)	119.8	
Equity-based compensation ⁽ⁱⁱ⁾	43.7	(51.9)	(8.2)		39.2	(15.9)	23.3	
Net loss on extinguishment of long-term debt	57.4	(20.7)	36.7		2.1	(0.8)	1.3	
Integration expenses ⁽ⁱⁱⁱ⁾	2.5	(0.9)	1.6		7.3	(2.6)	4.7	
Reinstatement of prior year unclaimed property balances ^(iv)	4.1	(1.5)	2.6		—	—	—	
Deferred Tax Adjustment due to law changes	—	1.3	1.3		—	(1.5)	(1.5)	
Tax Reform and Jobs Act	—	(75.5)	(75.5)		—	—	—	
Other adjustments ^(v)	4.9	0.9	5.8		(5.4)	2.4	(3.0)	
Non-GAAP net income*	<u>\$ 958.0</u>	<u>\$ (352.2)</u>	<u>\$ 605.8</u>	<u>36.8%</u>	<u>\$ 902.8</u>	<u>\$ (333.8)</u>	<u>\$ 569.0</u>	<u>37.0%</u>

(i) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

(ii) Includes excess tax benefits related to equity-based compensation.

(iii) Comprised of expenses related to CDW UK.

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

(v) 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 action 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.

* Non-GAAP income before income taxes and Non-GAAP net income are non-GAAP financial measures. For a reconciliation of 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 7, 2018 and in these slides.

Q4 2017 Non-GAAP Net Income Per Share

(Unaudited)

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

	Three Months Ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Net income	\$ 195.2	\$ 103.2	\$ 523.0	\$ 424.4
Weighted-average common shares outstanding - Diluted	155.3	163.3	158.2	166.0
Net income per diluted share	\$ 1.26	\$ 0.63	\$ 3.31	\$ 2.56
Non-GAAP net income*	\$ 153.1	\$ 140.4	\$ 605.8	\$ 569.0
Non-GAAP weighted-average common shares outstanding - Diluted	155.3	163.3	158.2	166.0
Non-GAAP net income per diluted share*	\$ 0.99	\$ 0.86	\$ 3.83	\$ 3.43

* Non-GAAP net income and Non-GAAP net income per diluted share 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 7, 2018, for a discussion of non-GAAP financial measures.

Adjusted EBITDA Reconciliation to Net Income and Adjusted EBITDA Margin Calculation 2009 - 2017

(Unaudited)

(\$ in millions)

	2009	2010	2011	2012	2013	2014	2015 (viii)	2016 (viii)	2017
Net income (loss)	\$ (373.4)	\$ (29.2)	\$ 17.1	\$ 119.0	\$ 132.8	\$ 244.9	\$ 403.1	\$ 424.4	\$ 523.0
Depreciation and amortization	218.2	209.4	204.9	210.2	208.2	207.9	227.4	254.5	260.9
Income tax expense (benefit)	(87.8)	(7.8)	11.2	67.1	62.7	142.8	243.9	248.0	137.3
Interest expense, net	431.7	391.9	324.2	307.4	250.1	197.3	159.5	146.5	150.5
EBITDA	\$ 188.7	\$ 564.3	\$ 557.4	\$ 703.7	\$ 653.8	\$ 792.9	\$ 1,033.9	\$ 1,073.4	\$ 1,071.7
Adjustments:									
Equity-based compensation	15.9	11.5	19.5	22.1	8.6	16.4	31.2	39.2	43.7
Net loss (gain) on extinguishments of long-term debt	—	(2.0)	118.9	17.2	64.0	90.7	24.3	2.1	57.4
(Income) loss from equity investments ⁽ⁱ⁾	—	(0.1)	(0.1)	(0.3)	(0.6)	(2.2)	10.1	(1.1)	(0.7)
IPO and secondary-offering related expenses ⁽ⁱⁱ⁾	—	—	—	—	75.0	1.4	0.8	—	—
Acquisition and integration expenses ⁽ⁱⁱⁱ⁾	—	—	—	—	—	—	10.2	7.3	2.5
Gain on remeasurement of equity investment ^(iv)	—	—	—	—	—	—	(98.1)	—	—
Goodwill impairment	241.8	—	—	—	—	—	—	—	—
Reinstatement of prior year unclaimed property balance ^(v)	—	—	—	—	—	—	—	—	4.1
Other adjustments ^(vi)	19.0	28.1	21.6	23.9	7.7	7.8	6.1	(3.6)	6.9
Adjusted EBITDA	\$ 465.4	\$ 601.8	\$ 717.3	\$ 766.6	\$ 808.5	\$ 907.0	\$ 1,018.5	\$ 1,117.3	\$ 1,185.6
Net Sales	\$ 7,162.6	\$ 8,801.2	\$ 9,602.4	\$ 10,128.2	\$ 10,768.6	\$ 12,074.5	\$ 12,988.7	\$ 13,981.9	\$ 15,191.5

Adjusted EBITDA Margin^(vii)

- | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|------|------|------|------|------|------|------|------|------|
| Adjusted EBITDA Margin | 6.5% | 6.8% | 7.5% | 7.6% | 7.5% | 7.5% | 7.8% | 8.0% | 7.8% |
- (i) Represents the Company's share of net (income) loss from the Company's equity investments. The Company's 35% share of CDW UK's (previously known as Kelway) net loss for the year ended December 31, 2015 includes the Company's 35% share of an expense related to certain equity awards granted by one of the sellers to CDW UK coworkers in July 2015 prior to the acquisition.
- (ii) 2013 includes IPO related expenses of \$74.3 million, consisting of (1) acceleration charge for certain equity awards and related employer payroll taxes (\$40.7 million); (2) RDU Plan cash retention pool accrual (\$7.5 million); (3) management services agreement termination fee (\$24.4 million); and (4) other expenses (\$1.7 million). 2013 also includes \$0.7 million of secondary-offering related expenses. 2014 and 2015 include various secondary offerings completed during that time.
- (iii) Comprised of expenses related to CDW UK.
- (iv) Represents the gain resulting from the remeasurement of the Company's previously held 35% equity investment to fair value upon the completion of the acquisition of CDW UK.
- (v) Comprised of the reinstatement of prior year unclaimed balances as a result of a retroactive Illinois state law change enacted during 2017.
- (vi) Other adjustments primarily include items such as payroll taxes on equity-based compensation, sponsor fees, historical retention costs, expenses related to the consolidated office space, settlement payments received from the Dynamic Random Access Memory class action lawsuits and certain consulting and debt related professional fees.
- (vii) Defined as Adjusted EBITDA divided by Net sales.
- (viii) 2015 and 2016 reflects the impact of consolidating CDW UK's financial results for five months and twelve months, respectively.

Non-GAAP Net Income Reconciliation 2012 - 2017

(Unaudited)
(\$ in millions)

	2012	2013	2014	2015 ^(x)	2016 ^(x)	2017
Net income	\$ 119.0	\$ 132.8	\$ 244.9	\$ 403.1	\$ 424.4	\$ 523.0
Amortization of intangibles ⁽ⁱ⁾	163.7	161.2	161.2	173.9	187.2	185.1
Equity-based compensation	22.1	8.6	16.4	31.2	39.2	43.7
Equity-based compensation related to equity investment ⁽ⁱⁱ⁾	—	—	—	20.0	—	—
Net loss on extinguishments of long-term debt	17.2	64.0	90.7	24.3	2.1	57.4
Interest expense adjustment related to extinguishments of long-term debt ⁽ⁱⁱⁱ⁾	(3.3)	(7.5)	(1.1)	—	—	—
IPO and secondary-offering related expenses ^(iv)	—	75.0	1.4	0.8	—	—
Acquisition and integration expenses ^(v)	—	—	—	10.2	7.3	2.5
Gain on remeasurement of equity investment ^(vi)	—	—	—	(98.1)	—	—
Reinstatement of prior year unclaimed property balance ^(vii)	—	—	—	—	—	4.1
Other adjustments ^(viii)	—	(6.3)	(0.6)	2.9	(5.4)	4.9
Aggregate adjustment for income taxes ^(ix)	(71.6)	(113.5)	(103.0)	(64.8)	(85.8)	(214.9)
Non-GAAP net income	\$ 247.1	\$ 314.3	\$ 409.9	\$ 503.5	\$ 569.0	\$ 605.8

- (i) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
- (ii) Represents the Company's 35% share of an expense related to certain equity awards granted by one of the sellers to CDW UK coworkers in July 2015 prior to the Company's acquisition.
- (iii) Reflects adjustments to interest expense resulting from debt extinguishments. Represents the difference between interest expense previously recognized under the effective interest method and actual interest paid.
- (iv) 2013 includes IPO related expenses of \$74.3 million, consisting of (1) acceleration charge for certain equity awards and related employer payroll taxes (\$40.7 million); (2) RDU Plan cash retention pool accrual (\$7.5 million); (3) management services agreement termination fee (\$24.4 million); and (4) other expenses (\$1.7 million). 2013 also includes \$0.7 million of secondary-offering related expenses. 2014 and 2015 includes various secondary offerings completed during that time.
- (v) Comprised of expenses related to CDW UK.
- (vi) Represents the gain resulting from the remeasurement of the Company's previously held 35% equity investment to fair value upon the completion of the acquisition of CDW UK.
- (vii) Comprised of the reinstatement of prior year unclaimed property balances as a results of a retroactive Illinois state law change enacted during 2017.
- (viii) Other adjustments primarily include items such as payroll taxes on equity-based compensation expenses related to the consolidation of office space, settlement payments received from the Dynamic Random Access Memory class action lawsuits and the favorable resolution of a local sales tax matter.
- (ix) Aggregate adjustment for income taxes consists of the following:

	2012	2013	2014	2015	2016	2017
Total Non-GAAP adjustments	\$ 199.7	\$ 295.0	\$ 268.0	\$ 165.2	\$ 230.4	\$ 297.7
Weighted-average statutory effective rate	39.0%	39.0%	39.0%	38.0%	36.0%	36.0%
Income tax	(77.9)	(115.1)	(104.5)	(62.8)	(82.9)	(107.2)
Deferred tax adjustment due to law changes	—	—	—	(4.0)	(1.5)	1.3
Excess tax benefits from equity-based compensation	—	—	—	—	(1.8)	(36.2)
Withholding tax expense on the unremitted earnings of our Canadian subsidiary	—	—	—	3.3	—	—
Impact from 2018 Tax Cut and Jobs Act	—	—	—	—	—	(75.5)
Non-deductible adjustments and other	6.3	1.6	1.5	(1.3)	0.4	2.7
Total aggregate adjustment for income taxes	\$ (71.6)	\$ (113.5)	\$ (103.0)	\$ (64.8)	\$ (85.8)	\$ (214.9)

- (x) 2015 and 2016 reflects the impact of consolidating CDW UK's financial results for five months and twelve months, respectively.

Return on Working Capital Calculation 2009 - 2017

(Unaudited)

(\$ in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Numerator</i>									
Income from operations	\$ (31.9)	\$ 352.7	\$ 470.7	\$ 510.6	\$ 508.6	\$ 673.0	\$ 742.0	\$ 819.2	\$ 866.1
Amortization of intangibles ⁽ⁱ⁾	168.9	166.8	165.7	163.7	161.2	161.2	173.9	187.2	185.1
Debt-related refinancing costs ⁽ⁱⁱ⁾	—	5.6	3.8	—	—	—	—	—	—
Non-cash equity-based compensation	15.9	11.5	19.5	22.1	8.6	16.4	31.2	39.2	43.7
Goodwill impairment	241.8	—	—	—	—	—	—	—	—
Other one-time items as incurred ⁽ⁱⁱⁱ⁾	1.4	—	—	—	68.7	0.8	12.0	4.5	7.1
Adjusted NOPBT	396.1	536.6	659.7	696.4	747.1	851.4	959.1	1,050.1	1,102.0
Taxes ^(iv)	(154.5)	(209.3)	(257.3)	(271.6)	(291.4)	(332.0)	(374.1)	(388.6)	(407.7)
Adjusted NOPAT	\$ 241.6	\$ 327.3	\$ 402.4	\$ 424.8	\$ 455.7	\$ 519.4	\$ 585.1	\$ 661.6	\$ 694.3
<i>Denominator</i>									
Trailing 5-point avg. AR (incl. misc. rec.)	\$ 1,008.9	\$ 1,210.7	\$ 1,352.5	\$ 1,400.1	\$ 1,502.0	\$ 1,629.6	\$ 1,909.4	\$ 2,248.8	\$ 2,531.8
Trailing 5-point avg. Inventory	252.8	286.9	317.4	330.3	357.5	396.2	387.1	448.9	491.5
Trailing 5-point avg. AP	(354.9)	(500.4)	(712.0)	(831.2)	(906.7)	(1,017.8)	(1,184.4)	(1,470.8)	(1,726.4)
Working Capital	\$ 906.8	\$ 997.2	\$ 957.9	\$ 899.2	\$ 952.8	\$ 1,008.0	\$ 1,112.1	\$ 1,226.9	\$ 1,296.9
Return on Working Capital (ROWC)	26.6%	32.8%	42.0%	47.2%	47.8%	51.5%	52.6%	53.9%	53.5%

(i) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

(ii) Represents fees and costs expensed related to the December 2010 and March 2011 amendments to the Company's prior term loan facility.

(iii) Includes IPO and secondary-offering related expenses, litigation items, acquisition and integration expenses and expenses related to the consolidation of office locations north of Chicago.

(iv) Based on a normalized statutory tax rate of 37% for 2017 and 2016. Prior to 2016, the normalized statutory tax rate was 39%.

Consolidated Net Sales Growth on a Constant Currency Basis

(Unaudited)

(\$ in millions)

	Three Months Ended December 31,				Years Ended December 31,			
	2017	2016	% Change ⁽ⁱ⁾	Average Daily % Change ⁽ⁱ⁾	2017	2016	% Change ⁽ⁱ⁾	Average Daily % Change ⁽ⁱ⁾
Consolidated Net sales, as reported	\$ 3,838.6	\$ 3,492.4	9.9%	8.2%	\$ 15,191.5	\$ 13,981.9	8.7%	8.7%
Foreign currency translation ⁽ⁱⁱ⁾	—	21.6			—	(28.3)		
Consolidated Net sales, on a constant currency basis*	\$ 3,838.6	\$ 3,514.0	9.2%	7.5%	\$ 15,191.5	\$ 13,953.6	8.9%	8.9%

(i) There were 63 and 62 selling days during the three months ended December 31, 2017 and 2016, respectively. There were 254 selling days for both the years ended December 31, 2017 and 2016.

(ii) Represents the effect of translating the prior year results of CDW Canada and CDW UK at the average exchange rates applicable in the current year.

* Consolidated Net sales growth on a constant currency basis is a non-GAAP financial measure. For a discussion of 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 7, 2018.

Non-GAAP Net Income Per diluted share, on a Constant Currency Basis

(Unaudited)

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

	Three Months Ended December 31,			Years Ended December 31,		
	2017	2016	% Change ⁽ⁱ⁾	2017	2016	% Change ⁽ⁱ⁾
Net Income	\$ 195.2	\$ 103.2		\$ 523.0	\$ 424.4	
Amortization of intangibles	46.2	46.1		185.1	187.2	
Equity-based compensation	10.1	11.1		43.7	39.2	
Net Loss on extinguishments of long-term debt	—	—		57.4	2.1	
Integration expenses	—	1.1		2.5	7.3	
Reinstatement of prior year unclaimed property balance	—	—		4.1	—	
Other adjustments	0.1	0.7		4.9	(5.4)	
Aggregate adjustment for income taxes	(98.5)	(21.8)		(214.9)	(85.8)	
Non-GAAP Net Income ^{(ii)*}	\$ 153.1	\$ 140.4	9.0%	\$ 605.8	\$ 569.0	6.5%
Foreign currency translation ⁽ⁱⁱⁱ⁾	—	1.1		—	(0.8)	
Non-GAAP Net Income, on a constant currency basis*	\$ 153.1	\$ 141.5	8.2%	\$ 605.8	\$ 568.2	6.6%
Shares used in computing Non-GAAP net income per diluted share and Non-GAAP net income per diluted share, on a constant currency basis	155.3	163.3		158.2	166.0	
Non-GAAP net income per diluted share*	\$ 0.99	\$ 0.86	14.7%	\$ 3.83	\$ 3.43	11.7%
Non-GAAP net income per diluted share, on a constant currency basis*	\$ 0.99	\$ 0.87	13.8%	\$ 3.83	\$ 3.42	11.8%

(i) There were 63 and 62 selling days for the three months ended December 31, 2017 and 2016, respectively. There were 254 selling days for the years ended December 31, 2017 and 2016.

(ii) See Slide 11 and 26 in the Webcast Slides for details on the adjustments to Non-GAAP Net Income.

(iii) Represents the effect of translating the prior year results of CDW UK and CDW Canada at the average exchange rates applicable in the current year.

* Non-GAAP Net income, Non-GAAP Net Income per diluted share, Non-GAAP Net income on a constant currency basis and Non-GAAP Net Income per diluted share on a constant currency basis are non-GAAP financial measures. For a discussion of 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 7, 2018.