

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2021**
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to**

Commission File Number 001-35985



CDW CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

26-0273989

(I.R.S. Employer
Identification No.)

**75 Tri-State International
Lincolnshire, Illinois**

(Address of principal executive offices)

60069

(Zip Code)

(847) 465-6000

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	CDW	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 29, 2021, there were 135,723,028 shares of common stock, \$0.01 par value, outstanding.

**CDW CORPORATION AND SUBSIDIARIES
FORM 10-Q**

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PART I—FINANCIAL INFORMATION
Item 1. Financial Statements

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

	September 30, 2021	December 31, 2020
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 245.1	\$ 1,410.2
Accounts receivable, net of allowance for credit losses of \$19.4 and \$29.6, respectively	3,561.0	3,212.6
Merchandise inventory	844.4	760.0
Miscellaneous receivables	394.3	379.5
Prepaid expenses and other	247.4	191.2
Total current assets	5,292.2	5,953.5
Operating lease right-of-use assets	122.2	130.8
Property and equipment, net	179.3	175.5
Goodwill	2,804.6	2,595.9
Other intangible assets, net	503.3	445.1
Other assets	110.0	43.9
Total Assets	\$ 9,011.6	\$ 9,344.7
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable-trade	\$ 2,280.7	\$ 2,088.4
Accounts payable-inventory financing	340.0	524.6
Current maturities of long-term debt	28.5	70.9
Contract liabilities	304.0	243.7
Accrued expenses and other current liabilities:		
Compensation	277.7	288.3
Advertising	149.8	153.4
Sales and income taxes	65.7	104.2
Other	386.8	424.8
Total current liabilities	3,833.2	3,898.3
Long-term liabilities:		
Debt	4,037.7	3,856.3
Deferred income taxes	29.6	55.3
Operating lease liabilities	159.4	169.0
Other liabilities	114.7	68.7
Total long-term liabilities	4,341.4	4,149.3
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; 136.2 and 141.9 shares outstanding, respectively	1.4	1.4
Paid-in capital	3,335.7	3,204.9
Accumulated deficit	(2,402.6)	(1,813.4)
Accumulated other comprehensive loss	(97.5)	(95.8)
Total stockholders' equity	837.0	1,297.1
Total Liabilities and Stockholders' Equity	\$ 9,011.6	\$ 9,344.7

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 5,300.0	\$ 4,756.4	\$ 15,283.9	\$ 13,511.3
Cost of sales	4,385.1	3,930.9	12,691.0	11,182.1
Gross profit	914.9	825.5	2,592.9	2,329.2
Selling and administrative expenses	528.5	507.7	1,513.2	1,482.2
Operating income	386.4	317.8	1,079.7	847.0
Interest expense, net	(36.4)	(40.2)	(107.5)	(117.8)
Other income (expense), net	0.4	(27.5)	38.3	(21.9)
Income before income taxes	350.4	250.1	1,010.5	707.3
Income tax expense	(83.8)	(56.9)	(237.2)	(157.1)
Net income	<u>\$ 266.6</u>	<u>\$ 193.2</u>	<u>\$ 773.3</u>	<u>\$ 550.2</u>
Net income per common share:				
Basic	\$ 1.94	\$ 1.36	\$ 5.54	\$ 3.86
Diluted	\$ 1.91	\$ 1.33	\$ 5.47	\$ 3.80
Weighted-average common shares outstanding:				
Basic	137.3	142.7	139.5	142.6
Diluted	139.4	144.8	141.4	144.7

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

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in millions)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	\$ 266.6	\$ 193.2	\$ 773.3	\$ 550.2
Other comprehensive income (loss):				
Unrealized loss from hedge accounting, net of tax	—	(0.4)	—	(0.6)
Reclassification of hedge accounting loss to net income, net of tax	0.7	1.6	1.7	4.1
Foreign currency translation, net of tax	(15.0)	19.7	(3.4)	(16.4)
Other comprehensive income (loss)	(14.3)	20.9	(1.7)	(12.9)
Comprehensive income	\$ 252.3	\$ 214.1	\$ 771.6	\$ 537.3

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

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in millions)
(unaudited)

Three Months Ended September 30, 2021

	Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance as of June 30, 2021	138.3	\$ 1.4	\$ 3,294.1	\$ (2,163.5)	\$ (83.2)	\$ 1,048.8
Net income	—	—	—	266.6	—	266.6
Equity-based compensation expense	—	—	16.9	—	—	16.9
Stock option exercises	0.3	—	18.9	—	—	18.9
Coworker Stock Purchase Plan	—	—	5.5	—	—	5.5
Repurchases of common stock	(2.4)	—	—	(450.0)	—	(450.0)
Dividends paid (\$0.40 per share)	—	—	0.3	(55.1)	—	(54.8)
Incentive compensation plan stock withheld for taxes	—	—	—	(0.6)	—	(0.6)
Reclassification of hedge accounting loss to net income	—	—	—	—	0.7	0.7
Foreign currency translation	—	—	—	—	(15.0)	(15.0)
Balance as of September 30, 2021	136.2	1.4	3,335.7	(2,402.6)	(97.5)	837.0

Three Months Ended September 30, 2020

	Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance as of June 30, 2020	142.6	\$ 1.4	\$ 3,138.3	\$ (1,932.5)	\$ (151.6)	\$ 1,055.6
Net income	—	—	—	193.2	—	193.2
Equity-based compensation expense	—	—	11.6	—	—	11.6
Stock option exercises	0.2	—	7.1	—	—	7.1
Coworker Stock Purchase Plan	—	—	4.5	—	—	4.5
Dividends paid (\$0.38 per share)	—	—	0.3	(54.5)	—	(54.2)
Incentive compensation plan stock withheld for taxes	—	—	—	(0.2)	—	(0.2)
Unrealized loss from hedge accounting	—	—	—	—	(0.4)	(0.4)
Reclassification of hedge accounting loss to net income	—	—	—	—	1.6	1.6
Foreign currency translation	—	—	—	—	19.7	19.7
Balance as of September 30, 2020	142.8	1.4	3,161.8	(1,794.0)	(130.7)	1,238.5

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in millions)
(unaudited)

Nine Months Ended September 30, 2021

	Common Stock					
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of December 31, 2020	141.9	\$ 1.4	\$ 3,204.9	\$ (1,813.4)	\$ (95.8)	\$ 1,297.1
Net income	—	—	—	773.3	—	773.3
Equity-based compensation expense	—	—	53.3	—	—	53.3
Stock option exercises	1.2	—	60.7	—	—	60.7
Coworker Stock Purchase Plan	0.1	—	15.9	—	—	15.9
Repurchases of common stock	(7.0)	—	—	(1,185.3)	—	(1,185.3)
Dividends paid (\$1.20 per share)	—	—	0.9	(168.0)	—	(167.1)
Incentive compensation plan stock withheld for taxes	—	—	—	(28.4)	—	(28.4)
Reclassification of hedge accounting loss to net income	—	—	—	—	1.7	1.7
Foreign currency translation	—	—	—	—	(3.4)	(3.4)
Impact of adoption of Topic 740	—	—	—	19.2	—	19.2
Balance as of September 30, 2021	<u>136.2</u>	<u>\$ 1.4</u>	<u>\$ 3,335.7</u>	<u>\$ (2,402.6)</u>	<u>\$ (97.5)</u>	<u>\$ 837.0</u>

Nine Months Ended September 30, 2020

	Common Stock					
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of December 31, 2019	143.0	\$ 1.4	\$ 3,095.3	\$ (2,018.6)	\$ (117.8)	\$ 960.3
Net income	—	—	—	550.2	—	550.2
Equity-based compensation expense	—	—	26.0	—	—	26.0
Stock option exercises	0.9	—	26.9	—	—	26.9
Coworker Stock Purchase Plan	—	—	12.8	—	—	12.8
Repurchases of common stock	(1.1)	—	—	(140.8)	—	(140.8)
Dividends paid (\$1.14 per share)	—	—	0.8	(163.2)	—	(162.4)
Incentive compensation plan stock withheld for taxes	—	—	—	(22.1)	—	(22.1)
Unrealized loss from hedge accounting	—	—	—	—	(0.6)	(0.6)
Reclassification of hedge accounting loss to net income	—	—	—	—	4.1	4.1
Foreign currency translation	—	—	—	—	(16.4)	(16.4)
Impact of adoption of Topic 326	—	—	—	0.5	—	0.5
Balance as of September 30, 2020	<u>142.8</u>	<u>\$ 1.4</u>	<u>\$ 3,161.8</u>	<u>\$ (1,794.0)</u>	<u>\$ (130.7)</u>	<u>\$ 1,238.5</u>

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

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

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 773.3	\$ 550.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	140.0	349.0
Equity-based compensation expense	53.3	26.0
Deferred income taxes	(6.7)	(2.5)
Provision for credit losses	(7.3)	30.4
Other	(33.4)	38.4
Changes in assets and liabilities:		
Accounts receivable	(323.5)	(304.9)
Merchandise inventory	(87.5)	(34.2)
Other assets	(92.6)	(10.3)
Accounts payable-trade	179.7	106.8
Other liabilities	41.4	(10.5)
Net cash provided by operating activities	<u>636.7</u>	<u>738.4</u>
Cash flows from investing activities:		
Capital expenditures	(66.2)	(133.6)
Acquisitions of businesses, net of cash acquired	(339.7)	(38.5)
Proceeds from the sale of equity method investment	36.0	—
Net cash used in investing activities	<u>(369.9)</u>	<u>(172.1)</u>
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	548.3	1,024.0
Repayments of borrowings under revolving credit facility	(379.6)	(1,075.0)
Proceeds from issuance of long-term debt	—	1,300.0
Payments to extinguish long-term debt	(56.5)	(622.5)
Net change in accounts payable-inventory financing	(183.7)	232.5
Financing payments for revenue generating assets	(46.1)	—
Repurchases of common stock	(1,185.3)	(140.8)
Proceeds from stock option exercises	60.7	26.9
Payment of incentive compensation plan withholding taxes	(28.4)	(22.1)
Dividend payments	(167.1)	(162.4)
Other	5.9	(28.9)
Net cash (used in) provided by financing activities	<u>(1,431.8)</u>	<u>531.7</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(0.1)</u>	<u>(2.5)</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,165.1)</u>	<u>1,095.5</u>
Cash and cash equivalents—beginning of period	<u>1,410.2</u>	<u>154.0</u>
Cash and cash equivalents—end of period	<u>\$ 245.1</u>	<u>\$ 1,249.5</u>
Supplementary disclosure of cash flow information:		
Interest paid	\$ (85.1)	\$ (90.5)
Income taxes paid, net	\$ (264.4)	\$ (196.4)

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

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

CDW Corporation ("Parent"), a Fortune 500 company and member of the S&P 500 Index, is a leading multi-brand provider of information technology ("IT") solutions to small, medium and large business, government, education and healthcare customers in the United States ("US"), the United Kingdom ("UK") and Canada. The Company's broad array of offerings ranges from discrete hardware and software products to integrated IT solutions and services that include on-premise, hybrid and cloud capabilities across data center and networking, digital workspace, security and virtualization.

Throughout this report, the terms the "Company" and "CDW" refer to Parent and its 100% owned subsidiaries.

Parent has two 100% owned subsidiaries, CDW LLC and CDW Finance Corporation. CDW LLC is an Illinois limited liability company that, together with its 100% owned subsidiaries, holds all material assets and conducts all business activities and operations of the Company. CDW Finance Corporation is a Delaware corporation formed for the sole purpose of acting as co-issuer of certain debt obligations and does not hold any material assets or engage in any business activities or operations.

Basis of Presentation

The accompanying unaudited interim Consolidated Financial Statements as of September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020 (the "Consolidated Financial Statements") have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and the rules and regulations of the US Securities and Exchange Commission (the "SEC") for interim financial statements. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "December 31, 2020 Consolidated Financial Statements"). The significant accounting policies used in preparing these Consolidated Financial Statements were applied on a basis consistent with those reflected in the December 31, 2020 Consolidated Financial Statements. In the opinion of management, the Consolidated Financial Statements contain all adjustments (consisting of a normal, recurring nature) necessary to present fairly the Company's financial position, results of operations, comprehensive income, cash flows and changes in stockholders' equity as of the dates and for the periods indicated. The unaudited results of operations for such interim periods reported are not necessarily indicative of results for the full year.

Reclassifications

Certain prior period amounts have been reclassified to conform with current period presentation.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Parent and its 100% owned subsidiaries. All intercompany transactions and accounts are eliminated in consolidation.

Use of Estimates

The preparation of the Consolidated Financial Statements in accordance with US GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reported periods. The Company bases its estimates on historical experience and on various other assumptions that management believes are reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results and outcomes could differ from those estimates.

The notes to the Consolidated Financial Statements contained in the December 31, 2020 Consolidated Financial Statements include a discussion of the Company's significant accounting policies and estimates. Except as noted within Note 2 (Recent Accounting Pronouncements) for the adoption of Accounting Standards Update ("ASU") 2019-12,

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, there have been no changes to the Company's significant accounting policies and estimates during the nine months ended September 30, 2021.

2. Recent Accounting Pronouncements

Accounting for Income Taxes

On January 1, 2021, the Company adopted and applied ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("Topic 740") in accordance with the applicable transition methods. Among the various updates, the Company adopted the accounting for ownership changes when transitioning from the equity method to consolidation on a modified retrospective basis, which resulted in a \$19 million adjustment to retained earnings as of January 1, 2021 for the cumulative effect of derecognizing the deferred tax liability related to the UK acquisition. The adoption of the remaining components of Topic 740 did not have an impact to the Company's Consolidated Financial Statements.

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, followed by an amendment issued in January 2021. This ASU temporarily provides optional expedients and exceptions for applying existing guidance to contract modifications, hedging relationships and other transactions that are expected to be affected by reference rate reform. This ASU, as amended, was effective upon issuance and will remain in effect for all contract modifications and hedging relationships entered into through December 31, 2022. The adoption of this ASU along with the related expedients did not have an impact to the Company's Consolidated Financial Statements.

3. Acquisitions

On March 15, 2021, the Company completed the acquisition of Amplified IT LLC ("Amplified IT") through a purchase of all issued and outstanding membership interests. Amplified IT is a Google Premium education partner and leading provider of Google Cloud services, solutions and software for education partners. This strategic acquisition expands the Company's services and solutions capabilities to help schools leverage technology to achieve greater educational outcomes. The financial results of Amplified IT have been included in the Company's Consolidated Financial Statements since the date of the acquisition. These amounts are presented within the Public reportable segment and are insignificant during the three and nine months ended September 30, 2021. The purchase price allocation is preliminary and subject to customary closing adjustments and revision as additional information about fair value of assets and liabilities become available. Preliminarily, the Company recorded approximately \$88 million of intangible assets, which primarily consisted of customer relationships.

On July 30, 2021, the Company completed the acquisition of Focal Point Data Risk LLC and certain affiliates ("Focal Point") through a purchase of all issued and outstanding equity interests. Focal Point is a leading US-based cybersecurity services firm that brings a team skilled in identity and access management as well as the ability to serve customers across the full cybersecurity landscape. This strategic acquisition expands the Company's services and capabilities to help customers address risks posed by malicious cyber threats and cyber workforce shortages, while helping customers navigate shifting data protection laws. The financial results of Focal Point have been included in the Company's Consolidated Financial Statements since the date of the acquisition. These amounts are presented within the Public reportable segment and are insignificant during the three and nine months ended September 30, 2021. The purchase price allocation is preliminary and subject to customary closing adjustments and revision as additional information about fair value of assets and liabilities become available. Preliminarily, the Company recorded approximately \$37 million of intangible assets related to customer relationships.

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

4. Goodwill

The changes in goodwill by reportable segment are as follows:

	Corporate	Small Business	Public	Other ⁽¹⁾	Consolidated
Balances as of December 31, 2020 ⁽²⁾	\$ 1,123.6	\$ 185.9	\$ 929.6	\$ 356.8	\$ 2,595.9
Amplified IT acquisition ⁽³⁾	—	—	130.3	—	130.3
Focal Point acquisition ⁽³⁾	—	—	81.8	—	81.8
Other acquisition adjustments	0.2	—	—	—	0.2
Foreign currency translation	—	—	—	(3.6)	(3.6)
Balances as of September 30, 2021 ⁽²⁾	<u>\$ 1,123.8</u>	<u>\$ 185.9</u>	<u>\$ 1,141.7</u>	<u>\$ 353.2</u>	<u>\$ 2,804.6</u>

- (1) Other is comprised of CDW UK and CDW Canada operating segments.
- (2) Goodwill is net of accumulated impairment losses of \$1,571 million, \$354 million and \$28 million related to the Corporate, Public and Other segments, respectively, recorded in 2008 and 2009.
- (3) For additional information regarding the Company's acquisitions, see Note 3 (Acquisitions).

5. Inventory Financing Agreements

The Company has entered into agreements with certain financial intermediaries to facilitate the purchase of inventory from various suppliers under certain terms and conditions, as described below. These amounts are classified separately as Accounts payable-inventory financing on the Consolidated Balance Sheets. The Company does not incur any interest expense associated with these agreements as balances are paid when they are due.

Amounts included in Accounts payable-inventory financing are as follows:

	September 30, 2021	December 31, 2020
Revolving Loan inventory financing agreement ⁽¹⁾	\$ 283.4	\$ 470.1
Other inventory financing agreements	56.6	54.5
Accounts payable-inventory financing	<u>\$ 340.0</u>	<u>\$ 524.6</u>

- (1) The senior secured asset-based revolving credit facility includes an inventory floorplan sub-facility that enables the Company to maintain an inventory financing agreement with a financial intermediary to facilitate the purchase of inventory from certain vendors on more favorable terms than offered directly by the vendors.

6. Contract Liabilities and Performance Obligations

The Company's contract liabilities consist of payments received from customers, or such consideration that is contractually due, in advance of providing the product or performing services. The Company's contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. As of September 30, 2021 and December 31, 2020, the contract liability balance was \$304 million and \$244 million, respectively. During the nine months ended September 30, 2021 and 2020, the Company recognized revenue of \$156 million and \$157 million, respectively, related to its contract liabilities that were included in the beginning balance of the respective periods.

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following table represents the total transaction price for the remaining performance obligations as of September 30, 2021 related to noncancelable contracts longer than 12 months in duration that is expected to be recognized over future periods.

	Within 1 Year	Years 1-2	Years 2-3	Thereafter
Remaining performance obligations	\$ 36.9	\$ 22.5	\$ 7.4	\$ 2.7

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except per share data, unless otherwise noted)

7. Debt

	Maturity Date	As of September 30, 2021		As of December 31, 2020	
		Interest Rate	Amount	Interest Rate	Amount
<i>Credit Facility</i>					
Senior secured asset-based revolving credit facility	March 2026	Variable	\$ 165.9	Variable	\$ —
<i>Term Loans</i>					
CDW UK term loan ⁽¹⁾	August 2021	— %	—	1.445 %	56.0
Senior secured term loan facility	October 2026	Variable	1,412.2	Variable	1,423.4
Total term loans			1,412.2		1,479.4
<i>Unsecured Senior Notes</i>					
Senior notes due 2024	December 2024	5.500 %	575.0	5.500 %	575.0
Senior notes due 2025	May 2025	4.125 %	600.0	4.125 %	600.0
Senior notes due 2028	April 2028	4.250 %	600.0	4.250 %	600.0
Senior notes due 2029	February 2029	3.250 %	700.0	3.250 %	700.0
Total unsecured senior notes			2,475.0		2,475.0
Other debt obligations			36.8		—
Unamortized deferred financing fees			(23.7)		(27.2)
Current maturities of long-term debt			(28.5)		(70.9)
Total long-term debt			<u>\$ 4,037.7</u>		<u>\$ 3,856.3</u>

(1) Denominated in British pounds.

As of September 30, 2021, the Company is in compliance with the covenants under the various credit agreements and indentures.

Credit Facility

The Company has a variable rate senior secured asset-based revolving credit facility (the "Revolving Loan") that is denominated in US dollars, British pounds or Euros. The Revolving Loan is used by the Company for borrowings, issuances of letters of credit and floorplan financing. As of September 30, 2021, the Revolving Loan had less than \$1 million of undrawn letters of credit, \$280 million reserved for the floorplan sub-facility and a borrowing base of \$2.7 billion, which is based on the amount of eligible inventory and accounts receivable balances as of August 31, 2021. As of September 30, 2021, the Company could have borrowed up to an additional \$1.2 billion under the Revolving Loan.

The Revolving Loan is collateralized by a first priority interest in inventory (excluding inventory to the extent collateralized under the inventory financing arrangements as described in Note 5 (Inventory Financing Agreements)), deposits and accounts receivable, and by a second priority interest in substantially all other US assets.

Term Loan

The senior secured term loan facility (the "Term Loan") has a variable interest rate, which has effectively been capped through the use of interest rate caps. The Company is required to pay quarterly principal installments of \$4 million with the remaining principal amount due at the maturity date. As of September 30, 2021, the amount of CDW's restricted payment capacity under the Term Loan was \$2.6 billion.

The Term Loan is collateralized by a second priority interest in substantially all inventory (excluding inventory to the extent collateralized under the inventory financing arrangements as described in Note 5 (Inventory Financing Agreements)), deposits and accounts receivable, and by a first priority interest in substantially all other US assets.

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Unsecured Senior Notes

The Senior Notes have fixed interest rates, for which interest is paid semi-annually.

Issuances and Extinguishments

During the first quarter of 2021, the Company amended, extended and increased the size of the Revolving Loan. The amended Revolving Loan (i) authorized CDW UK to draw from the facility, (ii) increased the capacity from \$1.45 billion to \$1.60 billion, of which \$150 million may be borrowed by CDW UK, and (iii) extended the maturity date from March 31, 2022 to March 26, 2026. Due to the addition of CDW UK as a borrower on the amended Revolving Loan, the variable rate CDW UK revolving credit facility was closed. The Company may borrow amounts denominated in US dollars, British pounds or Euros. Additionally, the Company paid off the remaining principal amount on the variable rate CDW UK term loan by drawing on the amended Revolving Loan.

Fair Value

The fair values of the Senior Notes were estimated using quoted market prices for identical liabilities that are traded in over-the-counter secondary markets that are not considered active. The fair value of the Term Loan was estimated using dealer quotes for identical liabilities in markets that are not considered active. The Senior Notes and Term Loan were classified as Level 2 within the fair value hierarchy. The carrying value of the Revolving Loan approximates its fair value if there are outstanding borrowings.

The approximate fair values and related carrying values of the Company's long-term debt, including current maturities and excluding unamortized discount and unamortized deferred financing fees, were as follows:

	September 30, 2021	December 31, 2020
Fair value	\$ 4,202.4	\$ 4,077.9
Carrying value	4,089.9	3,954.4

8. Income Taxes

Income tax expense was \$84 million and \$57 million for the three months ended September 30, 2021 and 2020, respectively. The effective tax rate was 23.9% and 22.7% for the three months ended September 30, 2021 and 2020, respectively. The effective tax rate for the three months ended September 30, 2021 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes, partially offset by excess tax benefits on equity-based compensation. The effective tax rate for the three months ended September 30, 2020 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate that was effective in the prior year, partially offset by excess tax benefits on equity-based compensation.

Income tax expense was \$237 million and \$157 million for the nine months ended September 30, 2021 and 2020, respectively. The effective tax rate was 23.5% and 22.2% for the nine months ended September 30, 2021 and 2020, respectively. The effective tax rate for the nine months ended September 30, 2021 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate effective in 2023, partially offset by excess tax benefits on equity-based compensation. The effective tax rate for the nine months ended September 30, 2020 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate that was effective in the prior year, largely offset by excess tax benefits on equity-based compensation.

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9. Earnings Per Share

The numerator for both basic and diluted earnings per share is Net income. The denominator for basic earnings per share is the weighted-average shares outstanding during the period.

A reconciliation of basic weighted-average shares outstanding to diluted weighted-average shares outstanding is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Basic weighted-average shares outstanding	137.3	142.7	139.5	142.6
Effect of dilutive securities ⁽¹⁾	2.1	2.1	1.9	2.1
Diluted weighted-average shares outstanding ⁽²⁾	139.4	144.8	141.4	144.7

- (1) The dilutive effect of outstanding stock options, restricted stock units, performance share units and Coworker Stock Purchase Plan units is reflected in the diluted weighted-average shares outstanding using the treasury stock method.
- (2) There were fewer than 0.1 million potential common shares excluded from diluted weighted-average shares outstanding for both the three and nine months ended September 30, 2021 and 2020 as their inclusion would have had an anti-dilutive effect.

10. Commitments and Contingencies

The Company is party to various legal proceedings that arise in the ordinary course of its business, which include commercial, intellectual property, employment, tort and other litigation matters. The Company is also subject to audit by federal, state, international, national, provincial and local authorities, and by various partners, group purchasing organizations and customers, including government agencies, relating to purchases and sales under various contracts. In addition, the Company is subject to indemnification claims under various contracts. From time to time, certain customers of the Company file voluntary petitions for reorganization or liquidation under the US bankruptcy laws or similar laws of the jurisdictions for the Company's business activities outside of the US. In such cases, certain pre-petition payments received by the Company could be considered preference items and subject to return to the bankruptcy administrator.

As of September 30, 2021, the Company does not believe that there is a reasonable possibility that any material loss exceeding the amounts already recognized for these proceedings and matters, if any, has been incurred. However, the ultimate resolutions of these proceedings and matters are inherently unpredictable. As such, the Company's consolidated financial statements could be adversely affected in any particular period by the unfavorable resolution of one or more of these proceedings or matters.

A subsidiary of the Company received a Civil Investigative Demand dated September 20, 2021 from the US Department of Justice ("DOJ") in connection with a False Claims Act investigation. The DOJ has requested information related to teaming agreements with original equipment manufacturers ("OEMs"). The Company is cooperating with the request and, given the early stage of the matter, the Company is currently unable to assess the probability of any outcome or the range of possible loss, if any.

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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11. Segment Information

The Company has three reportable segments: Corporate, which is comprised primarily of US private sector business customers with more than 250 employees, Small Business, which primarily serves US private sector business customers with up to 250 employees, and Public, which is comprised of government agencies and education and healthcare institutions in the US. The Company has two other operating segments: CDW UK and CDW Canada, both of which do not meet the reportable segment quantitative thresholds and, accordingly, are included in an all other category ("Other"). Headquarters function costs that are not allocated to the segments are included under the heading of "Headquarters" in the tables below.

Information about the Company's segments is as follows:

	Corporate	Small Business	Public	Other	Headquarters	Total
Three Months Ended September 30, 2021						
Net sales	\$ 2,067.3	\$ 467.1	\$ 2,153.9	\$ 611.7	\$ —	\$ 5,300.0
Operating income (loss)	186.0	41.4	178.7	21.9	(41.6)	386.4
Depreciation and amortization expense	(4.1)	(0.9)	(16.9)	(8.5)	(17.8)	(48.2)
Three Months Ended September 30, 2020						
Net sales	\$ 1,660.0	\$ 337.0	\$ 2,293.8	\$ 465.6	\$ —	\$ 4,756.4
Operating income (loss)	128.5	24.3	196.1	18.7	(49.8)	317.8
Depreciation and amortization expense	(22.4)	(5.6)	(77.2)	(8.4)	(18.8)	(132.4)
Nine Months Ended September 30, 2021						
Net sales	\$ 5,856.2	\$ 1,382.7	\$ 6,156.3	\$ 1,888.7	\$ —	\$ 15,283.9
Operating income (loss)	522.6	128.2	468.7	73.3	(113.1)	1,079.7
Depreciation and amortization expense	(11.9)	(2.5)	(46.4)	(25.7)	(53.5)	(140.0)
Nine Months Ended September 30, 2020						
Net sales	\$ 5,128.5	\$ 1,030.6	\$ 5,841.2	\$ 1,511.0	\$ —	\$ 13,511.3
Operating income (loss)	378.9	72.6	468.4	49.9	(122.8)	847.0
Depreciation and amortization expense	(66.8)	(17.0)	(184.0)	(24.3)	(56.9)	(349.0)

CDW CORPORATION AND SUBSIDIARIES
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(dollars in millions, except per share data, unless otherwise noted)

Geographic Areas and Revenue Mix

	Three Months Ended September 30, 2021				
	Corporate	Small Business	Public	Other	Total
Geography⁽¹⁾					
United States	\$ 2,064.6	\$ 467.1	\$ 2,153.9	\$ 5.4	\$ 4,691.0
Rest of World	2.7	—	—	606.3	609.0
Total Net sales	<u>2,067.3</u>	<u>467.1</u>	<u>2,153.9</u>	<u>611.7</u>	<u>5,300.0</u>
Major Product and Services					
Hardware	1,641.2	400.7	1,747.3	474.5	4,263.7
Software	279.3	50.2	312.9	75.3	717.7
Services	128.5	10.4	89.2	58.8	286.9
Other ⁽²⁾	18.3	5.8	4.5	3.1	31.7
Total Net sales	<u>2,067.3</u>	<u>467.1</u>	<u>2,153.9</u>	<u>611.7</u>	<u>5,300.0</u>
Sales by Channel					
Corporate	2,067.3	—	—	—	2,067.3
Small Business	—	467.1	—	—	467.1
Government	—	—	568.8	—	568.8
Education	—	—	1,103.6	—	1,103.6
Healthcare	—	—	481.5	—	481.5
Other	—	—	—	611.7	611.7
Total Net sales	<u>2,067.3</u>	<u>467.1</u>	<u>2,153.9</u>	<u>611.7</u>	<u>5,300.0</u>
Timing of Revenue Recognition					
Transferred at a point in time where CDW is principal	1,851.0	434.6	1,984.8	542.6	4,813.0
Transferred at a point in time where CDW is agent	135.6	27.8	109.1	16.3	288.8
Transferred over time where CDW is principal	80.7	4.7	60.0	52.8	198.2
Total Net sales	<u>\$ 2,067.3</u>	<u>\$ 467.1</u>	<u>\$ 2,153.9</u>	<u>\$ 611.7</u>	<u>\$ 5,300.0</u>

- (1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.
- (2) Includes items such as delivery charges to customers.

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	Three Months Ended September 30, 2020				
	Corporate	Small Business	Public	Other	Total
Geography⁽¹⁾					
United States	\$ 1,658.4	\$ 337.0	\$ 2,293.8	\$ 6.1	\$ 4,295.3
Rest of World	1.6	—	—	459.5	461.1
Total Net sales	<u>1,660.0</u>	<u>337.0</u>	<u>2,293.8</u>	<u>465.6</u>	<u>4,756.4</u>
Major Product and Services⁽²⁾					
Hardware	1,256.7	282.2	1,924.2	344.2	3,807.3
Software	280.8	42.7	298.2	69.8	691.5
Services	106.5	7.1	63.9	49.4	226.9
Other ⁽³⁾	16.0	5.0	7.5	2.2	30.7
Total Net sales	<u>1,660.0</u>	<u>337.0</u>	<u>2,293.8</u>	<u>465.6</u>	<u>4,756.4</u>
Sales by Channel					
Corporate	1,660.0	—	—	—	1,660.0
Small Business	—	337.0	—	—	337.0
Government	—	—	847.7	—	847.7
Education	—	—	1,078.2	—	1,078.2
Healthcare	—	—	367.9	—	367.9
Other	—	—	—	465.6	465.6
Total Net sales	<u>1,660.0</u>	<u>337.0</u>	<u>2,293.8</u>	<u>465.6</u>	<u>4,756.4</u>
Timing of Revenue Recognition					
Transferred at a point in time where CDW is principal	1,474.2	313.9	2,080.3	407.7	4,276.1
Transferred at a point in time where CDW is agent	121.3	20.9	89.3	13.9	245.4
Transferred over time where CDW is principal	64.5	2.2	124.2	44.0	234.9
Total Net sales	<u>\$ 1,660.0</u>	<u>\$ 337.0</u>	<u>\$ 2,293.8</u>	<u>\$ 465.6</u>	<u>\$ 4,756.4</u>

- (1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.
- (2) Amounts have been reclassified for changes in individual product classifications to conform to the presentation for the three months ended September 30, 2021.
- (3) Includes items such as delivery charges to customers.

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	Nine Months Ended September 30, 2021				
	Corporate	Small Business	Public	Other	Total
Geography⁽¹⁾					
United States	\$ 5,844.3	\$ 1,382.7	\$ 6,156.3	\$ 14.7	\$ 13,398.0
Rest of World	11.9	—	—	1,874.0	1,885.9
Total Net sales	5,856.2	1,382.7	6,156.3	1,888.7	15,283.9
Major Product and Services					
Hardware	4,648.6	1,185.3	5,180.5	1,445.9	12,460.3
Software	813.9	148.7	745.4	251.2	1,959.2
Services	342.0	31.9	217.2	181.3	772.4
Other ⁽²⁾	51.7	16.8	13.2	10.3	92.0
Total Net sales	5,856.2	1,382.7	6,156.3	1,888.7	15,283.9
Sales by Channel					
Corporate	5,856.2	—	—	—	5,856.2
Small Business	—	1,382.7	—	—	1,382.7
Government	—	—	1,598.3	—	1,598.3
Education	—	—	3,159.0	—	3,159.0
Healthcare	—	—	1,399.0	—	1,399.0
Other	—	—	—	1,888.7	1,888.7
Total Net sales	5,856.2	1,382.7	6,156.3	1,888.7	15,283.9
Timing of Revenue Recognition					
Transferred at a point in time where CDW is principal	5,267.9	1,288.2	5,764.2	1,670.4	13,990.7
Transferred at a point in time where CDW is agent	368.6	80.6	252.2	59.5	760.9
Transferred over time where CDW is principal	219.7	13.9	139.9	158.8	532.3
Total Net sales	\$ 5,856.2	\$ 1,382.7	\$ 6,156.3	\$ 1,888.7	\$ 15,283.9

- (1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.
- (2) Includes items such as delivery charges to customers.

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	Nine Months Ended September 30, 2020				
	Corporate	Small Business	Public	Other	Total
Geography⁽¹⁾					
United States	\$ 5,109.1	\$ 1,030.6	\$ 5,841.2	\$ 16.1	\$ 11,997.0
Rest of World	19.4	—	—	1,494.9	1,514.3
Total Net sales	<u>5,128.5</u>	<u>1,030.6</u>	<u>5,841.2</u>	<u>1,511.0</u>	<u>13,511.3</u>
Major Product and Services⁽²⁾					
Hardware	3,986.2	855.1	4,864.5	1,121.1	10,826.9
Software	791.8	138.0	755.7	230.0	1,915.5
Services	299.6	22.4	197.9	152.2	672.1
Other ⁽³⁾	50.9	15.1	23.1	7.7	96.8
Total Net sales	<u>5,128.5</u>	<u>1,030.6</u>	<u>5,841.2</u>	<u>1,511.0</u>	<u>13,511.3</u>
Sales by Channel					
Corporate	5,128.5	—	—	—	5,128.5
Small Business	—	1,030.6	—	—	1,030.6
Government	—	—	2,135.9	—	2,135.9
Education	—	—	2,431.2	—	2,431.2
Healthcare	—	—	1,274.1	—	1,274.1
Other	—	—	—	1,511.0	1,511.0
Total Net sales	<u>5,128.5</u>	<u>1,030.6</u>	<u>5,841.2</u>	<u>1,511.0</u>	<u>13,511.3</u>
Timing of Revenue Recognition					
Transferred at a point in time where CDW is principal	4,602.4	961.3	5,339.1	1,332.9	12,235.7
Transferred at a point in time where CDW is agent	341.1	61.8	209.9	41.9	654.7
Transferred over time where CDW is principal	185.0	7.5	292.2	136.2	620.9
Total Net sales	<u>\$ 5,128.5</u>	<u>\$ 1,030.6</u>	<u>\$ 5,841.2</u>	<u>\$ 1,511.0</u>	<u>\$ 13,511.3</u>

- (1) Net sales by geography is generally based on the ship-to address with the exception of certain services that may be performed at, or on behalf of, multiple locations. Such service arrangements are categorized based on the bill-to address.
- (2) Amounts have been reclassified for changes in individual product classifications to conform to the presentation for the nine months ended September 30, 2021.
- (3) Includes items such as delivery charges to customers.

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The following table presents Net sales by major category for the three and nine months ended September 30, 2021 and 2020. Categories are based upon internal classifications.

	Three Months Ended September 30,			
	2021		2020 ⁽¹⁾	
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales
Notebooks/Mobile Devices	\$ 1,641.6	31.0 %	\$ 1,384.0	29.1 %
Netcomm Products	501.7	9.5	524.4	11.0
Desktops	316.1	6.0	245.3	5.2
Video	424.0	8.0	316.3	6.6
Enterprise and Data Storage (Including Drives)	228.1	4.3	247.9	5.2
Other Hardware	1,152.2	21.7	1,089.4	22.9
Total Hardware	4,263.7	80.5	3,807.3	80.0
Software ⁽²⁾	717.7	13.5	691.5	14.5
Services ⁽²⁾	286.9	5.4	226.9	4.8
Other ⁽³⁾	31.7	0.6	30.7	0.7
Total Net sales	\$ 5,300.0	100.0 %	\$ 4,756.4	100.0 %

	Nine Months Ended September 30,			
	2021		2020 ⁽¹⁾	
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales
Notebooks/Mobile Devices	\$ 4,944.3	32.3 %	\$ 3,922.2	29.0 %
Netcomm Products	1,442.2	9.4	1,450.4	10.7
Desktops	873.5	5.7	881.3	6.5
Video	1,161.7	7.6	877.0	6.5
Enterprise and Data Storage (Including Drives)	730.2	4.8	688.8	5.1
Other Hardware	3,308.4	21.6	3,007.2	22.3
Total Hardware	12,460.3	81.4	10,826.9	80.1
Software ⁽²⁾	1,959.2	12.8	1,915.5	14.2
Services ⁽²⁾	772.4	5.1	672.1	5.0
Other ⁽³⁾	92.0	0.7	96.8	0.7
Total Net sales	\$ 15,283.9	100.0 %	\$ 13,511.3	100.0 %

- (1) Amounts have been reclassified for changes in individual product classifications to conform to the presentation for the three and nine months ended September 30, 2021.
- (2) Certain software and services revenues are recorded on a net basis as the Company is acting as an agent in the transaction. As a result, the category percentage of net revenues is not representative of the category percentage of gross profits.
- (3) Includes items such as delivery charges to customers.

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12. Subsequent Event

On October 15, 2021, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") to acquire all issued and outstanding equity interests in Granite Parent, Inc., the parent company of Sirius Computer Solutions, Inc. ("Sirius"), for \$2.5 billion in cash, subject to customary closing adjustments ("Consideration"). Sirius is a leading provider of secure, mission-critical technology-based solutions and is one of the largest IT solutions integrators in the United States, leveraging its services-led approach, broad portfolio of hybrid infrastructure solutions, and deep technical expertise of its 2,600 coworkers to support corporate and public customers. This strategic acquisition will enhance the Company's breadth and depth of services and solutions offerings.

The completion of this acquisition is subject to customary closing conditions, including among other things, the expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. In the event of termination of the Purchase Agreement under certain circumstances, the Company would be contractually required to pay a termination fee of \$75 million or \$125 million, as further specified in the Purchase Agreement. The Company expects the transaction to close in the fourth quarter of 2021.

In connection with the Purchase Agreement, on October 15, 2021, the Company entered into a Commitment Letter with JPMorgan Chase Bank, N.A. (the "Arranger") pursuant to which the Arranger has committed to provide, subject to the terms and conditions of the Commitment Letter, a senior unsecured 364-day bridge loan facility in an aggregate principal amount up to \$2.5 billion (the "Bridge Facility"). To the extent the Company does not obtain permanent financing on or before the close of the acquisition, the Bridge Facility will be used to fund all or a portion of the Consideration and to pay fees and expenses related to the acquisition. The funding of the Bridge Facility provided for in the Commitment Letter is contingent on the satisfaction of customary conditions for transactions of this type.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise indicated or the context otherwise requires, as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "we," "us," "the Company," "our," "CDW" and similar terms refer to CDW Corporation and its subsidiaries. "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the unaudited interim Consolidated Financial Statements and the related notes included elsewhere in this report and with the audited Consolidated Financial Statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. This discussion contains forward-looking statements that are subject to numerous risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements. See "Forward-Looking Statements" at the end of this discussion.

Overview

CDW Corporation, a Fortune 500 company and member of the S&P 500 Index, is a leading multi-brand provider of information technology ("IT") solutions to small, medium and large business, government, education and healthcare customers in the US, the UK and Canada. Our broad array of offerings ranges from discrete hardware and software products to integrated IT solutions and services that include on-premise, hybrid and cloud capabilities across data center and networking, digital workspace, security and virtualization.

We are vendor, technology and consumption model "agnostic", with a solutions portfolio including more than 100,000 products and services from more than 1,000 leading and emerging brands. Our solutions are delivered in physical, virtual and cloud-based environments through approximately 7,000 customer-facing coworkers, including sellers, highly-skilled technology specialists and advanced service delivery engineers. We are a leading sales channel partner for many original equipment manufacturers ("OEMs"), software publishers and cloud providers (collectively, our "vendor partners"), whose products we sell or include in the solutions we offer. We provide our vendor partners with a cost-effective way to reach customers and deliver a consistent brand experience through our established end-market coverage, technical expertise and extensive customer access.

We have three reportable segments, Corporate, Small Business and Public. Our Corporate segment primarily serves US private sector business customers with more than 250 employees. Our Small Business segment primarily serves US private sector business customers with up to 250 employees. Our Public segment is comprised of government agencies and education and healthcare institutions in the US. We also have two other operating segments: CDW UK and CDW Canada, each of which do not meet the reportable segment quantitative thresholds and, accordingly, are included in an all other category ("Other").

We may sell all or only select products that our vendor partners offer. Each vendor partner agreement provides for specific terms and conditions, which may include one or more of the following: product return privileges, price protection policies, purchase discounts and vendor incentive programs, such as purchase or sales rebates and cooperative advertising reimbursements. We also resell software for major software publishers. Our agreements with software publishers allow the end-user customer to acquire software or licensed products and services. In addition to helping our customers determine the best software solutions for their needs, we help them manage their software agreements, including warranties and renewals. A significant portion of our advertising and marketing expenses are reimbursed through cooperative advertising programs with our vendor partners. These programs are at the discretion of our vendor partners and are typically tied to sales or other commitments to be met by us within a specified period of time.

On October 15, 2021, the Company entered into a definitive agreement to acquire Sirius Computer Solutions, Inc. ("Sirius"), for \$2.5 billion in cash, subject to customary closing adjustments. Sirius is a leading provider of secure, mission-critical technology-based solutions and is one of the largest IT solutions integrators in the United States, leveraging its services-led approach, broad portfolio of hybrid infrastructure solutions, and deep technical expertise of its 2,600 coworkers to support corporate and public customers. This strategic acquisition will enhance the Company's breadth and depth of services and solutions offerings. The completion of this acquisition is subject to customary regulatory approvals and closing conditions. The Company expects the transaction to close in the fourth quarter of 2021.

Trends and Key Factors Affecting our Financial Performance

We believe the following key factors may have a meaningful impact on our business performance, influencing our ability to generate sales and achieve our targeted financial and operating results:

- General economic conditions are a key factor affecting our results as they impact our customers' willingness to spend on information technology. This is particularly the case for our Corporate and Small Business customers, as their purchases tend to reflect confidence in their business prospects, which are driven by their discrete perceptions of business and general economic conditions. Additionally, changes in trade policy and product constraints from suppliers could have an adverse impact on our business.

- The global spread of the novel coronavirus ("COVID-19") pandemic continues to create macroeconomic uncertainty, volatility and disruption, including supply constraints. The supply constraints are being caused primarily by component availability, resulting in extended lead times and unpredictability. In 2021, customer top priorities have been digital transformation, security, hybrid and cloud solutions, client devices, and preparing for workers to return to the office and enhancing remote enablement capabilities as hybrid environments become the future work model. We have orchestrated solutions by leveraging client devices, accessories, collaboration tools, security, software and hybrid and cloud offerings to help customers build these capabilities and achieve their objectives.
- Changes in spending policies, budget priorities and funding levels, including current and future stimulus packages, are key factors influencing the purchasing levels of Government, Healthcare and Education customers. With students' return to in-person learning, Education customers continued to prioritize investments towards equity and access for all students and enhancing the in-classroom experience. In addition, Healthcare customers resumed projects that were paused during the pandemic as budget certainty improved as more patients returned to elective procedures. As the duration and ongoing economic impacts of the COVID-19 pandemic remain uncertain, current and future budget priorities and funding levels for Government, Healthcare and Education customers may be adversely affected.
- Technology trends drive customer purchasing behaviors in the market. Current technology trends are focused on delivering greater flexibility and efficiency, as well as designing IT securely. These trends are driving customer adoption of solutions such as those delivered via cloud, software defined architectures and hybrid on-premise and off-premise combinations, as well as the evolution of the IT consumption model to more "as a service" offerings, including Device as a Service and managed services. Technology trends could also change as customers consider the impact of the COVID-19 pandemic on their operations.

Key Business Metrics

We monitor a number of financial and non-financial measures and ratios on a regular basis in order to track the progress of our business and make adjustments as necessary. We believe that the most important of these measures and ratios include average daily sales, gross margin, operating margin, Net income, Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income, Net sales growth on a constant currency basis, Net income per diluted share, Non-GAAP net income per diluted share, free cash flow, return on working capital, Cash and cash equivalents, net working capital, cash conversion cycle and debt levels including available credit. These measures and ratios are compared to standards or objectives set by management, so that actions can be taken, as necessary, in order to achieve the standards and objectives.

In this report, we discuss Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis, which are non-GAAP financial measures.

We believe these measures provide analysts, investors and management with helpful information regarding the underlying operating performance of our business, as they remove the impact of items that management believes are not reflective of underlying operating performance. Management uses these measures to evaluate period-over-period performance as management believes they provide a more comparable measure of the underlying business. Certain non-GAAP financial measures are also used to determine certain components of performance-based compensation. For the definitions of Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis and reconciliations to the most directly comparable US GAAP measure, see "Results of Operations - Non-GAAP Financial Measure Reconciliations."

Third Quarter Overview

The results of certain business metrics are as follows:

(dollars in millions)	Three Months Ended September 30,	
	2021	2020
Net sales	\$ 5,300.0	\$ 4,756.4
Gross profit	914.9	825.5
Operating income	386.4	317.8
Net income	266.6	193.2
Non-GAAP operating income	435.1	386.3
Non-GAAP net income	298.0	265.4
Average daily sales ⁽¹⁾	82.8	74.3
Net debt ⁽²⁾	3,821.1	2,681.4
Cash conversion cycle (in days) ⁽³⁾	25	16

- (1) There were 64 selling days for both the three months ended September 30, 2021 and 2020.
- (2) Defined as Total debt minus Cash and cash equivalents.
- (3) Cash conversion cycle is defined as days of sales outstanding in Accounts receivable and certain receivables due from vendors plus days of supply in Merchandise inventory minus days of purchases outstanding in Accounts payable and Accounts payable-inventory financing, based on a rolling three-month average.

Results of Operations

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020

Results of operations, in dollars and as a percentage of Net sales are as follows:

	Three Months Ended September 30,			
	2021		2020	
	Dollars in Millions	Percentage of Net Sales	Dollars in Millions	Percentage of Net Sales
Net sales	\$ 5,300.0	100.0 %	\$ 4,756.4	100.0 %
Cost of sales	4,385.1	82.7	3,930.9	82.6
Gross profit	914.9	17.3	825.5	17.4
Selling and administrative expenses	528.5	10.0	507.7	10.7
Operating income	386.4	7.3	317.8	6.7
Interest expense, net	(36.4)	(0.7)	(40.2)	(0.8)
Other income (expense), net	0.4	—	(27.5)	(0.6)
Income before income taxes	350.4	6.6	250.1	5.3
Income tax expense	(83.8)	(1.6)	(56.9)	(1.2)
Net income	\$ 266.6	5.0 %	\$ 193.2	4.1 %

Net sales

Net sales by segment, in dollars and as a percentage of total Net sales, and the year-over-year dollar and percentage change in Net sales are as follows:

(dollars in millions)	Three Months Ended September 30,					
	2021		2020		Dollar Change	Percent Change ⁽¹⁾
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales		
Corporate	\$ 2,067.3	39.0 %	\$ 1,660.0	34.9 %	\$ 407.3	24.5 %
Small Business	467.1	8.8	337.0	7.1	130.1	38.6
Public:						
Government	568.8	10.7	847.7	17.8	(278.9)	(32.9)
Education	1,103.6	20.8	1,078.2	22.7	25.4	2.4
Healthcare	481.5	9.1	367.9	7.7	113.6	30.9
Total Public	2,153.9	40.6	2,293.8	48.2	(139.9)	(6.1)
Other	611.7	11.6	465.6	9.8	146.1	31.4
Total Net sales	\$ 5,300.0	100.0 %	\$ 4,756.4	100.0 %	\$ 543.6	11.4 %

(1) There were 64 selling days for both the three months ended September 30, 2021 and 2020.

Total Net sales for the three months ended September 30, 2021 increased \$544 million, or 11.4%, to \$5,300 million, compared to the three months ended September 30, 2020. Excluding the impact of foreign currency fluctuations, constant currency Net sales growth was 10.7%. Net sales growth was primarily driven by Corporate, Small Business and Healthcare customers. For additional information, see Note 11 (Segment Information) to the accompanying Consolidated Financial Statements and "Non-GAAP Financial Measure Reconciliations" below regarding constant currency Net sales growth.

Corporate segment Net sales for the three months ended September 30, 2021 increased \$407 million, or 24.5%, compared to the three months ended September 30, 2020. Expectations that a hybrid environment will become the future work model resulted in increased demand for notebooks/mobile devices, video, accessories and collaboration hardware. Additionally, Corporate customers resumed infrastructure projects, driving growth in servers.

Small Business segment Net sales for the three months ended September 30, 2021 increased \$130 million, or 38.6%, compared to the three months ended September 30, 2020. Customers continued to focus on productivity and mobility as Net sales growth was driven by notebooks/mobile devices and increased demand for video.

Public segment Net sales for the three months ended September 30, 2021 decreased \$140 million, or 6.1%, compared to the three months ended September 30, 2020. Net sales to Healthcare customers increased 30.9% primarily due to desktops, notebooks/mobile devices, servers, video and enterprise storage. Healthcare customers saw patients returning for elective procedures which increased confidence in budgets, enabling delayed projects to restart. Net sales to Education customers increased 2.4% primarily driven by video, desktops and services, partially offset by accessories. Schools continued to prioritize equity and access to learning and invested in the interactive classroom experience for students returning to in-person learning. Net sales to Government customers decreased 32.9% primarily driven by notebooks/mobile devices, video and desktops, and the completion of the Census project in 2020, which impacted other hardware, including accessories and smartphones, and services. Net sales to Federal customers was further impacted due to the extended timing of procurement processing and the recent on-site restrictions due to increased COVID-19 cases.

Net sales in Other, which is comprised of results from our UK and Canadian operations, for the three months ended September 30, 2021 increased \$146 million, or 31.4%, compared to the three months ended September 30, 2020. UK and Canada Net sales increased as a result of the economic recovery from 2020 and increased customer confidence. Customers in the UK and Canada continued to focus on productivity, mobility and security as Net sales growth was driven primarily by notebooks/mobile devices, video and other hardware, including accessories. The impact of foreign currency exchange increased Other Net sales by 7.8%, primarily due to the favorable translation of the Canadian dollar and British pound to the US dollar.

Gross profit

Gross profit increased \$89 million, or 10.8%, to \$915 million for the three months ended September 30, 2021, compared to \$826 million for the three months ended September 30, 2020. As a percentage of Net sales, Gross profit margin decreased 10 basis points to 17.3% for the three months ended September 30, 2021. The decrease in Gross profit margin was primarily driven by lower product margin, partially offset by an increase in the mix of net service contract revenue, primarily Software as a Service, and increased Net sales and margins on professional services.

Selling and administrative expenses

Selling and administrative expenses increased \$21 million, or 4.1%, to \$529 million for the three months ended September 30, 2021, compared to \$508 million for the three months ended September 30, 2020. The increase was primarily driven by higher sales payroll expenses consistent with higher Gross profit, higher coworker count and higher performance-based compensation consistent with higher attainment against financial goals, partially offset by lower intangible asset amortization in 2021. Total coworker count was 11,098, up 1,118 from 9,980 at September 30, 2020, primarily due to an increase in new hires during 2021 and customer-facing coworkers as a result of our recent acquisitions.

As a percentage of total Net sales, Selling and administrative expenses decreased 70 basis points to 10.0% during the three months ended September 30, 2021, compared to 10.7% in the three months ended September 30, 2020 primarily due to lower intangible asset amortization in 2021 and costs associated with a workforce reduction program in 2020.

Operating income

Operating income by segment, in dollars and as a percentage of Net sales, and the year-over-year percentage change are as follows:

	Three Months Ended September 30,				Percent Change in Operating Income
	2021		2020		
	Dollars in Millions	Operating Margin	Dollars in Millions	Operating Margin	
Segments:⁽¹⁾					
Corporate	\$ 186.0	9.0 %	\$ 128.5	7.7 %	44.9 %
Small Business	41.4	8.9	24.3	7.2	70.6
Public	178.7	8.3	196.1	8.5	(8.9)
Other ⁽²⁾	21.9	3.6	18.7	4.0	17.1
Headquarters ⁽³⁾	(41.6)	nm*	(49.8)	nm*	16.5
Total Operating income	\$ 386.4	7.3 %	\$ 317.8	6.7 %	21.6 %

* Not meaningful

- (1) Segment operating income includes the segment's direct operating income, allocations for certain Headquarters' costs, allocations for income and expenses from logistics services, certain inventory adjustments and volume rebates and cooperative advertising from vendors.
- (2) Includes the financial results for our other operating segments, CDW UK and CDW Canada, which do not meet the reportable segment quantitative thresholds.
- (3) Includes certain Headquarters' function costs that are not allocated to the segments.

Operating income was \$386 million for the three months ended September 30, 2021, an increase of \$68 million, or 21.6%, compared to \$318 million for the three months ended September 30, 2020. Operating income increased primarily due to higher Gross profit dollars and lower intangible asset amortization, partially offset by higher sales payroll expenses consistent with higher Gross profit, higher coworker count and higher performance-based compensation consistent with higher attainment against financial goals. Total operating margin percentage increased 60 basis points to 7.3% for the three months ended September 30, 2021, compared to 6.7% for the three months ended September 30, 2020 primarily due to lower intangible asset amortization as a percentage of Net sales and costs associated with a workforce reduction program in 2020.

Corporate segment Operating income was \$186 million for the three months ended September 30, 2021, an increase of \$57 million, or 44.9%, compared to \$129 million for the three months ended September 30, 2020. Corporate segment Operating income increased primarily due to higher Gross profit dollars and lower intangible asset amortization, partially offset by higher

sales payroll expenses. Corporate segment operating margin percentage increased 130 basis points to 9.0% for the three months ended September 30, 2021, compared to 7.7% for the three months ended September 30, 2020 primarily due to lower intangible asset amortization and payroll expenses as a percentage of Net sales, partially offset by lower product margin.

Small Business segment Operating income was \$41 million for the three months ended September 30, 2021, an increase of \$17 million, or 70.6%, compared to \$24 million for the three months ended September 30, 2020. Small Business segment Operating income increased primarily due to higher Gross profit dollars and lower intangible asset amortization, partially offset by higher sales payroll expenses. Small Business segment operating margin percentage increased 170 basis points to 8.9% for the three months ended September 30, 2021, compared to 7.2% for the three months ended September 30, 2020, primarily due to lower intangible asset amortization and lower payroll expenses as a percentage of Net sales, partially offset by lower product margin.

Public segment Operating income was \$179 million for the three months ended September 30, 2021, a decrease of \$17 million, or 8.9%, compared to \$196 million for the three months ended September 30, 2020. Public segment Operating income decreased primarily due to higher sales payroll and performance-based compensation expenses. Public segment operating margin percentage decreased 20 basis points to 8.3% for the three months ended September 30, 2021, compared to 8.5% for the three months ended September 30, 2020, primarily due to higher payroll expenses as a percentage of Net sales, partially offset by higher margin from mixing into net service contract revenue.

Other Operating income was \$22 million for the three months ended September 30, 2021, an increase of \$3 million, or 17.1%, compared to \$19 million for the three months ended September 30, 2020. Other Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll expenses. Other operating margin percentage decreased 40 basis points to 3.6% for the three months ended September 30, 2021, compared to 4.0% for the three months ended September 30, 2020, primarily due to lower product margin, partially offset by lower payroll expenses, intangible asset amortization, and other selling and administrative expenses as a percentage of Net sales.

Interest expense, net

Interest expense, net for the three months ended September 30, 2021 was \$36 million, a decrease of \$4 million compared to \$40 million for the three months ended September 30, 2020. This decrease was primarily driven by the lower effective interest rate from the August 2020 senior notes refinancing and lower amortization on interest rate cap premiums.

Income tax expense

Income tax expense was \$84 million and \$57 million for the three months ended September 30, 2021 and 2020, respectively. The effective tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 23.9% and 22.7% for the three months ended September 30, 2021 and 2020, respectively. The effective tax rate for the three months ended September 30, 2021 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes, partially offset by excess tax benefits on equity-based compensation. The effective tax rate for the three months ended September 30, 2020 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate that was effective in the prior year, partially offset by excess tax benefits on equity-based compensation.

The higher effective tax rate for the three months ended September 30, 2021 as compared to the same period in the prior year was primarily attributable to higher non-deductible expenses and global intangible low-taxed income taxes as well as a discrete benefit from a state tax refund claim recorded in the same period of the prior year. This was partially offset by higher excess tax benefits in the current quarter and a discrete deferred tax expense to reflect the increase in the UK corporate tax rate in the same period of the prior year.

Non-GAAP Financial Measure Reconciliations

We have included reconciliations of Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis for the three months ended September 30, 2021 and 2020 below.

Non-GAAP operating income excludes, among other things, charges related to the amortization of acquisition-related intangible assets, equity-based compensation and the associated payroll taxes, and acquisition and integration expenses. Non-GAAP operating income margin is defined as Non-GAAP operating income as a percentage of Net sales. Non-GAAP income before income taxes and Non-GAAP net income exclude, among other things, charges related to acquisition-related intangible asset amortization, equity-based compensation, acquisition and integration expenses, and the associated tax effects of each. Net sales

growth on a constant currency basis is defined as Net sales growth excluding the impact of foreign currency translation on Net sales compared to the prior period.

Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and 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 included or excluded in the most directly comparable measure calculated and presented in accordance with US GAAP. Non-GAAP measures used by management may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

We believe these measures provide analysts, investors and management with helpful information regarding the underlying operating performance of our business, as they remove the impact of items that management believes are not reflective of underlying operating performance. Management uses these measures to evaluate period-over-period performance as management believes they provide a more comparable measure of the underlying business. Certain non-GAAP financial measures are also used to determine certain components of performance-based compensation.

Non-GAAP operating income

Non-GAAP operating income was \$435 million for the three months ended September 30, 2021, an increase of \$49 million, or 12.6%, compared to \$386 million for the three months ended September 30, 2020. As a percentage of Net sales, Non-GAAP operating income was 8.2% and 8.1% for the three months ended September 30, 2021 and 2020, respectively.

(dollars in millions)	Three Months Ended September 30,	
	2021	2020
Operating income, as reported	\$ 386.4	\$ 317.8
Amortization of intangibles ⁽¹⁾	24.6	44.9
Equity-based compensation	16.9	11.5
Other adjustments	7.2	12.1
Non-GAAP operating income	\$ 435.1	\$ 386.3
Non-GAAP operating income margin	8.2 %	8.1 %

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

Non-GAAP net income

Non-GAAP net income was \$298 million for the three months ended September 30, 2021, an increase of \$33 million, or 12.3%, compared to \$265 million for the three months ended September 30, 2020.

(dollars in millions)	Three Months Ended September 30,					
	2021			2020		
	Income before income taxes	Income tax expense ⁽¹⁾	Net income	Income before income taxes	Income tax expense ⁽¹⁾	Net income
US GAAP, as reported	\$ 350.4	\$ (83.8)	\$ 266.6	\$ 250.1	\$ (56.9)	\$ 193.2
Amortization of intangibles ⁽²⁾	24.6	(6.2)	18.4	44.9	(8.6)	36.3
Equity-based compensation	16.9	(9.3)	7.6	11.5	(5.1)	6.4
Net loss on extinguishment of long-term debt	—	—	—	27.3	(6.8)	20.5
Other adjustments	7.2	(1.8)	5.4	12.1	(3.1)	9.0
Non-GAAP	\$ 399.1	\$ (101.1)	\$ 298.0	\$ 345.9	\$ (80.5)	\$ 265.4

- (1) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity-based compensation.
- (2) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

Net sales growth on a constant currency basis

Net sales increased \$544 million, or 11.4%, to \$5,300 million for the three months ended September 30, 2021, compared to the three months ended September 30, 2020. Net sales on a constant currency basis, which excludes the impact of foreign currency translation, increased \$514 million, or 10.7%.

(dollars in millions)	Three Months Ended September 30,		
	2021	2020	% Change ⁽¹⁾
Net sales, as reported	\$ 5,300.0	\$ 4,756.4	11.4 %
Foreign currency translation ⁽²⁾	—	29.5	
Net sales, on a constant currency basis	<u>\$ 5,300.0</u>	<u>\$ 4,785.9</u>	10.7 %

- (1) There were 64 selling days for both the three months ended September 30, 2021 and 2020.
- (2) 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.

Nine Months Overview

The results of certain business metrics are as follows:

(dollars in millions)	Nine Months Ended September 30,	
	2021	2020
Net sales	\$ 15,283.9	\$ 13,511.3
Gross profit	2,592.9	2,329.2
Operating income	1,079.7	847.0
Net income	773.3	550.2
Non-GAAP operating income	1,220.9	1,028.4
Non-GAAP net income	833.5	690.7
Average daily sales ⁽¹⁾	80.0	70.4
Net debt ⁽²⁾	3,821.1	2,681.4
Cash conversion cycle (in days) ⁽³⁾	25	16

- (1) There were 191 and 192 selling days for the nine months ended September 30, 2021 and 2020, respectively.
- (2) Defined as Total debt minus Cash and cash equivalents.
- (3) Cash conversion cycle is defined as days of sales outstanding in Accounts receivable and certain receivables due from vendors plus days of supply in Merchandise inventory minus days of purchases outstanding in Accounts payable and Accounts payable-inventory financing, based on a rolling three-month average.

Results of Operations

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

Results of operations, in dollars and as a percentage of Net sales are as follows:

	Nine Months Ended September 30,			
	2021		2020	
	Dollars in Millions	Percentage of Net Sales	Dollars in Millions	Percentage of Net Sales
Net sales	\$ 15,283.9	100.0 %	\$ 13,511.3	100.0 %
Cost of sales	12,691.0	83.0	11,182.1	82.8
Gross profit	2,592.9	17.0	2,329.2	17.2
Selling and administrative expenses	1,513.2	9.9	1,482.2	10.9
Operating income	1,079.7	7.1	847.0	6.3
Interest expense, net	(107.5)	(0.7)	(117.8)	(0.9)
Other income (expense), net	38.3	0.3	(21.9)	(0.1)
Income before income taxes	1,010.5	6.7	707.3	5.3
Income tax expense	(237.2)	(1.6)	(157.1)	(1.2)
Net income	\$ 773.3	5.1 %	\$ 550.2	4.1 %

Net sales

Net sales by segment, in dollars and as a percentage of total Net sales, and the year-over-year dollar and percentage change in Net sales are as follows:

(dollars in millions)	Nine Months Ended September 30,						
	2021		2020		Dollar Change	Percent Change	Average Daily Sales Percent Change ⁽¹⁾
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales			
Corporate	\$ 5,856.2	38.3 %	\$ 5,128.5	38.0 %	\$ 727.7	14.2 %	14.8 %
Small Business	1,382.7	9.0	1,030.6	7.6	352.1	34.2	34.9
Public:							
Government	1,598.3	10.5	2,135.9	15.8	(537.6)	(25.2)	(24.8)
Education	3,159.0	20.7	2,431.2	18.0	727.8	29.9	30.6
Healthcare	1,399.0	9.2	1,274.1	9.4	124.9	9.8	10.4
Total Public	6,156.3	40.4	5,841.2	43.2	315.1	5.4	5.9
Other	1,888.7	12.3	1,511.0	11.2	377.7	25.0	25.6
Total Net sales	\$ 15,283.9	100.0 %	\$ 13,511.3	100.0 %	\$ 1,772.6	13.1 %	13.7 %

(1) There were 191 and 192 selling days for the nine months ended September 30, 2021 and 2020, respectively.

Total Net sales for the nine months ended September 30, 2021 increased \$1,773 million to \$15,284 million, compared to the nine months ended September 30, 2020. There was one less selling day in the nine months ended September 30, 2021 compared to the same period of 2020, and Net sales on an average daily sales basis increased 13.7%. Excluding the impact of foreign currency fluctuations, constant currency Net sales growth on an average daily sales basis was 12.6%. Net sales growth was primarily driven by Education, Corporate and Small Business customers. For additional information, see Note 11 (Segment Information) to the accompanying Consolidated Financial Statements and "Non-GAAP Financial Measure Reconciliations" below regarding constant currency Net sales growth.

Corporate segment Net sales for the nine months ended September 30, 2021 increased \$728 million, or 14.2%, compared to the nine months ended September 30, 2020. On an average daily sales basis, Corporate segment Net sales increased 14.8%. Expectations that a hybrid environment will become the future work model resulted in higher demand for notebooks/mobile

devices, video and accessories. Additionally, Corporate customers resumed infrastructure projects, driving growth in servers and software.

Small Business segment Net sales for the nine months ended September 30, 2021 increased \$352 million, or 34.2%, compared to the nine months ended September 30, 2020. On an average daily sales basis, Small Business segment Net sales increased 34.9%. Customers continued to focus on productivity and mobility as Net sales growth was driven by notebooks/mobile devices, video and accessories.

Public segment Net sales for the nine months ended September 30, 2021 increased \$315 million, or 5.4%, compared to the nine months ended September 30, 2020. On an average daily sales basis, Public segment Net sales increased 5.9%. Net sales to Education customers increased 30.6% on an average daily sales basis primarily driven by integrated solutions including notebooks/mobile devices, video, accessories and services. Schools continued to prioritize equity and access to learning and investing in the interactive classroom experience to enhance in-person learning. Net sales to Healthcare customers increased 10.4% on an average daily sales basis primarily due to desktops, notebooks/mobile devices, servers, video and services. Healthcare customers saw patients returning for elective procedures which increased confidence in budgets, enabling delayed projects to restart. Net sales to Government customers decreased 24.8% on an average daily sales basis primarily driven by notebooks/mobile devices and desktops, software reflecting the continued mix into Software as a Service, and the completion of the Census project in 2020, which impacted other hardware, including accessories and smartphones, and services. These decreases were partially offset by increased infrastructure spending in enterprise storage. Net sales to Federal customers was further impacted due to the extended timing of procurement processing and the recent on-site restrictions due to increased COVID-19 cases.

Net sales in Other, which is comprised of results from our UK and Canadian operations, for the nine months ended September 30, 2021 increased \$378 million, or 25.0%, compared to the nine months ended September 30, 2020. On an average daily sales basis, Other increased 25.6%. In local currency, Canada Net sales increased as a result of the economic recovery from 2020 and increased customer confidence. Customers in the UK and Canada continued to focus on productivity and mobility as Net sales growth was driven by notebooks/mobile devices, video and other hardware, including accessories. The impact of foreign currency exchange further increased Other Net sales by 10.1%, primarily due to the favorable translation of the Canadian dollar and British pound to the US dollar.

Gross profit

Gross profit increased \$264 million, or 11.3%, to \$2,593 million for the nine months ended September 30, 2021, compared to \$2,329 million for the nine months ended September 30, 2020. As a percentage of Net sales, Gross profit margin decreased 20 basis points to 17.0% for the nine months ended September 30, 2021. The decrease in Gross profit margin was primarily driven by lower product margin, including notebook mix and rate, and overlapping higher margin configuration services in the prior year, partially offset by an increase in the mix of net service contract revenue, primarily Software as a Service, and increased Net sales and margins on professional services.

Selling and administrative expenses

Selling and administrative expenses increased \$31 million, or 2.1%, to \$1,513 million for the nine months ended September 30, 2021, compared to \$1,482 million for the nine months ended September 30, 2020. The increase was primarily due to higher payroll expenses consistent with higher Gross profit, higher coworker count and higher performance-based compensation consistent with higher attainment against financial goals, partially offset by lower intangible asset amortization and lower bad debt expense. Total coworker count was 11,098, up 1,118 from 9,980 at September 30, 2020 primarily due to an increase in new hires during 2021 and customer-facing coworkers as a result of our recent acquisitions.

As a percentage of Net sales, Selling and administrative expenses decreased 100 basis points to 9.9% during the nine months ended September 30, 2021, compared to 10.9% for the nine months ended September 30, 2020, primarily due to lower intangible asset amortization, lower bad debt expense and lower payroll expenses as a percentage of Net sales.

Operating income

Operating income by segment, in dollars and as a percentage of Net sales, and the year-over-year percentage change are as follows:

	Nine Months Ended September 30,				
	2021		2020		Percent Change in Operating Income
	Dollars in Millions	Operating Margin	Dollars in Millions	Operating Margin	
Segments:⁽¹⁾					
Corporate	\$ 522.6	8.9 %	\$ 378.9	7.4 %	37.9 %
Small Business	128.2	9.3	72.6	7.0	76.6
Public	468.7	7.6	468.4	8.0	0.1
Other ⁽²⁾	73.3	3.9	49.9	3.3	46.5
Headquarters ⁽³⁾	(113.1)	nm*	(122.8)	nm*	8.0
Total Operating income	\$ 1,079.7	7.1 %	\$ 847.0	6.3 %	27.5 %

* Not meaningful

- (1) Segment operating income includes the segment's direct operating income, allocations for certain Headquarters' costs, allocations for income and expenses from logistics services, certain inventory adjustments and volume rebates and cooperative advertising from vendors.
- (2) Includes the financial results for our other operating segments, CDW UK and CDW Canada, which do not meet the reportable segment quantitative thresholds.
- (3) Includes certain Headquarters' function costs that are not allocated to the segments.

Operating income was \$1,080 million for the nine months ended September 30, 2021, an increase of \$233 million, or 27.5%, compared to \$847 million for the nine months ended September 30, 2020. Operating income increased primarily due to higher Gross profit dollars, lower intangible asset amortization and lower bad debt expense, partially offset by higher payroll expenses consistent with higher Gross profit, higher coworker count and higher performance-based compensation consistent with higher attainment against financial goals. Total operating margin percentage increased 80 basis points to 7.1% for the nine months ended September 30, 2021, from 6.3% for the nine months ended September 30, 2020, primarily due to lower intangible asset amortization, lower bad debt expense and lower payroll as a percentage of Net sales, partially offset by lower Gross profit margin.

Corporate segment Operating income was \$523 million for the nine months ended September 30, 2021, an increase of \$144 million, or 37.9%, compared to \$379 million for the nine months ended September 30, 2020. Corporate segment Operating income increased primarily due to higher Gross profit dollars, lower intangible asset amortization and lower bad debt expense, partially offset by higher payroll expenses. Corporate segment operating margin percentage increased 150 basis points to 8.9% for the nine months ended September 30, 2021, from 7.4% for the nine months ended September 30, 2020, primarily due to lower intangible asset amortization and lower bad debt expense as a percentage of Net sales.

Small Business segment Operating income was \$128 million for the nine months ended September 30, 2021, an increase of \$55 million, or 76.6%, compared to \$73 million for the nine months ended September 30, 2020. Small Business segment Operating income increased primarily due to higher Gross profit dollars and lower intangible asset amortization, partially offset by higher payroll expenses. Small Business segment operating margin percentage increased 230 basis points to 9.3% for the nine months ended September 30, 2021, from 7.0% for the three months ended September 30, 2020, primarily due to lower intangible asset amortization, lower payroll expenses and lower bad debt expense as a percentage of Net sales.

Public segment Operating income was \$469 million for the nine months ended September 30, 2021, which was an increase of \$1 million, compared to \$468 million for the nine months ended September 30, 2020. Public segment Operating income increased primarily due to higher Gross profit dollars and lower bad debt expense, partially offset by higher payroll expenses. Public segment operating margin percentage decreased 40 basis points to 7.6% for the nine months ended September 30, 2021, from 8.0% for the nine months ended September 30, 2020, primarily due to higher payroll expenses and overlapping higher margin configuration services in the prior year, partially offset by lower bad debt expense as a percentage of Net sales.

Other Operating income was \$73 million for the nine months ended September 30, 2021, an increase of \$23 million, or 46.5%, compared to \$50 million for the nine months ended September 30, 2020. Other Operating income increased primarily due to higher Gross profit dollars and lower bad debt expense, partially offset by higher payroll expenses. Other operating margin percentage increased 60 basis points to 3.9% for the nine months ended September 30, 2021, from 3.3% for the nine months ended September 30, 2020, primarily due to lower bad debt expense, payroll expenses, integration costs and other selling and administrative expenses as a percentage of Net sales, partially offset by lower product margin.

Interest expense, net

Interest expense, net, for the nine months ended September 30, 2021 was \$108 million, a decrease of \$10 million compared to \$118 million for the nine months ended September 30, 2020. This decrease was primarily driven by a lower interest rate on the Term Loan in 2021 compared to 2020, the lower interest rate from the August 2020 senior notes refinancing and lower amortization on interest rate cap premiums, partially offset by additional interest expense on the new issuance of April 2020 senior notes.

Other income (expense), net

During the nine months ended September 30, 2021, we sold all ownership interests of an equity method investment and recognized a \$36 million gain. During the nine months ended September 30, 2020, we completed the August 2020 senior notes refinancing and recorded a \$27 million Net loss on extinguishment of long-term debt.

Income tax expense

Income tax expense was \$237 million and \$157 million for the nine months ended September 30, 2021 and 2020, respectively. The effective tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 23.5% and 22.2% for the nine months ended September 30, 2021 and 2020, respectively. The effective tax rate for the nine months ended September 30, 2021 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate effective in 2023, partially offset by excess tax benefits on equity-based compensation. The effective tax rate for the nine months ended September 30, 2020 differed from the US federal statutory rate of 21.0% primarily due to state and local income taxes and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate being largely offset by excess tax benefits on equity-based compensation.

The higher effective tax rate for the nine months ended September 30, 2021 as compared to the same period in the prior year was primarily attributable to a less favorable tax rate impact of excess tax benefits on equity-based compensation and a discrete benefit from a state tax refund claim recorded in the same period of the prior year.

Non-GAAP Financial Measure Reconciliations

We have included reconciliations of Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP income before income taxes, Non-GAAP net income and Net sales growth on a constant currency basis for the nine months ended September 30, 2021 and 2020 below.

Non-GAAP operating income

Non-GAAP operating income was \$1,221 million for the nine months ended September 30, 2021, an increase of \$193 million, or 18.7%, compared to \$1,028 million for the nine months ended September 30, 2020. As a percentage of Net sales, Non-GAAP operating income was 8.0% and 7.6% for the nine months ended September 30, 2021 and 2020, respectively.

(dollars in millions)	Nine Months Ended September 30,	
	2021	2020
Operating income, as reported	\$ 1,079.7	\$ 847.0
Amortization of intangibles ⁽¹⁾	70.6	133.9
Equity-based compensation	53.3	25.9
Other adjustments	17.3	21.6
Non-GAAP operating income	\$ 1,220.9	\$ 1,028.4
Non-GAAP operating income margin	8.0 %	7.6 %

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

Non-GAAP net income

Non-GAAP net income was \$834 million for the nine months ended September 30, 2021, an increase of \$143 million, or 20.7%, compared to \$691 million for the nine months ended September 30, 2020.

(dollars in millions)	Nine Months Ended September 30,					
	2021			2020		
	Income before income taxes	Income tax expense ⁽¹⁾	Net income	Income before income taxes	Income tax expense ⁽¹⁾	Net income
US GAAP, as reported	\$ 1,010.5	\$ (237.2)	\$ 773.3	\$ 707.3	\$ (157.1)	\$ 550.2
Amortization of intangibles ⁽²⁾	70.6	(13.4)	57.2	133.9	(30.8)	103.1
Equity-based compensation	53.3	(36.3)	17.0	25.9	(25.2)	0.7
Gain on sale of equity method investment	(36.0)	8.8	(27.2)	—	—	—
Net loss on extinguishment of long-term debt	0.4	(0.1)	0.3	27.3	(6.8)	20.5
Other adjustments	17.3	(4.4)	12.9	21.6	(5.4)	16.2
Non-GAAP	<u>\$ 1,116.1</u>	<u>\$ (282.6)</u>	<u>\$ 833.5</u>	<u>\$ 916.0</u>	<u>\$ (225.3)</u>	<u>\$ 690.7</u>

- (1) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity-based compensation.
- (2) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

Net sales growth on a constant currency basis

Net sales increased \$1,773 million, or 13.1%, to \$15,284 million for the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020. Net sales on a constant currency basis, which excludes the impact of foreign currency translation, increased \$1,640 million, or 12.0%.

(dollars in millions)	Nine Months Ended September 30,			
	2021	2020	% Change	Average Daily % Change ⁽¹⁾
Net sales, as reported	\$ 15,283.9	\$ 13,511.3	13.1 %	13.7 %
Foreign currency translation ⁽²⁾	—	132.8		
Net sales, on a constant currency basis	<u>\$ 15,283.9</u>	<u>\$ 13,644.1</u>	12.0 %	12.6 %

- (1) There were 191 and 192 selling days for the nine months ended September 30, 2021 and 2020, respectively.
- (2) 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.

Seasonality

While we have not historically experienced significant seasonality throughout the year, sales in our Corporate segment, which primarily serves US private sector business customers with more than 250 employees, are typically higher in the fourth quarter than in other quarters due to customers spending their remaining technology budget dollars at the end of the year. Additionally, sales in our Public segment have historically been higher in the third quarter than in other quarters primarily due to the buying patterns of the federal government and education customers. Since the onset of the pandemic, we have experienced variability compared to historic seasonality trends. As uncertainty due to the COVID-19 pandemic remains, seasonality by channel is expected to continue to be different than historical experience.

Liquidity and Capital Resources

Overview

We finance our operations and capital expenditures with internally generated cash from operations and borrowings under our revolving credit facility. As of September 30, 2021, we had \$1.2 billion of availability for borrowings under our senior secured asset-based revolving credit facility. Our liquidity and borrowing plans are established to align with our financial and strategic planning processes and ensure we have the necessary funding to meet our operating commitments, which primarily include the purchase of inventory, payroll and general expenses. We also take into consideration our overall capital allocation strategy,

which includes dividend payments, net leverage ratio targets, acquisitions and share repurchases. We believe we have adequate sources of liquidity and funding available for at least the next year, including for the proposed acquisition of Sirius; however, there are a number of factors that may negatively impact our available sources of funds. The amount of cash generated from operations will be dependent upon factors such as the successful execution of our business plan, general economic conditions and working capital management, including accounts receivable.

Long-Term Debt and Financing Arrangements

During the first quarter of 2021, we amended, extended and increased the size of the Revolving Loan. As a result of the amended Revolving Loan, the variable rate CDW UK revolving credit facility was closed. Additionally, we paid off the remaining principal amount on the variable rate CDW UK term loan by drawing on the amended Revolving Loan.

As of September 30, 2021, we had total indebtedness of \$4.1 billion, of which \$1.6 billion was secured indebtedness. At September 30, 2021, we were in compliance with the covenants under our various credit agreements and indentures. In connection with entry into the definitive agreement to acquire Sirius, on October 15, 2021, we entered into a commitment letter for a \$2.5 billion senior unsecured 364-day bridge loan facility, which will be used to finance the proposed acquisition, if necessary. The funding of the facility is subject to the satisfaction of customary conditions for transactions of this type.

For additional information regarding our debt and refinancing activities, see Note 7 (Debt) to the accompanying Consolidated Financial Statements. For additional information regarding the acquisition of Sirius, see Note 12 (Subsequent Event) to the accompanying Consolidated Financial Statements.

Inventory Financing Agreements

We have entered into agreements with certain financial intermediaries to facilitate the purchase of inventory from various suppliers under certain terms and conditions. These amounts are classified separately as Accounts payable-inventory financing on the Consolidated Balance Sheets. We do not incur any interest expense associated with these agreements as balances are paid when they are due. For additional information, see Note 5 (Inventory Financing Agreements) to the accompanying Consolidated Financial Statements.

Share Repurchase Program

During the nine months ended September 30, 2021, we repurchased 7.0 million shares of our common stock for \$1,185 million under the previously announced share repurchase program. For additional information on our share repurchase program, see "Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds."

Dividends

A summary of 2021 dividend activity for our common stock is as follows:

Dividend Amount	Declaration Date	Record Date	Payment Date
\$0.40	February 10, 2021	February 25, 2021	March 10, 2021
\$0.40	May 5, 2021	May 25, 2021	June 10, 2021
\$0.40	August 4, 2021	August 25, 2021	September 10, 2021

On November 3, 2021, we announced that our Board of Directors declared a quarterly cash dividend of \$0.50 per common share. The dividend will be paid on December 10, 2021 to all stockholders of record as of the close of business on November 24, 2021.

The payment of any future dividends will be at the discretion of our Board of Directors and will depend upon our results of operations, financial condition, business prospects, capital requirements, contractual restrictions, any potential indebtedness we may incur, restrictions imposed by applicable law, tax considerations and other factors that our Board of Directors deems relevant. In addition, our ability to pay dividends on our common stock will be limited by restrictions on our ability to pay dividends or make distributions to our stockholders and on the ability of our subsidiaries to pay dividends or make distributions to us, in each case, under the terms of our current and any future agreements governing our indebtedness.

Cash Flows

Cash flows from operating, investing and financing activities are as follows:

(dollars in millions)	Nine Months Ended September 30,	
	2021	2020
Net cash provided by:		
Operating activities	\$ 636.7	\$ 738.4
Investing Activities		
Capital expenditures ⁽¹⁾	(66.2)	(133.6)
Acquisitions of businesses, net of cash acquired	(339.7)	(38.5)
Proceeds from sale of equity method investment	36.0	—
Cash flows used in investing activities	(369.9)	(172.1)
Financing Activities		
Net change in accounts payable - inventory financing	(183.7)	232.5
Financing payments for revenue generating assets	(46.1)	—
Other cash flows used in financing activities	(1,202.0)	299.2
Cash flows (used in) provided by financing activities	(1,431.8)	531.7
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(2.5)
Net (decrease) increase in cash and cash equivalents	\$ (1,165.1)	\$ 1,095.5

(1) Includes expenditures for revenue generating assets.

Operating Activities

Cash flows provided by operating activities are as follows:

(dollars in millions)	Nine Months Ended September 30,		
	2021	2020	Change
Net income	\$ 773.3	\$ 550.2	\$ 223.1
Adjustments for the impact of non-cash items ⁽¹⁾	145.9	441.3	(295.4)
Net income adjusted for the impact of non-cash items	919.2	991.5	(72.3)
Changes in assets and liabilities:			
Accounts receivable	(323.5)	(304.9)	(18.6)
Merchandise inventory ⁽²⁾	(87.5)	(34.2)	(53.3)
Accounts payable-trade ⁽³⁾	179.7	106.8	72.9
Other ⁽⁴⁾	(51.2)	(20.8)	(30.4)
Cash flows provided by operating activities	\$ 636.7	\$ 738.4	\$ (101.7)

(1) Includes items such as depreciation and amortization, deferred income taxes, provision for credit losses and equity-based compensation expense.

(2) The change is primarily due to customer and strategic stocking positions related to continued supply constraints, partially offset by timing of receipts and shipments.

(3) The change is primarily due to increased sales and timing of payments, partially offset by the impact of inventory purchases at the end of 2020.

(4) The change is primarily due to lower current liabilities, partially offset by higher contract liabilities.

In order to manage our working capital and operating cash needs, we monitor our cash conversion cycle, defined as days of sales outstanding in accounts receivable plus days of supply in inventory minus days of purchases outstanding in accounts payable, based on a rolling three-month average. Components of our cash conversion cycle are as follows:

(in days)	September 30,	
	2021	2020
Days of sales outstanding (DSO) ⁽¹⁾	61	61
Days of supply in inventory (DIO) ⁽²⁾	17	13
Days of purchases outstanding (DPO) ⁽³⁾	(53)	(58)
Cash conversion cycle	<u>25</u>	<u>16</u>

- (1) Represents the rolling three-month average of the balance of Accounts receivable, net at the end of the period, divided by average daily Net sales for the same three-month period. Also incorporates components of other miscellaneous receivables.
- (2) Represents the rolling three-month average of the balance of Merchandise inventory at the end of the period divided by average daily Cost of sales for the same three-month period.
- (3) Represents the rolling three-month average of the combined balance of Accounts payable-trade, excluding cash overdrafts, and Accounts payable-inventory financing at the end of the period divided by average daily Cost of sales for the same three-month period.

The cash conversion cycle increased to 25 days at September 30, 2021, compared to 16 days at September 30, 2020. DPO decreased 5 days and DIO increased 4 days compared to September 30, 2020. The increase in DIO was primarily due to customer and strategic stocking positions related to continued supply constraints, partially offset by timing of receipts and shipments. The decrease in DPO was primarily due to mixing out of vendors with extended payment terms.

Investing Activities

Net cash used in investing activities increased \$198 million for the nine months ended September 30, 2021 compared to September 30, 2020. This increase was primarily due to the acquisitions of Amplified IT LLC and Focal Point Data Risk LLC, partially offset by lower capital expenditures and proceeds from the sale of an equity method investment. For additional information regarding the acquisition, see Note 3 (Acquisitions) to the accompanying Consolidated Financial Statements.

Financing Activities

Net cash used in financing activities increased \$1,964 million for the nine months ended September 30, 2021 compared to September 30, 2020. This increase was primarily due to higher share repurchases, no new proceeds from the issuance of long-term debt during 2021, the mixing out of vendors with extended payment terms under our inventory financing arrangements and increased financing payments for revenue generating assets. For additional information regarding the inventory financing agreements and debt activities, see Note 5 (Inventory Financing Agreements) and Note 7 (Debt) to the accompanying Consolidated Financial Statements.

Issuers and Guarantors of Debt Securities

Each series of our outstanding unsecured senior notes (the "Notes") are issued by CDW LLC and CDW Finance Corporation (the "Issuers") and are guaranteed by CDW Corporation ("Parent") and each of CDW LLC's direct and indirect, 100% owned, domestic subsidiaries (the "Guarantor Subsidiaries" and, together with Parent, the "Guarantors"). All guarantees by Parent and the Guarantors are joint and several, and full and unconditional; provided that guarantees by the Guarantor Subsidiaries are subject to certain customary release provisions contained in the indentures governing the Notes.

The Notes and the related guarantees are the Issuers' and the Guarantors' senior unsecured obligations and are:

- structurally subordinated to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries and;
- rank equal in right of payment with all of the Issuers' and the Guarantors' existing and future unsecured senior debt.

The following tables set forth Balance Sheet information as of September 30, 2021 and December 31, 2020, and Statement of Operations information for the nine months ended September 30, 2021 and for the year ended December 31, 2020. The financial information includes the accounts of the Issuers and the accounts of the Guarantors (the "Obligor Group"). The financial information of the Obligor Group is presented on a combined basis and the intercompany balances and transactions between the Obligor Group have been eliminated.

Balance Sheet Information

(dollars in millions)	September 30, 2021	December 31, 2020
Current assets	\$ 4,446.1	\$ 5,161.3
Goodwill	2,451.4	2,239.1
Other assets	712.9	572.1
Total Non-current assets	3,164.3	2,811.2
Current liabilities	3,239.9	3,265.0
Long-term debt	3,920.8	3,856.5
Other liabilities	222.6	209.8
Total Long-term liabilities	4,143.4	4,066.3

Statement of Operations Information

(dollars in millions)	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
Net sales	\$ 13,395.2	\$ 16,380.8
Gross profit	2,295.0	2,851.8
Operating income	1,006.4	1,113.2
Net income	719.3	738.8

Commitments and Contingencies

The information set forth in Note 10 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements is incorporated herein by reference.

Critical Accounting Policies and Estimates

Our critical accounting policies have not changed from those reported in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020.

Recent Accounting Pronouncements

The information set forth in Note 2 (Recent Accounting Pronouncements) to the accompanying Consolidated Financial Statements is incorporated herein by reference.

Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the federal securities laws. All statements other than statements of historical fact are forward-looking statements. These statements relate to analyses and other information, which are based on forecasts of future results or events and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. We claim the protection of The Private Securities Litigation Reform Act of 1995 for all forward-looking statements in this report.

These forward-looking statements are identified by the use of terms and phrases such as "anticipate," "assume," "believe," "estimate," "expect," "goal," "intend," "plan," "potential," "predict," "project," "target" and similar terms and phrases or future or conditional verbs such as "could," "may," "should," "will," and "would." However, these words are not the exclusive means of identifying such statements. Although we believe that our plans, intentions and other expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that we will achieve those plans, intentions or expectations. All forward-looking statements are subject to risks and uncertainties that may cause actual results or events to differ materially from those that we expected.

Important factors that could cause actual results or events to differ materially from our expectations, or cautionary statements, are disclosed under the section entitled "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2020 and from time to time in our subsequent Quarterly Reports on Form 10-Q and our other US Securities and Exchange Commission ("SEC") filings. These factors include, among others, the COVID-19 pandemic and actions taken in response thereto and the associated impact on our business, results of operations, cash flows, financial condition and liquidity; CDW's relationships with vendor partners and terms of their agreements; continued innovations in hardware, software and services offerings by CDW's vendor partners; substantial competition that could reduce CDW's market share; the continuing development, maintenance and operation of CDW's information technology systems; potential breaches of data security and failure to protect our information technology systems from cybersecurity threats; potential failures to provide high-quality services to CDW's customers; potential losses of any key personnel; potential adverse occurrences at one of CDW's primary facilities or customer data centers; increases in the cost of commercial delivery services or disruptions of those services; CDW's exposure to accounts receivable and inventory risks; future acquisitions or alliances; fluctuations in CDW's operating results; fluctuations in foreign currency; global and regional economic and political conditions; potential interruptions of the flow of products from suppliers; decreases in spending on technology products and services; potential failures to comply with Public segment contracts or applicable laws and regulations; current and future legal proceedings, investigations and audits; changes in laws, including regulations or interpretations thereof; CDW's level of 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 potential failure to consummate the acquisition of Sirius or to achieve the anticipated benefits of the acquisition in the expected timeframe or at all; and other risk factors or uncertainties identified from time to time in CDW's filings with the SEC. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in the section entitled "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2020 as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not reflect all of the factors that could cause actual results or events to differ from our expectations. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures of Market Risks" in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. As of September 30, 2021, there have been no material changes in this information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, and that information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely discussions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in Note 10 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements included in "Part I, Item 1. Financial Statements" of this report is incorporated herein by reference.

Item 1A. Risk Factors

The disclosure below modifies the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. These risks and uncertainties, along with those previously disclosed, may cause our business prospects, results of operations and cash flows in future periods to differ materially from those currently expected or desired. Factors not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, results of operations and cash flows.

Risks Related to Our Business

The closing of the acquisition of Sirius is subject to various conditions, and if these conditions are not satisfied or waived, the acquisition will not be completed. Even if the acquisition is completed, achieving the anticipated benefits of the acquisition is subject to a number of uncertainties.

On October 15, 2021, the Company entered into a definitive agreement to acquire Sirius (the "Acquisition"). The parties' obligations to complete the Acquisition are subject to the satisfaction or waiver of certain conditions, including, among other things, the expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other customary closing conditions. There can be no assurance that the required regulatory approvals will be obtained in a timely manner or at all, that the other conditions to the closing of the Acquisition will be satisfied or waived or that the Acquisition will be completed. The failure of either party to satisfy all of the required conditions could delay the completion of the Acquisition for a significant period of time or prevent it from occurring. Any delay in completing the Acquisition could cause us to not realize some or all of the benefits that we anticipate achieving if the Acquisition is successfully completed within the timeframe that we currently expect.

Additional risks and uncertainties associated with the Acquisition include, among other things, the occurrence of any event that could give rise to termination of the Acquisition agreement and the effect of the announcement of the Acquisition on our ability or Sirius' ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties.

To the extent the Acquisition is not completed, we will have incurred expenses and diverted management time and resources from our ongoing business without realizing the accompanying benefits expected by our management. Moreover, even if the Acquisition is completed, achieving the anticipated benefits of the Acquisition, including cost and revenue synergies, is subject to a number of uncertainties, including that the anticipated benefits may not be fully realized or may take longer to realize than expected, that the Acquisition may not be accretive to the extent anticipated, and that the Company's acquisition and integration of Sirius may involve unanticipated liabilities and costs.

Failure to consummate the Acquisition or to achieve the anticipated benefits of the Acquisition in the expected timeframe or at all could materially adversely affect our business, results of operations, cash flows and common stock price.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

On February 10, 2021, we announced that our Board of Directors authorized a \$1.25 billion increase to our share repurchase program under which we may repurchase shares of our common stock in the open market through privately negotiated or other transactions, depending on share price, market conditions and other factors.

Information relating to the Company's purchases of its common stock during the three months ended September 30, 2021 is as follows:

Period	Total Number of Shares Purchased (in millions)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (in millions)	Maximum Dollar Value of Shares that May Yet be Purchased Under the Program ⁽¹⁾ (in millions)
July 1 through July 31, 2021	1.0	\$ 177.61	1.0	\$ 678.5
August 1 through August 31, 2021	0.8	\$ 194.01	0.8	\$ 528.1
September 1 through September 30, 2021	0.6	\$ 195.16	0.6	\$ 402.7
Total	<u>2.4</u>		<u>2.4</u>	

(1) The amounts presented in this column are the remaining total authorized value to be spent after each month's repurchases.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit	Description
2.1#	Purchase and Sale Agreement, dated as of October 15, 2021, by and between Sirius Computer Solutions Holdco, LP and CDW LLC, previously filed as Exhibit 2.1 with CDW Corporation’s Form 8-K filed on October 18, 2021 and incorporated herein by reference.
10.1*	Form of Compensation Protection Agreement (executive officers other than Christine A. Leahy).
10.2*	Letter of Understanding, dated as of September 29, 2021, by and among CDW Corporation, CDW LLC and Collin B. Kebo.
31.1*	Certification of Chief Executive Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350.
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith

** These items are furnished and not filed.

All exhibits and schedules to the Purchase and Sale Agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. CDW Corporation will furnish the omitted exhibits and schedules to the SEC upon request by the SEC.

SIGNATURES

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 thereunto duly authorized.

CDW CORPORATION

Date: November 3, 2021

By: /s/ Albert J. Miralles
Albert J. Miralles
Senior Vice President and Chief Financial Officer
(Duly authorized officer and principal financial officer)

COMPENSATION PROTECTION AGREEMENT

THIS COMPENSATION PROTECTION AGREEMENT (the “Agreement”) is entered into effective as of _____ (the “Effective Date”), by and among CDW Corporation, a Delaware corporation (the “Company”), CDW LLC, an Illinois limited liability company and wholly owned subsidiary of the Company (“CDW LLC”) and _____ (the “Executive”). [As of the Effective Date, this Agreement shall supersede in its entirety the Compensation Protection Agreement previously entered into by and among the Company, CDW LLC and the Executive.]¹

WITNESSETH

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) “Accrued Obligations” means, as of the Date of Termination, the sum of (i) the Executive’s base salary through the Date of Termination to the extent not theretofore paid, (ii) the amount of any bonus, annual incentive compensation, deferred compensation and other cash compensation accrued by the Executive as of the Date of Termination to the extent not theretofore paid and (iii) any vacation pay, expense reimbursements and other cash entitlements accrued by the Executive as of the Date of Termination to the extent not theretofore paid. For the purpose of this Section 1(a), amounts shall be deemed to accrue ratably over the period during which they are earned, but no discretionary compensation shall be deemed earned or accrued until it is specifically approved by the Board or the Compensation Committee in accordance with the applicable plan, program or policy.

(b) “Affiliate” shall mean any corporation or other entity (i) in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of such corporation or other entity entitled to vote generally in the election of directors or (ii) which has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors.

(c) “Board” means the Board of Directors of the Company.

(d) “Cause” shall mean one or more of the following: (i) the Executive’s refusal (after written notice and reasonable opportunity to cure) to perform duties properly assigned which are consistent with the scope and nature of his/her position, or (ii) the Executive’s commission of an act materially and demonstrably detrimental to the financial condition and/or goodwill of the Company or any of its subsidiaries, which act constitutes gross negligence or willful misconduct in the performance of duties to the Company or any of its subsidiaries, or (iii) the Executive’s commission of any theft, fraud, act of dishonesty or breach of trust resulting in or intended to result in material personal gain or enrichment of the Executive at the direct or indirect expense of the Company or any of its subsidiaries, or (iv) the Executive’s conviction of, or plea of guilty or nolo contendere to, a felony, (v) a material violation of any

¹ [Included only for executives who were parties to a Compensation Protection Agreement in effect prior to January 1, 2020.]

restrictive covenant with respect to non-competition, non-solicitation, confidentiality or protection of trade secrets (or similar provision regarding intellectual property) by which the Executive is bound under any agreement between the Executive and the Company and its subsidiaries or (vi) a material and willful violation of the Company's written policies or of the Executive's statutory or common law duty of loyalty to the Company or its Affiliates that in either case is materially injurious to the Company, monetarily or otherwise. No act or failure to act will be considered "willful" (x) unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company or (y) if it is done, or omitted to be done, in reliance on the informed advice of the Company's outside counsel or independent accountants or at the express direction of the Board.

(e) "Change in Control" means the occurrence of any one of the following events:

(i) During any twenty-four (24) month period, individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the beginning of such period whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(ii) Any "person" (as such term is defined in the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (A) by the Company or any subsidiary; (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary; (C) by any underwriter temporarily holding securities pursuant to an offering of such securities; (D) pursuant to a Non-Qualifying Transaction, as defined in paragraph (iii), or (E) by any person of Company Voting Securities from the Company, if a majority of the Incumbent Board approves in advance the acquisition of beneficial ownership of 35% or more of Company Voting Securities by such person;

(iii) The consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its subsidiaries that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless

immediately following such Business Combination: (A) more than 50% of the total voting power of (1) the corporation resulting from such Business Combination (the “Surviving Corporation”), or (2) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the “Parent Corporation”), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination; (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the beneficial owner, directly or indirectly, of 35% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a “Non-Qualifying Transaction”); or

(iv) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of a sale of all or substantially all of the Company’s assets.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 35% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding; provided, that if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control of the Company shall then occur.

(f) “Company” means CDW Corporation, a Delaware corporation, and its successors and assigns; provided, however, that in the event of the consummation of a transaction initiated by the Company involving the formation of a direct or indirect holding company of the Company for any internal legal or business purpose in which the holders of the outstanding voting securities of the Company become the holders of the outstanding voting securities of such holding company in substantially the same proportions, all references to the “Company” herein shall be deemed to be references to the new holding company.

(g) “Compensation Committee” means the Compensation Committee of the Board, or if no such committee has been appointed, the Board.

(h) “Date of Termination” means (i) the date of the Executive’s separation from service, within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) or (ii) if the Executive’s employment by the Company terminates by reason of death, the date of death of the Executive.

(i) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(j) “Good Reason” shall mean, without the written consent of the Executive, any one or more of the following: (i) the Company reduces the amount of the Executive’s base salary or cash bonus opportunity (it being understood that the Board shall have discretion to set the Company’s and the Executive’s personal performance targets to which the cash bonus will be tied), (ii) [the Company adversely changes the Executive’s reporting responsibilities, titles or office as in effect as of the date hereof or reduces his/her position, authority, duties, responsibilities or, after a Change in Control, his/her status, in a manner that is materially inconsistent with the positions, authority, duties, responsibilities or, after a Change in Control, status, which the Executive then holds]², (iii) any successor to the Company in any merger, consolidation or transfer of assets, as described in Section 8, does not expressly assume any material obligation of the Company to the Executive under any agreement or plan pursuant to which the Executive receives benefits or rights, or (iv) the Company changes the Executive’s place of work to a location more than fifty (50) miles from the Executive’s present place of work; provided, however, that the occurrence of any such condition shall not constitute Good Reason unless (A) the Executive provides written notice to the Company of the existence of such condition not later than 60 days after the Executive knows or reasonably should know of the existence of such condition, (B) the Company shall have failed to remedy such condition within 30 days after receipt of such notice and (C) the Executive resigns due to the existence of such condition within 60 days after the expiration of the remedial period described in clause (B) hereof.

(k) “Noncompetition Agreement” means the Noncompetition Agreement in the form of Exhibit A.

(l) “Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

(m) “Potential Change in Control” means any of the following events:

(i) the commencement by any person of a tender or exchange offer or a proxy contest that could ultimately result in a Change in Control;

(ii) the execution of a letter of intent, agreement in principle or definitive agreement by the Company that could ultimately result in a Change in Control;

² [In the Compensation Protection Agreement with Albert J. Miralles, bracketed language is replaced with the following: the Company materially reduces the Executive’s authority, duties, responsibilities or, after a Change in Control, the Executive’s status, reporting responsibilities, titles, position or office]

(iii) the public announcement by any person of such person's intent to take or consider taking actions which, if consummated, could result in a Change in Control;

(iv) the Board is aware that any person has taken steps reasonably calculated to effect a Change in Control; or

(v) the adoption by the Board of a resolution to the effect that a Potential Change in Control has occurred.

(n) "Qualifying Termination" means termination of the Executive's employment (1) by reason of the discharge of the Executive by the Company other than (A) for Cause, (B) the Executive's death or (C) the Executive's absence from the Executive's duties with the Company on a full-time basis for at least 180 consecutive days as a result of the Executive's incapacity due to physical or mental illness, or (2) by reason of the resignation of the Executive for Good Reason.

(o) "Severance Period" means the period commencing on the Date of Termination and ending on the second anniversary of the Date of Termination.

(p) "Termination Year Bonus" means the annual incentive bonus which would have been earned by the Executive under the Company's Senior Management Incentive Plan or any comparable successor plan if the Executive had remained employed by the Company for the full fiscal year in which the Date of Termination occurs or such later date as may be required for the Executive to be entitled to receipt of the bonus.

2. [Medical Plan Access.

(a) In the event Executive's employment with the Company terminates for any reason other than a termination by the Company for Cause, each of Executive and Executive's spouse and dependents will have continued access to participate in the Company's medical plan until such time as an event described in Section 2(b) occurs, with the full cost for such plan access, including any applicable taxes, to be paid by Executive. The additional medical plan access described herein will not apply until after the expiration of any benefit continuation period applicable under the Agreement and the exhaustion of the full COBRA continuation coverage period.

(b) The medical plan access set forth in this Section 2 will cease on the last day of the month of the earliest to occur of the following: (i) each of the Executive and the Executive's spouse become eligible for Medicare (or a successor thereto); (ii) Executive becomes eligible to participate in a subsequent employer's medical plan; (iii) Executive's material violation of any agreement between Executive and the Company (or its parent or subsidiary companies) with respect to noncompetition, nonsolicitation, confidentiality or protection of trade secrets; (iv) Executive ceases to timely pay premiums after notice and a 30 day cure period; (v) Executive expressly waives coverage in writing; (vi) the Company no longer

offers a medical plan to any of its coworkers; or (vii) the Company cannot offer the medical plan access set forth in this Section 2 due to a change in applicable law.]³

2. Payments Upon a Qualifying Termination.

(a) In the event of a Qualifying Termination, and provided the Executive executes and has not revoked a general release agreement substantially in the form of Exhibit B hereto (the “Release Agreement”) within sixty (60) days after the Date of Termination, the Company shall provide to the Executive, in consideration of the general release set forth in Section 2 of the Release Agreement, the obligations of the Executive contained in the Noncompetition Agreement and other good and valuable consideration, the following benefits:

(i) Payment of an amount equal to (A) the Termination Year Bonus multiplied by a fraction, the numerator of which is the number of days of the fiscal year in which the Date of Termination occurs during which the Executive was employed by the Company and the denominator of which is 365, less (B) any amounts previously paid to the Executive in respect of such Termination Year Bonus during such fiscal year, such amount to be payable on the same basis and at the same time as if the Executive’s employment with the Company had continued (or at such other time as required by Section 9 hereof);

(ii) Continuation during the Severance Period (or at such other time as required by Section 9 hereof) in accordance with the Company’s regular payroll practices of salary replacement amounts equal to the Executive’s highest annual base salary from the Company and its Affiliates in effect during the 12-month period prior to the Date of Termination;

(iii) Payment of an aggregate bonus replacement amount equal to two hundred percent (200%) of the Executive’s Termination Year Bonus, such aggregate amount to be payable in two equal installments, the first of which shall be made on the first anniversary of the Date of Termination and the second of which shall be made on the second anniversary of the Date of Termination; provided, however, that if the Termination Year Bonus is not calculable at the time a payment is required to be made pursuant to this Section 2(a)(iii), such payment shall be made within thirty (30) days after the Termination Year Bonus is so calculated (or at such other time as required by Section 9 hereof); provided that if the Date of Termination occurs after a Change in Control, such aggregate bonus replacement amount shall instead be equal to two hundred percent (200%) of the average of the annual incentive bonuses paid or payable to Executive for each of the three fiscal years ending immediately prior to the date of the Change in Control (or, if Executive was employed for fewer than three fiscal years prior to such Change in Control, two hundred percent (200%) of the average of the annual incentive bonuses paid or payable to Executive for each such year of employment);

³ [Included in the Compensation Protection Agreement with Sona Chawla. The section numbers and references in Ms. Chawla’s Compensation Protection Agreement are updated as a result of this additional section.]

(iv) Continuation, for the Severance Period, of medical, dental, disability, accident, life and similar insurance coverage on terms comparable to those which would have been provided if the Executive's employment with the Company had continued for that time, with the payment for such insurance coverage to be made on the same basis as if the Executive's employment with the Company had continued for that time, and subject to any withholding of applicable taxes with respect to such continued coverage; provided, however, that the Company's obligation to provide each such type of insurance coverage shall cease as of the date that the Executive becomes eligible for such type of insurance coverage under a plan or agreement of a subsequent employer. The Executive shall be obligated to notify the Company of the Executive's eligibility for insurance coverage under a plan or agreement of a subsequent employer on or before the date that such eligibility commences. If the Company determines that it is not reasonably practicable to provide a type of comparable insurance coverage required by this Section 2(a)(iv) for reasons other than cost, the Company shall reimburse the Executive for the amount necessary for the Executive to acquire comparable coverage, with such reimbursement, subject to applicable tax withholding, to be made no later than 90 days following the Company's receipt of appropriate documentation from the Executive, but in no event later than end of the calendar year following the calendar year in which the expense was incurred. The Company's obligation to make any such reimbursements for expenses not already incurred by the Executive shall cease at such time as the Executive becomes eligible under a plan or agreement of a subsequent employer for the type of insurance coverage for which the Executive is being compensated; and

(v) Outplacement services for a period of two years after the Date of Termination with a firm selected by the Company, to commence within a reasonable time following the Date of Termination. Payments pursuant to this Section 2(a)(v) shall not exceed \$20,000 in the aggregate for such two (2) year period and shall be made directly to such outplacement firm upon submission of proper documentation to the Company.

(b) If the employment of the Executive is terminated by the Company, the Company shall pay the Executive all Accrued Obligations within 15 days following the Date of Termination; provided, however, that any portion of the Accrued Obligations which consists of bonus, deferred compensation or annual incentive compensation shall be determined and paid in accordance with the terms of the relevant plan as applicable to the Executive.

(c) If the Executive breaches any of the covenants in the Noncompetition Agreement, including any noncompetition, nonsolicitation or confidentiality covenants contained therein, (i) the Executive's entitlement to the payments and benefits set forth in Section 2(a) shall be null and void, (ii) all rights to receive or continue to receive severance payments and benefits shall thereupon cease and (iii) the Executive shall immediately repay to the Company all amounts theretofore paid to, and the value of all benefits theretofore received by, the Executive pursuant to Section 2(a). The foregoing shall not limit any other rights or remedies the Company may have existing in its favor, including injunctive relief.

3. Nonqualifying Termination of Employment. If the employment of the Executive shall terminate for any reason other than a Qualifying Termination, then the Company shall pay to the Executive all Accrued Obligations (including, in the case of death or disability,

prorated annual incentive bonus (based on the target bonus under the Company's Senior Management Incentive Plan or any successor plan for the fiscal year in which the Executive's termination of employment occurs), through and including the effective date of the Executive's termination of employment in a lump sum within thirty (30) days after the Date of Termination (or at such other time as required by Section 9 hereof); provided, however, that any portion of the Accrued Obligations that consists of bonus, deferred compensation or annual incentive compensation shall be determined and paid in accordance with the terms of the relevant plan as applicable to the Executive. In addition, if the Executive's employment is terminated by retirement under a retirement plan of the Company or by resignation of the Executive other than for Good Reason, the Executive may, in the discretion of the Compensation Committee, be awarded a pro rata cash bonus for the year in which the Date of Termination occurs.

4. Section 280G.

(a) To the extent that any payment or distribution to or for the benefit of the Executive pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any of its affiliated companies, any person whose actions result in a change of ownership or effective control covered by Section 280G(b)(2) of the Code or any person affiliated with the Company or such person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments") would be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then the Company shall reduce the payments to the amount that is (after taking into account federal, state, local and social security taxes at the maximum marginal rates, including any excise taxes imposed by Section 4999 of the Code) one dollar less than the amount of the Payments that would subject the Executive to the Excise Tax (the "Safe Harbor Cap") if, and only if, such reduction would result in Executive receiving a higher net after-tax amount. Unless Executive shall have given prior written notice specifying a different order to the Company to effectuate the Safe Harbor Cap, the Payments to be reduced hereunder will be determined in a manner which has the least economic cost to Executive and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when the Payment would have been made to Executive until the reduction specified herein is achieved. Executive's right to specify the order of reduction of the Payments shall apply only to the extent that it does not directly or indirectly alter the time or method of payment of any amount that is deferred compensation subject to (and not exempt from) Section 409A.

(b) All determinations required to be made under this Section 4, including whether and when the Safe Harbor Cap is required and the amount of the reduction of the Payments pursuant to the Safe Harbor Cap and the assumptions to be utilized in arriving at such determination, shall be made by a public accounting firm or other nationally recognized consulting firm with expertise in Section 280G of the Code that is retained by the Company as of the date immediately prior to the Change in Control (the "Calculating Firm") which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from the Company or Executive that there has been a Payment, or such earlier time as is requested by the Company (collectively, the "Determination"). In the event that the Calculating Firm is serving as accountant, auditor or consultant for the individual, entity or group effecting the Change in Control, Executive may appoint another nationally recognized public accounting or consulting firm to make the determinations required hereunder

(which accounting firm shall then be referred to as the Calculating Firm hereunder). All fees and expenses of the Calculating Firm shall be borne solely by the Company and the Company shall enter into any agreement requested by the Calculating Firm in connection with the performance of the services hereunder. The Determination by the Calculating Firm shall be binding upon the Company and Executive. The Company shall bear and pay directly all costs and expenses incurred in connection with any contests or disputes with the Internal Revenue Service relating to the Excise Tax, and Executive shall cooperate, to the extent his or her reasonable out-of-pocket expenses are reimbursed by the Company, with any reasonable requests by the Company in connection with any such contests or disputes.

5. Withholding Taxes. The Company may withhold from all payments due to the Executive (or the Executive's beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom. The Company may also reduce the amounts otherwise payable pursuant to Section 2(a) hereof to satisfy the Executive's required contributions for the insurance coverage being provided hereunder.

6. Termination and Amendment of Agreement.

(a) This Agreement shall be effective as of the Effective Date and shall expire on January 1, 2023, provided that not later than nine months prior to the expiration of the term of this Agreement, the Company and the Executive shall review and discuss in good faith whether or not to renew, amend or replace the Agreement. If a Potential Change in Control occurs during the term of the Agreement, then in no event shall the Agreement expire earlier than the date such Potential Change in Control terminates without resulting in a Change in Control, and if a Change in Control occurs during the term of the Agreement, then in no event shall the Agreement expire earlier than the 24-month anniversary of such Change in Control. Notwithstanding the foregoing, any expiration or termination of this Agreement shall not retroactively impair or otherwise adversely affect the rights of the Executive which have arisen prior to the date of such expiration.

(b) No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver is agreed to in writing and signed by the Executive and by a duly authorized officer of the Company; provided, however, that the Company may amend the Agreement in a manner that is beneficial to the interests of the Executive without the Executive's written consent.

7. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company or its subsidiaries or any of their respective Affiliates. Any amount paid pursuant to Section 2 shall be paid in lieu of any other amount of severance relating to salary, incentive compensation or other bonus continuation to be received by the Executive from the Company or its Affiliates upon termination of employment of the Executive under any employment, employee benefit or severance plan or agreement, policy or similar arrangement of the Company or its Affiliates in effect as of the date hereof; provided, however, that nothing in this Section 7 shall affect the Executive's rights with respect to any equity ownership interest in the Company. If the Company or any of its Affiliates are obligated by law to pay severance pay, notice pay or other similar benefits, or if the Company

or any of its Affiliates are obligated by law to provide advance notice of separation (“Notice Period”), then the payments made pursuant to Section 2 shall be reduced by the amount of any such severance, notice pay or other similar benefits, as applicable, and by the amount of any severance pay, notice pay or other similar benefits received during any Notice Period.

8. Successors; Binding Agreement.

(a) This Agreement shall not be terminated by any merger or consolidation of the Company whereby the Company is or is not the surviving or resulting corporation or as a result of any transfer of all or substantially all of the assets of the Company. In the event of any such merger, consolidation or transfer of assets, the provisions of this Agreement shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred. In the event of the consummation of a transaction initiated by the Company involving the formation of a direct or indirect holding company of the Company for any internal legal or business purpose in which the holders of the outstanding voting securities of the Company become the holders of the outstanding voting securities of such holding company in substantially the same proportions, the provisions of this Agreement shall be binding upon such holding company.

(b) The Company agrees that concurrently with any merger, consolidation or transfer of assets referred to in Section 8(a), it will cause any successor or transferee unconditionally to assume, by written instrument delivered to the Executive (or the Executive’s beneficiary or estate), all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such merger, consolidation or transfer of assets shall be a breach of this Agreement and, if such merger, consolidation or transfer of assets is a “change in control event” within the meaning of Section 409A of the Code, shall entitle the Executive to compensation and other benefits from the Company in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive’s employment were terminated by reason of a Qualifying Termination. For purposes of implementing the foregoing, the date on which any such merger, consolidation or transfer becomes effective shall be deemed the Date of Termination.

(c) This Agreement shall inure to the benefit of and be enforceable by the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amounts would be payable to the Executive hereunder had the Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by the Executive to receive such amounts or, if no person is so appointed, to the Executive’s estate.

9. Section 409A Compliance. This Agreement shall be interpreted and construed in a manner that avoids the imposition of additional taxes and penalties under Section 409A of the Code (“409A Penalties”), and all payments under the Agreement are subject to the terms of the policy established by the Company pursuant to Section 409A of the Code. In the event the terms of this Agreement would subject the Executive to 409A Penalties, the Company and the Executive shall cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible, without adversely affecting the intended benefits

hereunder. Notwithstanding any other provision in this Agreement, if on the Date of Termination (a) the Company is a publicly traded corporation and (b) the Executive is a “specified employee,” as defined in Section 409A of the Code, then to the extent any amount payable under this Agreement constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, that under the terms of this Agreement would be payable prior to the six-month anniversary of the Date of Termination, such payment shall be delayed until the earlier to occur of (i) the six-month anniversary of the Date of Termination or (ii) the date of the Executive’s death.

10. Notices. For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed (i) if to the Executive, to the home address of the Executive on the most current Company records and if to the Company, to CDW Corporation, 200 North Milwaukee Avenue, Vernon Hills, IL 60061. attention General Counsel, or (ii) to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) A written notice of the Executive’s Date of Termination by the Company or the Executive, as the case may be, to the other, shall (i) indicate the specific provision in this Agreement applicable to such termination, if any, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for the application of such provision to the termination of the Executive’s employment and (iii) specify the termination date (which date shall be not less than 30 days after the giving of such notice, unless the Company determines, in its sole discretion, that Executive’s Date of Termination shall be less than 30 days following a written notice provided by the Executive). The failure by the Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive’s or the Company’s rights hereunder.

11. Full Settlement; Resolution of Disputes. The Company’s obligation to make any payments provided for in Section 2 of this Agreement and otherwise to perform its obligations thereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, except as provided in Section 2(c) or Section 13. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under the provisions of Section 2 of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment, except as provided in Section 2(c).

(b) Any dispute or controversy between the Company and the Executive arising out of or relating to this Agreement or the breach of this Agreement shall be settled by arbitration administered by the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules then in effect, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Any arbitration shall be held

before a single arbitrator who shall be selected by the mutual agreement of the Company and the Executive, unless the parties are unable to agree to an arbitrator, in which case the arbitrator will be selected under the procedures of the AAA. In connection with the appointment of an arbitrator, the AAA will give the parties a list of no less than 15 potential arbitrators to strike and number in order of preference in accordance with AAA procedures. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction. However, either party may, without inconsistency with this arbitration provision, apply to any court otherwise having jurisdiction over such dispute or controversy and seek interim provisional, injunctive or other equitable relief until the arbitration award is rendered or the controversy is otherwise resolved. Except as necessary in court proceedings to enforce this arbitration provision or an award rendered hereunder, or to obtain interim relief, neither a party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of the Company and the Executive. The Company and the Executive acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding any choice of law provision included in this Agreement, the United States Federal Arbitration Act shall govern the interpretation and enforcement of this arbitration provision. The arbitration proceeding shall be conducted in Chicago, Illinois or such other location to which the parties may agree. The Company shall pay the costs of any arbitrator appointed hereunder.

(c) If a claim or dispute arises after a Change in Control concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive, in connection with the bringing, prosecuting, defending, litigating, negotiating, or settling such claim or dispute; provided that if the Executive does not prevail on at least one material claim in connection with such claim or dispute, the Executive's right to such payments shall cease and the Executive shall be required to return any amounts advanced by the Company pursuant to this Section 11(c). For purposes of complying with the requirements of Section 409A of the Code, (i) the right of the Executive to reimbursement pursuant to this Section 11(c) shall apply until the tenth anniversary of the Date of Termination, (ii) the amount of expenses eligible for reimbursement during a calendar year shall not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an expense must be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

12. Employment with Affiliates. Employment with the Company for purposes of this Agreement shall include employment with any Affiliate of the Company.

13. Clawback Policy. Notwithstanding anything to the contrary herein, all incentive compensation paid to the Executive in connection with the Executive's employment with the Company shall be subject to forfeiture, recovery by Company or other action pursuant to any clawback or recoupment policy which the Company may adopt from time to time to the extent the Board determines in good faith that the adoption and maintenance of such policy is necessary to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or is otherwise required by applicable law.

14. Governing Law; Validity. The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Illinois without regard to the principle of conflicts of laws. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which other provisions shall remain in full force and effect.

15. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed to be an original and both of which together shall constitute one and the same instrument.

16. Joint and Several Obligation. Each of the Company and CDW LLC shall be jointly and severally liable for the payments and obligations provided to Executive under this Agreement.

17. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by the Executive and by a duly authorized officer of the Company and CDW LLC. No waiver by any party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Except as otherwise expressly set forth in this Agreement or in any agreement with respect to any equity ownership interest in the Company owned by the Executive, the rights of, and benefits payable to, the Executive, the Executive's estate or the Executive's beneficiaries pursuant to this Agreement are in addition to any rights against, or benefits payable by, third parties (i.e. Persons other than the Company or any of its Affiliates), to the Executive, the Executive's estate or the Executive's beneficiaries under any other employee benefit plan or program of the Company.

IN WITNESS WHEREOF, the Company and CDW LLC have caused this Agreement to be executed by a duly authorized officer and the Executive has executed this Agreement effective as of the day and year first above written.

CDW CORPORATION

By: _____
Christine A. Leahy
President and Chief Executive Officer

CDW LLC

By: _____
Christine A. Leahy
President and Chief Executive Officer

EXECUTIVE

[Executive's Name]



One CDW Way
200 N. Milwaukee Avenue
Vernon Hills, IL 60061

Phone: 847.465.6000
Fax: 847.465.6800
Toll-free: 800.800.4239

CDW.com

September 29, 2021

Collin B. Kebo
Via Email

Re: Letter of Understanding Regarding Post-Employment Consulting Services

Dear Collin:

This Letter of Understanding is to memorialize the terms of your retirement with CDW Corporation (“CDW”) and the arrangement pursuant to which you will provide post-termination consulting services to CDW and its affiliates.

Termination of Employment

You shall continue to serve as Senior Vice President and Chief Financial Officer of CDW through September 6, 2021, and from September 7, 2021 through October 1, 2021 (the “Termination Date”), you shall remain employed by CDW as Senior Advisor during which time you shall report to Al Miralles and shall receive the same compensation and employee benefits for which you are currently eligible. You will be eligible for a 2021 bonus under the CDW Senior Management Incentive Plan, based on actual performance, but prorated for your period of employment through the Termination Date. At the close of business on the Termination Date, your voluntary retirement with CDW shall be effective, and your employment and all other positions that you hold with CDW and its affiliates (other than the consulting services described below) shall terminate. You acknowledge and agree that your retirement is not due to circumstances that would constitute Good Reason under your Compensation Protection Agreement with CDW, and that you will not receive any severance compensation or benefits as a result of such termination.

Consulting Services

1. During the period from October 2, 2021 through March 31, 2022 (the “Consulting Period”), you shall make yourself available to perform consulting services with respect to the businesses conducted by CDW and its affiliates. You shall comply with all reasonable requests from CDW and its affiliates for your consulting services, including but not limited to those

relating to the transition of your duties to your successor, and shall devote reasonable care to the performance of such consulting services. Your point of contact at CDW during the Consulting Period will be Al Miralles. You shall perform the consulting services as an independent contractor without the power to bind or represent CDW or any of its affiliates.

2. As your sole compensation for your consulting services, each of your outstanding equity compensation awards granted under CDW's Amended and Restated 2013 Long-Term Incentive Plan shall remain outstanding and continue to vest during the Consulting Period in accordance with the terms of the applicable award agreements, and for purposes of such awards you shall be deemed to have terminated your continuous service with CDW due to retirement as of the last day of the Consulting Period. You shall not be eligible to receive any other wages, compensation or employee benefits from CDW or its affiliates with respect to your consulting services. For the avoidance of doubt, the tax equalization letter agreement between you and CDW, dated February 12, 2018, shall remain in effect in accordance with its terms.

3. The Consulting Period will automatically terminate immediately upon any breach of your obligations set forth in this Letter of Understanding or of your noncompetition, nonsolicitation or confidentiality obligations to CDW and its affiliates pursuant to your various restrictive covenants with CDW. Upon such breach, your equity compensation awards shall be subject to the terms of the applicable award agreements and the vesting continuation provisions set forth above in Paragraph 2 shall discontinue immediately.

4. This Letter of Understanding does not supersede any of your obligations under your Noncompetition Agreement with CDW (the "Noncompetition Agreement") upon the termination of your employment with CDW. The Noncompetition Period, as defined in the Noncompetition Agreement, shall continue for 18 months after the end of the Consulting Period.

A place for your signature is provided below. Please sign and return one (1) fully executed copy of this Letter of Understanding to me.

Sincerely,

CDW Corporation
CDW LLC

By: /s/ Christine A Leahy
Name: Christine A. Leahy
Title: President & Chief Executive Officer

Date: September 29, 2021

Accepted and Agreed:

By: /s/ Collin B. Kebo
Name: Collin B. Kebo

Date: September 29, 2021

**CERTIFICATION PURSUANT TO RULE 13a-14(a) or 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

I, Christine A. Leahy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christine A. Leahy

Christine A. Leahy

President and Chief Executive Officer

CDW Corporation

November 3, 2021

**CERTIFICATION PURSUANT TO RULE 13a-14(a) or 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

I, Albert J. Miralles, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Albert J. Miralles

Albert J. Miralles
Senior Vice President and Chief Financial
Officer
CDW Corporation
November 3, 2021

**CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63
OF TITLE 18 OF THE UNITED STATES CODE**

I, Christine A. Leahy, the chief executive officer of CDW Corporation ("CDW"), certify that (i) the Quarterly Report on Form 10-Q for the three months ended September 30, 2021 (the "10-Q") of CDW fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the 10-Q fairly presents, in all material respects, the financial condition and results of operations of CDW.

/s/ Christine A. Leahy

Christine A. Leahy

President and Chief Executive Officer

CDW Corporation

November 3, 2021

**CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63
OF TITLE 18 OF THE UNITED STATES CODE**

I, Albert J. Miralles, the chief financial officer of CDW Corporation ("CDW"), certify that (i) the Quarterly Report on Form 10-Q for the three months ended September 30, 2021 (the "10-Q") of CDW fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the 10-Q fairly presents, in all material respects, the financial condition and results of operations of CDW.

/s/ Albert J. Miralles

Albert J. Miralles
Senior Vice President and Chief Financial
Officer

CDW Corporation

November 3, 2021