CDW Corp
Form 10-Q
August 10, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2012
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 333-169258
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.)
200 N. Milwaukee Avenue Vernon Hills, Illinois (Address of principal executive offices)	60061 (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)
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 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 ý No The registrant has been subject to the filing requirements of Sections 13 and 15(d) for less than 90 days since the registrant's Registration Statement on Form S-4 was declared effective by the Commission on May 14, 2012. The registrant has filed (a) all reports required to be filed by it since that date and (b) all reports which it would have been required to file during the preceding 12 months had it been subject to such provisions.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). ý Yes ¨ No

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

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

As of August 6, 2012, there were 100,000 Class A common shares, $0.01 par value, outstanding, and 913,991 Class B common shares, $0.01 par value, outstanding, all of which were owned by CDW Holdings LLC.

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CDW CORPORATION AND SUBSIDIARIES
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PART I—FINANCIAL INFORMATION
Item 1. Financial Statements
CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except per share amounts)

Assets	June 30, 2012 (unaudited)	December 31, 2011
Current assets:		
Cash and cash equivalents	$158.7	$99.9
Accounts receivable, net of allowance for doubtful accounts of $5.4 and $5.4, respectively	1,238.3	1,254.9
Merchandise inventory	321.6	321.7
Miscellaneous receivables	160.7	143.6
Deferred income taxes	21.5	24.6
Prepaid expenses and other	63.5	34.7
Total current assets	1,964.3	1,879.4
Property and equipment, net	142.3	154.3
Goodwill	2,208.5	2,208.4
Other intangible assets, net	1,557.7	1,636.0
Deferred financing costs, net	60.7	68.5
Other assets	2.0	3.0
Total assets	$5,935.5	$5,949.6
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Accounts payable—trade	$688.3	$517.8
Accounts payable—inventory financing	253.2	278.7
Current maturities of long-term debt	—	201.0
Deferred revenue	66.1	27.8
Accrued expenses:		
Compensation	87.5	106.6
Interest	53.5	54.9
Sales taxes	18.3	23.1
Advertising	33.9	38.8
Income taxes	9.2	—
Other	87.5	92.6
Total current liabilities	1,297.5	1,341.3
Long-term liabilities:		
Debt	3,871.4	3,865.0
Deferred income taxes	656.7	692.0
Other liabilities	58.8	58.6
Total long-term liabilities	4,586.9	4,615.6
Commitments and contingencies	—	—
Shareholders' equity (deficit):		
Class A common shares, $0.01 par value, 100,000 shares authorized, issued, and outstanding	—	—
Class B common shares, $0.01 par value, 1,900,000 shares authorized; 914,477 and 913,063 shares issued, respectively; 913,991 and 912,706 shares outstanding,	—	—

respectively		
Paid-in capital	2,196.8	2,186.1
Accumulated deficit	(2,143.9)	(2,191.3)
Accumulated other comprehensive loss	(1.8)	(2.1)
Total shareholders’ equity (deficit)	51.1	(7.3)
Total liabilities and shareholders’ equity (deficit)	$5,935.5	$5,949.6

The accompanying notes are an integral part of the consolidated financial statements.

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CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	$2,584.7	$2,412.1	$4,903.9	$4,541.7
Cost of sales	2,157.8	2,011.3	4,092.4	3,790.5
Gross profit	426.9	400.8	811.5	751.2
Selling and administrative expenses	259.5	243.4	511.1	472.7
Advertising expense	31.0	29.2	60.4	58.6
Income from operations	136.4	128.2	240.0	219.9
Interest expense, net	(76.9)	(65.7)	(155.8)	(157.8)
Net loss on extinguishments of long-term debt	—	(115.7)	(9.4)	(118.9)
Other income, net	0.2	—	—	0.5
Income (loss) before income taxes	59.7	(53.2)	74.8	(56.3)
Income tax (expense) benefit	(22.9)	18.4	(27.1)	17.3
Net income (loss)	$36.8	$(34.8)	$47.7	$(39.0)

The accompanying notes are an integral part of the consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income (loss)	$36.8	$(34.8)	$47.7	$(39.0)
Reclassification of realized loss on interest rate swap agreements from accumulated other comprehensive loss to net loss, net of tax	—	—	—	1.9
Foreign currency translation adjustment	(1.6)	0.5	0.3	3.0
Comprehensive income (loss)	$35.2	$(34.3)	$48.0	$(34.1)

The accompanying notes are an integral part of the consolidated financial statements.

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CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)
(in millions)
(unaudited)

	Total Shareholders' Equity (Deficit)	Class A Common Shares	Class B Common Shares	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss
Balance at December 31, 2011	$(7.3)	$—	$—	$2,186.1	$(2,191.3)	$(2.1)
Equity-based compensation expense	11.5	—	—	11.5	—	—
Repurchase of Class B common shares	(0.3)	—	—	—	(0.3)	—
Accrued charitable contribution related to the MPK Coworker Incentive Plan II, net of tax	(0.6)	—	—	(0.6)	—	—
MPK Coworker Incentive Plan II units withheld for taxes	(0.2)	—	—	(0.2)	—	—
Net income	47.7	—	—	—	47.7	—
Foreign currency translation adjustment	0.3	—	—	—	—	0.3
Balance at June 30, 2012	$51.1	$—	$—	$2,196.8	$(2,143.9)	$(1.8)

The accompanying notes are an integral part of the consolidated financial statements.

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

	Six Months Ended June 30, 2012	2011
Cash flows from operating activities:		
Net income (loss)	$47.7	$(39.0)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	105.7	102.4
Equity-based compensation expense	11.5	8.1
Deferred income taxes	(32.0)	(17.5)
Allowance for doubtful accounts	—	0.9
Amortization of deferred financing costs and debt premium	8.0	7.7
Net loss on extinguishments of long-term debt	9.4	118.9
Other	0.9	4.2
Changes in assets and liabilities:		
Accounts receivable	16.9	(86.1)
Merchandise inventory	0.1	(56.0)
Other assets	(45.3)	(15.6)
Accounts payable-trade	170.5	117.0
Other current liabilities	12.1	(4.3)
Long-term liabilities	(0.8)	(10.9)
Net cash provided by operating activities	304.7	129.8
Cash flows from investing activities:		
Capital expenditures	(15.7)	(16.7)
Cash settlements on interest rate swap agreements	—	(6.6)
Premium payments on interest rate cap agreements	—	(3.2)
Net cash used in investing activities	(15.7)	(26.5)
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	256.0	755.0
Repayments of borrowings under revolving credit facility	(256.0)	(783.1)
Repayments of senior secured term loan facility	(201.0)	(132.0)
Proceeds from issuance of Senior Notes	135.7	1,175.0
Payments to extinguish Senior Notes	(136.9)	(1,175.0)
Payments of debt financing costs	(2.1)	(26.3)
Net change in accounts payable-inventory financing	(25.5)	89.9
Investment from CDW Holdings LLC	—	1.0
Repurchase of Class B common shares	(0.3)	(0.2)
Net cash used in financing activities	(230.1)	(95.7)
Effect of exchange rate changes on cash and cash equivalents	(0.1)	0.4
Net increase in cash and cash equivalents	58.8	8.0
Cash and cash equivalents— beginning of period	99.9	36.6
Cash and cash equivalents—end of period	$158.7	$44.6
Supplementary disclosure of cash flow information:		
Interest paid, net, including cash settlements on interest rate swap agreements	$(151.4)	$(178.2)
Taxes (paid) refunded, net	$(38.4)	$35.0

The accompanying notes are an integral part of the consolidated financial statements.

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CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

The Company is a leading provider of multi-branded information technology products and services in the U.S. and Canada. The Company provides comprehensive and integrated solutions for its customers' technology needs through an extensive range of hardware, software and service offerings. The Company's breadth of offerings allows its customers to streamline their procurement processes by using a complete solution provider for their technology needs.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements as of June 30, 2012 and for the three and six months ended June 30, 2012 and 2011 ("consolidated financial statements") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial statements. The consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 ("December 31, 2011 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, 2011 financial statements, except as disclosed in Note 2. 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 (loss), cash flows and changes in shareholders' equity (deficit) as of the dates and for the periods indicated. The unaudited consolidated statements of operations for such interim periods reported are not necessarily indicative of results for the full year.

CDW Corporation ("Parent") is owned directly by CDW Holdings LLC, a company controlled by investment funds affiliated with Madison Dearborn Partners, LLC and Providence Equity Partners, Inc., certain other co-investors and certain members of CDW management.

Parent has two wholly owned subsidiaries, CDW LLC and CDW Finance Corporation. CDW LLC is an Illinois limited liability company that, together with its wholly owned subsidiaries, holds all material assets and conducts all business activities and operations. CDW Finance Corporation is a Delaware corporation formed for the sole purpose of acting as co-issuer of certain debt obligations as described in Note 10 and does not hold any material assets or engage in any business activities or operations.

Throughout this report, the terms “the Company” and “CDW” refer to Parent and its wholly owned subsidiaries.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Parent and its wholly owned subsidiaries. All intercompany transactions and accounts are eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make use of certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at 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 could differ from those estimates.

The notes to consolidated financial statements contained in the December 31, 2011 financial statements include an additional discussion of the significant accounting policies and estimates used in the preparation of the Company's consolidated financial statements. There have been no material changes to the Company's significant accounting policies and estimates during the six months ended June 30, 2012.

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Reclassifications
Certain reclassifications have been made to the prior period consolidated financial statements to conform to the current period presentation.
Revision to Prior Period Financial Statements
As discussed in Note 3, the Company has historically entered into agreements with certain financial intermediaries to facilitate the purchase of inventory from various suppliers under certain terms and conditions. During the third quarter of 2011, the Company determined that its previous classification of obligations for inventory financing agreements was in error and that amounts owed under these agreements should be classified separately in the consolidated balance sheets and not included within accounts payable to trade creditors. Accordingly, the Company has changed the classification to reflect these amounts as accounts payable-inventory financing with no impact on total current liabilities for all periods prior to September 30, 2011. The Company has also revised its consolidated statements of cash flows for periods prior to September 30, 2011 to correct the classification of the cash flow impacts of amounts owed under inventory financing agreements from cash flows from operating activities and include them as cash flows from financing activities. There is no impact on consolidated net cash generated or used for any period as the amounts of the adjustments between cash flow captions are equal and offset one another in the same period.
These adjustments have no impact on net income (loss), comprehensive income (loss), total shareholders' equity (deficit), or Adjusted EBITDA, a non-GAAP measure as defined in the Company's credit agreements. There is also no impact on the Company's debt covenants for any period.
The Company has determined that these adjustments are not material either individually or in aggregate to any of its previously issued financial statements; however, due to the nature of the revisions, the Company has revised its presentation for these classification errors. A summary of the revisions to the consolidated statements of cash flows for the six months ended June 30, 2011 is as follows:

	Six Months Ended June 30, 2011		
(in millions)	As Previously Reported	Revision	As Revised
Net cash provided by operating activities	$207.4	$(77.6)	$129.8
Net cash used in financing activities	$(173.3)	$77.6	$(95.7)
Net increase in cash and cash equivalents	$8.0	$—	$8.0

2. Recent Accounting Pronouncements
Testing Goodwill for Impairment
In September 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2011-08 which is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. If an entity concludes that it is more likely than not that a reporting unit's fair value is equal to or greater than its carrying amount using the qualitative assessment, the entity would not be required to perform the two-step goodwill impairment test for that reporting unit. This update is effective for annual and interim goodwill impairment tests performed in fiscal years beginning after December 15, 2011. The adoption of this guidance on January 1, 2012 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.
Presentation of Comprehensive Income
In June 2011, the FASB issued ASU 2011-05, which amended guidance on the presentation of comprehensive income. The new guidance eliminates the option to present the components of other comprehensive income as part of the statement of shareholders’ equity. It requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Subsequently, the FASB issued

ASU 2011-12 in December 2011, which defers changes in ASU 2011-05 that relate to the presentation of reclassification adjustments between other comprehensive income and net income. The guidance does not change the items which must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. These updates are to be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company adopted ASU 2011-05 and ASU 2011-12 as of January 1, 2012. As this guidance impacts presentation only, the adoption did not have an impact on the Company's consolidated financial position, results of operations or cash flows.

Fair Value Measurements

In May 2011, the FASB issued ASU 2011-04. The new guidance results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Standards (“IFRS”). The new guidance does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards within GAAP or IFRS. This update is effective for interim and annual periods beginning after December 15, 2011. The adoption of this guidance on January 1, 2012 did not have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

3. 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 accompanying consolidated balance sheets. The Company does not incur any interest expense associated with these agreements as balances are paid when they are due.

The following table presents the amounts included in accounts payable-inventory financing at June 30, 2012 and December 31, 2011:

(in millions)	June 30, 2012	December 31, 2011
Revolving Loan financing agreement	$251.0	$240.7
Other inventory financing agreements	2.2	38.0
Accounts payable-inventory financing	$253.2	$278.7

The Company maintains a senior secured asset-based revolving credit facility as described in Note 4, which incorporates a $400.0 million floorplan sub-facility to facilitate the purchase of inventory from a certain vendor. In connection with the floorplan sub-facility, the Company maintains an inventory financing agreement on an unsecured basis with a financial intermediary to facilitate the purchase of inventory from this vendor (the “Revolving Loan financing agreement”). Amounts outstanding under the Revolving Loan financing agreement are unsecured and non-interest bearing. At June 30, 2012 and December 31, 2011, the Company reported $251.0 million and $240.7 million, respectively, for this agreement as accounts payable-inventory financing on the accompanying consolidated balance sheets.

The Company also maintains other inventory financing agreements with financial intermediaries to facilitate the purchase of inventory from certain vendors. During the first quarter of 2012, the Company terminated one of these agreements and began reporting the amounts owed as accounts payable-trade on the accompanying consolidated balance sheet. At December 31, 2011, $30.3 million owed under this agreement was reported as accounts payable-inventory financing on the accompanying consolidated balance sheet.

Of the total amounts owed at June 30, 2012 and December 31, 2011, $2.2 million and $7.7 million, respectively, were collateralized by the inventory purchases under these financing agreements and a second lien on the related accounts receivable. The remaining amounts owed under other inventory financing agreements were not collateralized.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

4. Long-Term Debt

Long-term debt was as follows:

(dollars in millions)	Interest Rate (1)	June 30, 2012	December 31, 2011
Senior secured asset-based revolving credit facility	— %	$—	$—
Senior secured term loan facility	3.9 %	1,339.5	1,540.5
Senior secured notes due 2018	8.0 %	500.0	500.0
Senior notes due 2019	8.5 %	1,305.0	1,175.0
Unamortized premium on senior notes due 2019		5.4	—
Senior subordinated notes due 2017	12.5 %	721.5	721.5
Senior notes due 2015	— %	—	129.0
Total long-term debt		3,871.4	4,066.0
Less current maturities of long-term debt		—	(201.0)
Long-term debt, excluding current maturities		$3,871.4	$3,865.0

(1) Weighted-average interest rate as of June 30, 2012

As of June 30, 2012, the Company was in compliance with the covenants under its various credit agreements as described below.

Senior Secured Asset-Based Revolving Credit Facility (“Revolving Loan”)

At June 30, 2012, the Company had no outstanding borrowings under the Revolving Loan, $0.7 million of undrawn letters of credit and $247.6 million reserved related to the floorplan sub-facility. The Revolving Loan matures on June 24, 2016.

In connection with the floorplan sub-facility, the Company maintains a Revolving Loan financing agreement. Amounts outstanding under the Revolving Loan financing agreement are unsecured and noninterest bearing. The Company will either pay the outstanding Revolving Loan financing agreement amounts when they become due, or the Revolving Loan's administrative agent will automatically initiate an advance on the Revolving Loan and use the proceeds to pay the balance on the due date. As of June 30, 2012, the Company owed $239.8 million under the Revolving Loan's floorplan sub-facility, which excludes $7.8 million reserved for product in transit. The difference between the total amount reported on the consolidated balance sheet as accounts payable-inventory financing of $251.0 million and the amount reserved related to the floorplan sub-facility of $247.6 million is due to differences in the methodology of calculating product in transit.

Availability under the Revolving Loan is limited to (a) the lesser of the revolving commitment of $900.0 million and the amount of the borrowing base less (b) outstanding borrowings, letters of credit, and amounts outstanding under the Revolving Loan financing agreement plus a reserve of 15% of open orders. At June 30, 2012, the borrowing base was $991.5 million as supported by eligible inventory and accounts receivable balances as of May 31, 2012. The Company could have borrowed up to an additional $651.7 million under the Revolving Loan at June 30, 2012.

Senior Secured Term Loan Facility (“Term Loan”)

At June 30, 2012, the outstanding principal amount of the Term Loan was $1,339.5 million, with $421.3 million of non-extended loans due October 10, 2014 and $918.2 million of extended loans due July 15, 2017.

The Term Loan requires the Company to make certain mandatory prepayments of principal amounts under certain circumstances, including (i) a prepayment in an amount equal to 50% of the Company's excess cash flow for a fiscal year (the percentage rate of which decreases to 25% when the total net leverage ratio, as defined in the governing agreement, is less than or equal to 5.5 but greater than 4.5; and decreases to 0% when the total net leverage ratio is less than or equal to 4.5), and (ii) the net cash proceeds from the incurrence of certain additional indebtedness by the Company or its subsidiaries. The Company was required to make a mandatory prepayment of $201.0 million under the excess cash flow provision with respect to the year ended December 31, 2011. The requirement was satisfied through $180.0 million of optional prepayments in February 2012 and $21.0 million of mandatory prepayments in March 2012.

The prepayments were allocated on a pro rata basis between the extended and non-extended loans.

The Term Loan includes a senior secured leverage ratio requirement to be maintained on a quarterly basis. The senior secured leverage ratio for the four quarters ended June 30, 2012 was required to be at or below 7.0. For the four quarters ended June 30, 2012, the senior secured leverage ratio was 2.3.

The Company is required to maintain an interest rate hedge to fix or cap the interest rate on at least 50% of the outstanding principal amount of the Term Loan through maturity, subject to certain limitations currently in effect. The Company utilizes interest rate cap agreements to maintain compliance with this requirement. The Company currently has four interest rate cap agreements in effect through January 14, 2013 with a combined notional amount of $1,100.0 million. The Company also has four forward-starting interest rate cap agreements with a combined notional amount of $500.0 million which will be effective from January 14, 2013 through January 14, 2015. All of the cap agreements entitle the Company to payments from the counterparty of the amount, if any, by which three-month LIBOR exceeds 3.5% during the agreement period. As of June 30, 2012 and December 31, 2011, the fair values of the Company's interest rate cap agreements were $0.1 million and $0.7 million, respectively.

8.0% Senior Secured Notes due 2018 (“Senior Secured Notes”)

The Senior Secured Notes were issued on December 17, 2010 and mature on December 15, 2018. At June 30, 2012, the outstanding principal amount of the Senior Secured Notes was $500.0 million.

11.0% Senior Exchange Notes due 2015 (“Senior Exchange Notes”); 11.50% / 12.25% Senior PIK Election Exchange Notes due 2015 (“PIK Election Notes” together with the Senior Exchange Notes, the “Senior Notes”)

As of June 30, 2012, there were no outstanding Senior Notes.

On February 2, 2012, the Company commenced a tender offer to purchase any and all of the remaining $129.0 million aggregate principal amount of Senior Notes. On February 17, 2012, the Company accepted for purchase $120.6 million aggregate principal amount of the outstanding Senior Notes that were tendered. On March 5, 2012, the Company accepted for purchase an additional $0.1 million aggregate principal amount of the outstanding Senior Notes that were tendered prior to the expiration of the tender offer on March 2, 2012. On March 19, 2012, the Company redeemed the remaining $8.3 million aggregate principal amount that was not tendered.

The Company funded the purchases and redemption of the Senior Notes with the issuance of $130.0 million in aggregate principal amount of 2019 Senior Notes (as defined below) on February 17, 2012. The proceeds from this issuance, together with cash on hand and borrowings under the Revolving Loan, funded the payment of $129.0 million aggregate principal amount of Senior Notes, $7.9 million in tender and redemption premiums and $5.0 million of accrued and unpaid interest, along with transaction fees and expenses.

In connection with these transactions, the Company recorded a loss on extinguishment of long-term debt of $9.4 million in the Company's consolidated statement of operations for the six months ended June 30, 2012. This loss represents $7.9 million in tender and redemption premiums and $1.5 million for the write-off of the remaining unamortized deferred financing costs related to the Senior Notes.

8.5% Senior Notes due 2019 (“2019 Senior Notes”)

On February 17, 2012, the Company issued $130.0 million in aggregate principal amount of additional 2019 Senior Notes at an issue price of 104.375% of par. The $5.7 million premium received is reported on the consolidated balance sheet as an addition to the face amount of the 2019 Senior Notes and will be amortized as a reduction of interest expense over the term of the related debt. As of June 30, 2012, the outstanding principal amount of 2019 Senior Notes was $1,305.0 million, excluding $5.4 million in unamortized premium. The 2019 Senior Notes mature on April 1, 2019.

12.5% Senior Subordinated Exchange Notes due 2017 (“Senior Subordinated Notes”)

At June 30, 2012, the outstanding principal amount of the Company's Senior Subordinated Notes was $721.5 million. The Senior Subordinated Notes mature on October 12, 2017.

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Fair Value

The Company's Senior Secured Notes, Senior Notes, 2019 Senior Notes and Senior Subordinated Notes are classified as Level 1 within the fair value hierarchy. The fair value of these debt instruments is estimated using quoted market prices for identical assets or liabilities that are actively traded in over-the-counter secondary markets. The Company's Term Loan is classified as Level 2 within the fair value hierarchy. The fair value of the Term Loan is estimated using dealer quotes for identical assets or liabilities in markets that are not considered active.

The following table presents the fair value of the Company's long-term debt instruments as of June 30, 2012:

(in millions)	Level 1	Level 2	Level 3	Total
Long-term debt	$2,725.8	$1,315.6	$—	$4,041.4

As of June 30, 2012, the carrying value of the Company's long-term debt was $3,866.0 million, excluding $5.4 million in unamortized premium.

5. Income Taxes

The Company's effective income tax rate was 38.4% and 34.7% for the three months ended June 30, 2012 and 2011, respectively, and 36.2% and 30.8% for the six months ended June 30, 2012 and 2011, respectively.

The effective income tax rates for the three and six months ended June 30, 2012 reflect a lower state income tax rate and less permanent book-tax differences than in the prior year. The effective rate for the six months ended June 30, 2012 also reflects the favorable impact of adjustments for state tax credits that were recorded in the first three months of 2012. The tax benefit and the effective tax rate for both the three and six months ended June 30, 2011 were reduced by additional state deferred taxes that were recorded due to changes in state tax law and permanent book-tax differences.

In the ordinary course of business, the Company is subject to review by domestic and foreign taxing authorities, including the Internal Revenue Service (“IRS”). The IRS is currently auditing tax years 2008 through 2010. In general, the Company is no longer subject to examination by the IRS for tax years prior to 2008. In addition, the Company is generally no longer subject to state and local or foreign income tax examinations by taxing authorities for tax years prior to 2006. Various taxing authorities are in the process of auditing income tax returns of the Company and its subsidiaries. The Company does not anticipate that any adjustments from the audits would have a material impact on its consolidated financial position, results of operations or cash flows.

6. Equity-Based Compensation

The Company recognized $5.8 million and $4.1 million in equity-based compensation for the three months ended June 30, 2012 and 2011, respectively, and $11.5 million and $8.1 million in equity-based compensation expense for the six months ended June 30, 2012 and 2011, respectively. Equity-based compensation expense for the three and six months ended June 30, 2012 included incremental expense of $1.7 million and $3.3 million, respectively, related to a modified Class B Common Unit grant agreement with the Company's former chief executive officer, which was entered into in June 2011.

The following table sets forth the summary of equity plan activity for the six months ended June 30, 2012:

Equity Awards	Class B Common Units (1)		MPK Plan Units (1) (2)	
Outstanding at January 1, 2012	202,908		70,113	
Granted	1,520		—	
Forfeited	(957	)	(1,691	) (3)
Repurchased/Settled	(325	)	(610	) (4)
Outstanding at June 30, 2012	203,146		67,812	
Vested at June 30, 2012	95,376		197	(5)

(1)

The weighted-average grant date fair market value for Class B Common Units granted during the period ended June 30, 2012 is $189.00. The weighted-average grant date fair market value for outstanding Class B

Common Units inclusive of the $60.00 per unit impact of the March 2010 modification and the impact of the June 2011 modification for the Company's former chief executive officer is $291.28. The weighted-average grant date fair market value for outstanding MPK Plan Units is $1,000.

(2) Represents units notionally credited to participants accounts.

(3) The Company contributes the fair market value of awards forfeited under the plan to a charitable foundation. The contribution is generally made in the quarter following that in which the units are forfeited. The Company made a contribution for 981 units forfeited during the three months ended March 31, 2012. The Company will make a future contribution with respect to 710 units that were forfeited during the three months ended June 30, 2012.

(4) Represents Class B Common Units that were repurchased by the Company from former participants and the settlement of vested MPK Plan Units through the issuance of Class A Units in exchange for the vested MPK Plan Units.

(5) Represents units that have vested but not yet converted to Class A Common Units.

As of June 30, 2012, the total unrecognized compensation cost of $37.7 million related to nonvested equity-based compensation awards granted under the equity plans is expected to be recognized over the weighted-average period of 4.2 years.

7. Deferred Compensation Plan

On March 10, 2010, the Company established the Restricted Debt Unit Plan (the "RDU Plan"), an unfunded nonqualified deferred compensation plan. The total number of RDUs that can be granted under the RDU Plan is 28,500. As of June 30, 2012, 25,774 RDUs had been granted to participants.

Compensation expense of $2.1 million and $2.0 million related to the RDU Plan was recognized in the three months ended June 30, 2012 and 2011, respectively, and compensation expense of $4.2 million and $4.0 million was recognized in the six months ended June 30, 2012 and 2011, respectively. As of June 30, 2012, total unrecognized compensation expense of $21.9 million related to the RDU Plan is expected to be recognized over the next 2.5 years. Payments totaling $5.6 million and $0.9 million were made to participants under the RDU Plan in January 2012 and April 2012, respectively.

At June 30, 2012 and December 31, 2011, the Company had $12.9 million and $15.2 million of liabilities related to the RDU Plan recorded on the consolidated balance sheets, respectively.

8. Commitments and Contingencies

The Company is party to legal proceedings that arise in the ordinary course of its business, including various pending litigation matters. The Company is also subject to audit by federal, state and local authorities, by vendors and by various customers, including government agencies, relating to sales under certain contracts. In addition, from time to time, customers of the Company file voluntary petitions for reorganization or liquidation under the U.S. bankruptcy laws. 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 June 30, 2012, 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 financial condition and results of operations could be adversely affected in any particular period by the unfavorable resolution of one or more of these proceedings or matters.

9. Segment Information

Segment information is presented in accordance with a "management approach," which designates the internal reporting used by the chief operating decision-maker for making decisions and assessing performance as the source of the Company's reportable segments. The Company's segments are organized in a manner consistent with which separate financial information is available and evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

The Company has two reportable segments: Corporate, which is comprised primarily of business customers, and

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Public, which is comprised of government entities and education and healthcare institutions. The Company also has two other operating segments, CDW Advanced Services and Canada, which do not meet the reportable segment quantitative thresholds and, accordingly, are combined together as “Other.”

The Company has centralized logistics and headquarters functions that provide services to the segments. The logistics function includes purchasing, distribution and fulfillment services to support both the Corporate and Public segments. As a result, costs and intercompany charges associated with the logistics function are fully allocated to both of these segments based on a percent of sales. The centralized headquarters function provides services in areas such as accounting, information technology, marketing, legal and coworker services. Headquarters' function costs that are not allocated to the segments are included under the heading of “Headquarters” in the tables below.

The Company allocates resources to and evaluates performance of its segments based on net sales, income (loss) from operations and Adjusted EBITDA, a non-GAAP measure as defined in the Company's credit agreements. However, the Company has concluded that income (loss) from operations is the more useful measure in terms of discussion of operating results as it is a GAAP measure.

Segment information for total assets and capital expenditures is not presented as such information is not used in measuring segment performance or allocating resources between segments.

Selected Segment Financial Information

The following table presents information about the Company’s segments for the three and six months ended June 30, 2012 and 2011:

(in millions)	Corporate	Public	Other	Headquarters	Total
Three Months Ended June 30, 2012:					
Net sales	$1,394.4	$1,040.4	$149.9	$—	$2,584.7
Income (loss) from operations	92.3	66.1	5.0	(27.0)	136.4
Depreciation and amortization expense	(24.4)	(11.0)	(2.4)	(15.4)	(53.2)
Three Months Ended June 30, 2011:					
Net sales	$1,338.4	$951.2	$122.5	$—	$2,412.1
Income (loss) from operations	87.7	61.0	4.4	(24.9)	128.2
Depreciation and amortization expense	(24.4)	(11.0)	(2.2)	(13.2)	(50.8)
Six Months Ended June 30, 2012:					
Net sales	$2,757.2	$1,858.0	$288.7	$—	$4,903.9
Income (loss) from operations	177.1	108.2	7.5	(52.8)	240.0
Depreciation and amortization expense	(48.7)	(22.0)	(4.7)	(30.3)	(105.7)
Six Months Ended June 30, 2011:					
Net sales	$2,617.7	$1,675.1	$248.9	$—	$4,541.7
Income (loss) from operations	166.0	98.1	8.0	(52.2)	219.9
Depreciation and amortization expense	(48.7)	(22.0)	(4.4)	(27.3)	(102.4)

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10. Supplemental Guarantor Information

The Senior Secured Notes, Senior Subordinated Notes and 2019 Senior Notes are guaranteed by Parent and each of CDW LLC's direct and indirect, wholly owned, domestic subsidiaries (the "Guarantor Subsidiaries"). All guarantees by Parent and Guarantor Subsidiaries are joint and several, and full and unconditional; provided that each guarantee by the Guarantor Subsidiaries is subject to certain customary release provisions contained in the indentures governing the Senior Secured Notes, Senior Subordinated Notes and 2019 Senior Notes. CDW LLC's Canada subsidiary (the "Non-Guarantor Subsidiary") does not guarantee the debt obligations. CDW LLC and CDW Finance Corporation, as co-issuers, are wholly owned by Parent, and each of the Guarantor Subsidiaries and the Non-Guarantor Subsidiary is wholly owned by CDW LLC.

The following tables set forth condensed consolidating balance sheets as of June 30, 2012 and December 31, 2011, consolidating statements of operations for the three and six months ended June 30, 2012 and 2011, condensed consolidating statements of comprehensive income (loss) for the three and six months ended June 30, 2012 and 2011, and condensed consolidating statements of cash flows for the six months ended June 30, 2012 and 2011, in accordance with Rule 3-10 of Regulation S-X. The consolidating financial information includes the accounts of CDW Corporation (the "Parent Guarantor"), which has no independent assets or operations, the accounts of CDW LLC (the "Subsidiary Issuer"), the combined accounts of the Guarantor Subsidiaries, the accounts of the Non-Guarantor Subsidiary, and the accounts of CDW Finance Corporation (the "Co-Issuer") for the periods indicated. The information was prepared on the same basis as the Company's consolidated financial statements.

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Condensed Consolidating Balance Sheet

June 30, 2012							
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	$—	$142.2	$22.1	$ 21.2	$—	$ (26.8)	$ 158.7
Accounts receivable, net	—	—	1,188.6	49.7	—	—	1,238.3
Merchandise inventory	—	—	317.3	4.3	—	—	321.6
Miscellaneous receivables	—	49.1	106.6	5.0	—	—	160.7
Deferred income taxes	—	16.5	5.0	—	—	—	21.5
Prepaid expenses and other	—	12.5	50.7	0.3	—	—	63.5
Total current assets	—	220.3	1,690.3	80.5	—	(26.8)	1,964.3
Property and equipment, net	—	72.9	66.6	2.8	—	—	142.3
Goodwill	—	749.4	1,428.4	30.7	—	—	2,208.5
Other intangible assets, net	—	357.8	1,191.4	8.5	—	—	1,557.7
Deferred financing costs, net	—	60.7	—	—	—	—	60.7
Other assets	5.7	1.2	0.8	0.3	—	(6.0)	2.0
Investment from and advances to subsidiaries	45.4	2,868.2	—	—	—	(2,913.6)	—
Total assets	$51.1	$4,330.5	$4,377.5	$ 122.8	$—	$ (2,946.4)	$ 5,935.5
Liabilities and Shareholders' Equity (Deficit)							
Current liabilities:							
Accounts payable—trade	$—	$19.1	$671.5	$ 24.5	$—	$ (26.8)	$ 688.3
Accounts payable—inventory financing	—	—	253.2	—	—	—	253.2
Deferred revenue	—	—	66.1	—	—	—	66.1
Accrued expenses	—	150.6	131.8	7.5	—	—	289.9
Total current liabilities	—	169.7	1,122.6	32.0	—	(26.8)	1,297.5
Long-term liabilities:							
Debt	—	3,871.4	—	—	—	—	3,871.4
Deferred income taxes	—	190.7	469.9	1.8	—	(5.7)	656.7
Other liabilities	—	53.3	3.9	1.9	—	(0.3)	58.8
Total long-term liabilities	—	4,115.4	473.8	3.7	—	(6.0)	4,586.9
Total shareholders' equity (deficit)	51.1	45.4	2,781.1	87.1	—	(2,913.6)	51.1
	$51.1	$4,330.5	$4,377.5	$ 122.8	$—	$ (2,946.4)	$ 5,935.5

Total liabilities and
shareholders’ equity (deficit)

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Condensed Consolidating Balance Sheet

	December 31, 2011						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	$—	$102.1	$15.8	$ 8.1	$—	$(26.1)	$ 99.9
Accounts receivable, net	—	—	1,197.9	57.0	—	—	1,254.9
Merchandise inventory	—	—	318.0	3.7	—	—	321.7
Miscellaneous receivables	—	47.3	93.3	3.0	—	—	143.6
Deferred income taxes	—	19.5	5.0	0.1	—	—	24.6
Prepaid expenses and other	—	11.0	23.5	0.2	—	—	34.7
Total current assets	—	179.9	1,653.5	72.1	—	(26.1)	1,879.4
Property and equipment, net	—	80.9	70.6	2.8	—	—	154.3
Goodwill	—	749.4	1,428.4	30.6	—	—	2,208.4
Other intangible assets, net	—	366.0	1,261.0	9.0	—	—	1,636.0
Deferred financing costs, net	—	68.5	—	—	—	—	68.5
Other assets	6.0	1.5	1.4	0.1	—	(6.0)	3.0
Investment from and advances to subsidiaries	(13.3)	3,038.7	—	—	—	(3,025.4)	—
Total assets	$(7.3)	$4,484.9	$4,414.9	$ 114.6	$—	$(3,057.5)	$ 5,949.6
Liabilities and Shareholders' (Deficit) Equity							
Current liabilities:							
Accounts payable-trade	$—	$17.6	$503.7	$ 22.6	$—	$(26.1)	$ 517.8
Accounts payable-inventory financing	—	—	278.7	—	—	—	278.7
Current maturities of long-term debt	—	201.0	—	—	—	—	201.0
Deferred revenue	—	—	27.8	—	—	—	27.8
Accrued expenses	—	162.5	146.2	7.3	—	—	316.0
Total current liabilities	—	381.1	956.4	29.9	—	(26.1)	1,341.3
Long-term liabilities:							
Debt	—	3,865.0	—	—	—	—	3,865.0
Deferred income taxes	—	199.3	496.9	1.8	—	(6.0)	692.0
Other liabilities	—	52.8	4.3	1.5	—	—	58.6
Total long-term liabilities	—	4,117.1	501.2	3.3	—	(6.0)	4,615.6
Total shareholders' (deficit) equity	(7.3)	(13.3)	2,957.3	81.4	—	(3,025.4)	(7.3)

Total liabilities and shareholders (deficit) equity	$(7.3)	$4,484.9	$4,414.9	$ 114.6	$—	$ (3,057.5)	5,949.6

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CDW CORPORATION AND SUBSIDIARIES
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Consolidating Statement of Operations

	Three Months Ended June 30, 2012						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Net sales	$—	$—	$2,471.9	$ 112.8	$—	$ —	$ 2,584.7
Cost of sales	—	—	2,059.2	98.6	—	—	2,157.8
Gross profit	—	—	412.7	14.2	—	—	426.9
Selling and administrative expenses	—	27.0	224.1	8.4	—	—	259.5
Advertising expense	—	—	29.9	1.1	—	—	31.0
(Loss) income from operations	—	(27.0)	158.7	4.7	—	—	136.4
Interest expense, net	—	(76.9)	—	—	—	—	(76.9)
Management fee	—	0.8	—	(0.8)	—	—	—
Other income, net	—	0.2	—	—	—	—	0.2
(Loss) income before income taxes	—	(102.9)	158.7	3.9	—	—	59.7
Income tax benefit (expense)	—	41.0	(62.9)	(1.0)	—	—	(22.9)
(Loss) income before equity in earnings (loss) of subsidiaries	—	(61.9)	95.8	2.9	—	—	36.8
Equity in earnings (loss) of subsidiaries	36.8	98.7	—	—	—	(135.5)	—
Net income (loss)	$36.8	$36.8	$95.8	$ 2.9	$—	$ (135.5)	$ 36.8

CDW CORPORATION AND SUBSIDIARIES
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Consolidating Statement of Operations

	Three Months Ended June 30, 2011						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Net sales	$—	$—	$2,319.8	$ 92.3	$—	$ —	$ 2,412.1
Cost of sales	—	—	1,931.5	79.8	—	—	2,011.3
Gross profit	—	—	388.3	12.5	—	—	400.8
Selling and administrative expenses	—	24.8	211.5	7.1	—	—	243.4
Advertising expense	—	—	28.3	0.9	—	—	29.2
(Loss) income from operations	—	(24.8)	148.5	4.5	—	—	128.2
Interest expense, net	—	(65.7)	—	—	—	—	(65.7)
Net loss on extinguishment of long-term debt	—	(115.7)	—	—	—	—	(115.7)
Management fee	—	8.0	—	(8.0)	—	—	—
Other income (expense), net	—	0.1	0.2	(0.3)	—	—	—
(Loss) income before income taxes	—	(198.1)	148.7	(3.8)	—	—	(53.2)
Income tax benefit (expense)	—	76.9	(56.7)	(1.8)	—	—	18.4
(Loss) income before equity in (loss) earnings of subsidiaries	—	(121.2)	92.0	(5.6)	—	—	(34.8)
Equity in (loss) earnings of subsidiaries	(34.8)	86.4	—	—	—	(51.6)	—
Net (loss) income	$(34.8)	$(34.8)	$92.0	$ (5.6)	$—	$(51.6)	$ (34.8)

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Consolidating Statement of Operations

(in millions)	Six Months Ended June 30, 2012						
	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Net sales	$—	$—	$4,684.9	$ 219.0	$—	$ —	$ 4,903.9
Cost of sales	—	—	3,901.2	191.2	—	—	4,092.4
Gross profit	—	—	783.7	27.8	—	—	811.5
Selling and administrative expenses	—	52.8	441.3	17.0	—	—	511.1
Advertising expense	—	—	58.5	1.9	—	—	60.4
(Loss) income from operations	—	(52.8)	283.9	8.9	—	—	240.0
Interest (expense) income, net	—	(156.1)	0.3	—	—	—	(155.8)
Net loss on extinguishments of long-term debt	—	(9.4)	—	—	—	—	(9.4)
Management fee	—	2.2	—	(2.2)	—	—	—
Other (expense) income, net	—	(0.1)	0.1	—	—	—	—
(Loss) income before income taxes	—	(216.2)	284.3	6.7	—	—	74.8
Income tax benefit (expense)	—	89.8	(115.1)	(1.8)	—	—	(27.1)
(Loss) income before equity in earnings (loss) of subsidiaries	—	(126.4)	169.2	4.9	—	—	47.7
Equity in earnings (loss) of subsidiaries	47.7	174.1	—	—	—	(221.8)	—
Net income (loss)	$47.7	$47.7	$169.2	$ 4.9	$—	$ (221.8)	$ 47.7

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Consolidating Statement of Operations

	Six Months Ended June 30, 2011						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Net sales	$—	$—	$4,351.7	$ 190.0	$—	$ —	$ 4,541.7
Cost of sales	—	—	3,625.2	165.3	—	—	3,790.5
Gross profit	—	—	726.5	24.7	—	—	751.2
Selling and administrative expenses	—	52.2	406.5	14.0	—	—	472.7
Advertising expense	—	—	56.9	1.7	—	—	58.6
(Loss) income from operations	—	(52.2)	263.1	9.0	—	—	219.9
Interest expense, net	—	(157.8)	—	—	—	—	(157.8)
Net loss on extinguishment of long-term debt	—	(118.9)	—	—	—	—	(118.9)
Management fee	—	8.0	—	(8.0)	—	—	—
Other income (expense), net	—	0.7	0.2	(0.4)	—	—	0.5
(Loss) income before income taxes	—	(320.2)	263.3	0.6	—	—	(56.3)
Income tax benefit (expense)	—	121.3	(100.7)	(3.3)	—	—	17.3
(Loss) income before equity in (loss) earnings of subsidiaries	—	(198.9)	162.6	(2.7)	—	—	(39.0)
Equity in (loss) earnings of subsidiaries	(39.0)	159.9	—	—	—	(120.9)	—
Net (loss) income	$(39.0)	$(39.0)	$162.6	$ (2.7)	$—	$ (120.9)	$ (39.0)

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CDW CORPORATION AND SUBSIDIARIES
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Condensed Consolidating Statement of Comprehensive Income (Loss)

	Three Months Ended June 30, 2012						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Comprehensive income (loss)	$35.2	$35.2	$95.8	$ 1.4	$—	$ (132.4)	$ 35.2

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Condensed Consolidating Statement of Comprehensive (Loss) Income

	Three Months Ended June 30, 2011						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Comprehensive (loss) income	$(34.3)	$(34.3)	$92.2	$(5.1)	$—	$(52.8)	$(34.3)

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Condensed Consolidating Statement of Comprehensive Income (Loss)

	Six Months Ended June 30, 2012						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Comprehensive income (loss)	$48.0	$48.0	$169.2	$ 5.2	$—	$(222.4)	$48.0

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Condensed Consolidating Statement of Comprehensive (Loss) Income

	Six Months Ended June 30, 2011						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Comprehensive (loss) income	$(34.1)	$(34.1)	$162.8	$0.2	$—	$(128.9)	$(34.1)

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CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Condensed Consolidating Statement of Cash Flows

	Six Months Ended June 30, 2012						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Net cash (used in) provided by operating activities	$—	$(118.3)	$410.6	$ 13.1	$—	$ (0.7)	$ 304.7
Cash flows from investing activities:							
Capital expenditures	—	(8.8)	(6.5)	(0.4)	—	—	(15.7)
Net cash used in investing activities	—	(8.8)	(6.5)	(0.4)	—	—	(15.7)
Cash flows from financing activities:							
Proceeds from borrowings under revolving credit facility	—	256.0	—	—	—	—	256.0
Repayments of borrowings under revolving credit facility	—	(256.0)	—	—	—	—	(256.0)
Repayments of senior secured term loan facility	—	(201.0)	—	—	—	—	(201.0)
Proceeds from issuance of Senior Notes	—	135.7	—	—	—	—	135.7
Payments to extinguish Senior Notes	—	(136.9)	—	—	—	—	(136.9)
Net change in accounts payable-inventory financing	—	—	(25.5)	—	—	—	(25.5)
Advances from (to) affiliates	—	371.8	(372.3)	0.5	—	—	—
Other financing activities	—	(2.4)	—	—	—	—	(2.4)
Net cash provided by (used in) financing activities	—	167.2	(397.8)	0.5	—	—	(230.1)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(0.1)	—	—	(0.1)