

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

	December 31,	
	2018	2017 (as adjusted)
Assets		
Current assets:		
Cash and cash equivalents	\$ 205.8	\$ 144.2
Accounts receivable, net of allowance for doubtful accounts of \$7.0 and \$6.2, respectively	2,671.2	2,329.3
Merchandise inventory	454.3	411.5
Miscellaneous receivables	316.4	343.0
Prepaid expenses and other	149.1	168.3
Total current assets	3,796.8	3,396.3
Property and equipment, net	156.1	161.1
Goodwill	2,462.8	2,479.6
Other intangible assets, net	712.2	897.0
Other assets	39.8	32.7
Total Assets	\$ 7,167.7	\$ 6,966.7
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable-trade	\$ 1,577.1	\$ 1,317.7
Accounts payable-inventory financing	429.3	498.0
Current maturities of long-term debt	25.3	25.5
Contract liabilities	178.3	158.8
Accrued expenses and other current liabilities:		
Compensation	186.4	129.5
Advertising	119.2	89.2
Sales and income taxes	55.5	60.0
Other	232.0	243.4
Total current liabilities	2,803.1	2,522.1
Long-term liabilities:		
Debt	3,183.3	3,210.0
Deferred income taxes	141.9	196.3
Other liabilities	64.2	52.7
Total long-term liabilities	3,389.4	3,459.0
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; 147.7 and 153.1 shares issued, respectively	1.5	1.5
Less: treasury stock, \$0.01 par value, 0.0 and 0.1 shares held, respectively	—	—
Outstanding common stock, \$0.01 par value, 147.7 and 153.0 shares outstanding, respectively	1.5	1.5
Paid-in capital	2,996.9	2,911.6
Accumulated deficit	(1,892.6)	(1,831.6)
Accumulated other comprehensive loss	(130.6)	(95.9)
Total stockholders' equity	975.2	985.6
Total Liabilities and Stockholders' Equity	\$ 7,167.7	\$ 6,966.7

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)

	Year Ended December 31,		
	2018	2017 (as adjusted)	2016 (as adjusted)
Net sales	\$16,240.5	\$14,832.9	\$13,672.7
Cost of sales	13,533.6	12,382.7	11,344.4
Gross profit	2,706.9	2,450.2	2,328.3
Selling and administrative expenses	1,537.1	1,410.0	1,345.4
Advertising expense	182.5	173.7	162.9
Operating income	987.3	866.5	820.0
Interest expense, net	(148.6)	(150.5)	(146.5)
Net loss on extinguishments of long-term debt	—	(57.4)	(2.1)
Other income, net	1.8	2.1	1.8
Income before income taxes	840.5	660.7	673.2
Income tax expense	(197.5)	(137.6)	(248.1)
Net income	<u>\$ 643.0</u>	<u>\$ 523.1</u>	<u>\$ 425.1</u>
Net income per common share:			
Basic	\$ 4.26	\$ 3.37	\$ 2.60
Diluted	\$ 4.19	\$ 3.31	\$ 2.56
Weighted-average common shares outstanding:			
Basic	150.9	155.4	163.6
Diluted	153.6	158.2	166.0
Cash dividends declared per common share	\$ 0.9250	\$ 0.6900	\$ 0.4825

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

	Years Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:		(as adjusted)	(as adjusted)
Net income	\$ 643.0	\$ 523.1	\$ 425.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	265.6	260.9	254.5
Equity-based compensation expense	40.7	43.7	39.2
Deferred income taxes	(56.1)	(172.7)	(97.2)
Net loss on extinguishments of long-term debt	—	57.4	2.1
Other	10.9	5.0	4.3
Changes in assets and liabilities:			
Accounts receivable	(365.1)	(136.8)	(178.9)
Merchandise inventory	(46.8)	16.9	(68.0)
Other assets	25.2	(117.8)	(51.8)
Accounts payable-trade	271.2	231.5	225.1
Other liabilities	117.3	66.5	49.6
Net cash provided by operating activities	905.9	777.7	604.0
Cash flows used in investing activities:			
Capital expenditures	(86.1)	(81.1)	(63.5)
Premium payments on interest rate cap agreements	—	—	(2.4)
Net cash used in investing activities	(86.1)	(81.1)	(65.9)
Cash flows used in financing activities:			
Proceeds from borrowings under revolving credit facility	686.7	1,560.7	338.8
Repayments of borrowings under revolving credit facility	(686.7)	(1,560.7)	(338.8)
Repayments of long-term debt	(21.6)	(14.9)	(20.6)
Proceeds from issuance of long-term debt	—	2,083.0	1,483.0
Payments to extinguish long-term debt	—	(2,121.3)	(1,490.4)
Net change in accounts payable-inventory financing	(67.4)	(84.0)	143.6
Repurchases of common stock	(522.3)	(534.0)	(367.4)
Payment of incentive compensation plan withholding taxes	(33.9)	(49.6)	—
Dividends	(139.4)	(106.9)	(78.7)
Other	29.8	9.0	25.9
Net cash used in financing activities	(754.8)	(818.7)	(304.6)
Effect of exchange rate changes on cash and cash equivalents	(3.4)	2.6	(7.4)
Net increase (decrease) in cash and cash equivalents	61.6	(119.5)	226.1
Cash and cash equivalents – beginning of period	144.2	263.7	37.6
Cash and cash equivalents – end of period	<u>\$ 205.8</u>	<u>\$ 144.2</u>	<u>\$ 263.7</u>
Supplementary disclosure of cash flow information:			
Interest paid	\$ (148.8)	\$ (148.5)	\$ (144.3)
Taxes paid, net	\$ (261.2)	\$ (275.7)	\$ (329.2)

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