

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except per-share amounts)

	December 31,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 144.2	\$ 263.7
Accounts receivable, net of allowance for doubtful accounts of \$6.2 and \$5.9, respectively	2,320.5	2,168.6
Merchandise inventory	449.5	452.0
Miscellaneous receivables	336.5	234.9
Prepaid expenses and other	127.4	118.9
Total current assets	3,378.1	3,238.1
Property and equipment, net	161.1	163.7
Goodwill	2,479.6	2,455.0
Other intangible assets, net	897.0	1,055.6
Other assets	40.8	36.0
Total Assets	\$ 6,956.6	\$ 6,948.4
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable-trade	\$ 1,317.7	\$ 1,072.9
Accounts payable-inventory financing	498.0	580.4
Current maturities of long-term debt	25.5	18.5
Deferred revenue	194.0	172.6
Accrued expenses and other current liabilities:		
Compensation	129.5	167.6
Interest	21.6	25.1
Sales taxes	43.8	38.0
Advertising	89.2	55.8
Income taxes	15.1	2.6
Other	180.2	147.2
Total current liabilities	2,514.6	2,280.7
Long-term liabilities:		
Debt	3,210.0	3,215.9
Deferred income taxes	196.3	369.2
Other liabilities	52.8	37.1
Total long-term liabilities	3,459.1	3,622.2
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100.0 shares authorized; no shares issued or outstanding for both periods	—	—
Common stock, \$0.01 par value, 1,000.0 shares authorized; 153.1 and 160.3 shares issued, respectively	1.5	1.6
Less: treasury stock, \$0.01 par value, 0.1 and 0 shares held, respectively	—	—
Outstanding common stock, \$0.01 par value, 153.0 and 160.3 shares outstanding, respectively	1.5	1.6
Paid-in capital	2,911.6	2,857.3
Accumulated deficit	(1,834.3)	(1,673.8)
Accumulated other comprehensive loss	(95.9)	(139.6)
Total stockholders' equity	982.9	1,045.5
Total Liabilities and Stockholders' Equity	\$ 6,956.6	\$ 6,948.4

The accompanying notes are an integral part of the Consolidated Financial Statements.

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per-share amounts)

	Years Ended December 31,		
	2017	2016	2015
Net sales	\$15,191.5	\$13,981.9	\$ 12,988.7
Cost of sales	12,741.6	11,654.7	10,872.9
Gross profit	2,449.9	2,327.2	2,115.8
Selling and administrative expenses	1,410.1	1,345.1	1,226.0
Advertising expense	173.7	162.9	147.8
Income from operations	866.1	819.2	742.0
Interest expense, net	(150.5)	(146.5)	(159.5)
Net loss on extinguishments of long-term debt	(57.4)	(2.1)	(24.3)
Gain on remeasurement of equity investment	—	—	98.1
Other income (expense), net	2.1	1.8	(9.3)
Income before income taxes	660.3	672.4	647.0
Income tax expense	(137.3)	(248.0)	(243.9)
Net income	<u>\$ 523.0</u>	<u>\$ 424.4</u>	<u>\$ 403.1</u>
Net income per common share:			
Basic	\$ 3.37	\$ 2.59	\$ 2.37
Diluted	\$ 3.31	\$ 2.56	\$ 2.35
Weighted-average common shares outstanding:			
Basic	155.4	163.6	170.3
Diluted	158.2	166.0	171.8
Cash dividends declared per common share	\$ 0.6900	\$ 0.4825	\$ 0.3100

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CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income	\$ 523.0	\$ 424.4	\$ 403.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	260.9	254.5	227.4
Equity-based compensation expense	43.7	39.2	31.2
Deferred income taxes	(172.7)	(97.2)	(54.5)
Amortization of deferred financing costs, debt premium and debt discount, net	5.2	6.5	6.4
Net loss on extinguishments of long-term debt	57.4	2.1	24.3
Loss from equity investments	—	—	11.2
Gain on remeasurement of equity investment	—	—	(98.1)
Mark-to-market (gain) loss on interest rate cap agreements	(0.5)	(2.6)	2.1
Other	0.4	0.4	0.3
Changes in assets and liabilities:			
Accounts receivable	(128.4)	(179.9)	(342.6)
Merchandise inventory	8.5	(68.5)	(31.5)
Other assets	(116.4)	(50.1)	(71.2)
Accounts payable-trade	231.5	225.1	100.5
Other current liabilities	51.4	80.2	47.5
Long-term liabilities	13.7	(30.1)	21.4
Net cash provided by operating activities	777.7	604.0	277.5
Cash flows used in investing activities:			
Capital expenditures	(81.1)	(63.5)	(90.1)
Premium payments on interest rate cap agreements	—	(2.4)	(0.5)
Acquisition of business, net of cash acquired	—	—	(263.8)
Net cash used in investing activities	(81.1)	(65.9)	(354.4)
Cash flows used in financing activities:			
Proceeds from borrowings under revolving credit facility	1,560.7	338.8	314.5
Repayments of borrowings under revolving credit facility	(1,560.7)	(338.8)	(314.5)
Repayments of long-term debt	(14.9)	(20.6)	(32.8)
Proceeds from issuance of long-term debt	2,083.0	1,483.0	525.0
Payments to extinguish long-term debt	(2,121.3)	(1,490.4)	(525.3)
Net change in other long-term obligation	(3.8)	15.7	—
Payments of debt financing costs	(9.6)	(5.9)	(6.8)
Net change in accounts payable-inventory financing	(84.0)	143.6	95.9
Effective portion of interest rate cap agreements	0.4	—	—
Proceeds from stock option exercises	13.0	7.4	2.4
Proceeds from Coworker Stock Purchase Plan	10.3	9.3	8.7
Repurchases of common stock	(534.0)	(367.4)	(241.3)
Payment of incentive compensation plan withholding taxes	(49.6)	—	0.6
Dividends	(106.9)	(78.7)	(52.9)
Principal payments under capital lease obligations	(1.3)	(0.6)	—
Net cash used in financing activities	(818.7)	(304.6)	(226.5)
Effect of exchange rate changes on cash and cash equivalents	2.6	(7.4)	(3.5)
Net (decrease) increase in cash and cash equivalents	(119.5)	226.1	(306.9)
Cash and cash equivalents – beginning of period	263.7	37.6	344.5
Cash and cash equivalents – end of period	\$ 144.2	\$ 263.7	\$ 37.6
Supplementary disclosure of cash flow information:			
Interest paid	\$ (148.5)	\$ (144.3)	\$ (154.6)
Taxes paid, net	\$ (275.7)	\$ (329.2)	\$ (300.2)

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