

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 June 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)

**75 Tri-State International**

**Lincolnshire, Illinois**

(Address of principal executive offices)

**26-0273989**

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

**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 July 30, 2021, there were 137,495,464 shares of common stock, \$0.01 par value, outstanding.

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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)

	June 30, 2021	December 31, 2020
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 501.2	\$ 1,410.2
Accounts receivable, net of allowance for credit losses of \$21.2 and \$29.6, respectively	3,370.5	3,212.6
Merchandise inventory	888.7	760.0
Miscellaneous receivables	430.9	379.5
Prepaid expenses and other	230.3	191.2
Total current assets	5,421.6	5,953.5
Operating lease right-of-use assets	124.7	130.8
Property and equipment, net	176.1	175.5
Goodwill	2,731.9	2,595.9
Other intangible assets, net	487.3	445.1
Other assets	49.3	43.9
<b>Total Assets</b>	<b>\$ 8,990.9</b>	<b>\$ 9,344.7</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable-trade	\$ 2,207.4	\$ 2,088.4
Accounts payable-inventory financing	375.2	524.6
Current maturities of long-term debt	19.8	70.9
Contract liabilities	325.7	243.7
Accrued expenses and other current liabilities:		
Compensation	255.1	288.3
Advertising	164.5	153.4
Sales and income taxes	80.4	104.2
Other	342.0	424.8
Total current liabilities	3,770.1	3,898.3
Long-term liabilities:		
Debt	3,909.2	3,856.3
Deferred income taxes	33.1	55.3
Operating lease liabilities	161.5	169.0
Other liabilities	68.2	68.7
Total long-term liabilities	4,172.0	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; 138.3 and 141.9 shares outstanding, respectively	1.4	1.4
Paid-in capital	3,294.1	3,204.9
Accumulated deficit	(2,163.5)	(1,813.4)
Accumulated other comprehensive loss	(83.2)	(95.8)
Total stockholders' equity	1,048.8	1,297.1
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 8,990.9</b>	<b>\$ 9,344.7</b>

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net sales	\$ 5,146.4	\$ 4,365.7	\$ 9,983.9	\$ 8,754.9
Cost of sales	4,263.6	3,618.5	8,305.9	7,251.2
Gross profit	882.8	747.2	1,678.0	1,503.7
Selling and administrative expenses	512.9	463.8	984.7	974.5
Operating income	369.9	283.4	693.3	529.2
Interest expense, net	(35.5)	(39.7)	(71.1)	(77.6)
Other income, net	36.8	1.7	37.9	5.6
Income before income taxes	371.2	245.4	660.1	457.2
Income tax expense	(97.1)	(56.3)	(153.4)	(100.2)
Net income	\$ 274.1	\$ 189.1	\$ 506.7	\$ 357.0
Net income per common share:				
Basic	\$ 1.96	\$ 1.32	\$ 3.60	\$ 2.50
Diluted	\$ 1.93	\$ 1.31	\$ 3.56	\$ 2.47
Weighted-average common shares outstanding:				
Basic	139.8	142.4	140.6	142.5
Diluted	141.7	144.3	142.4	144.6

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 274.1	\$ 189.1	\$ 506.7	\$ 357.0
Other comprehensive income (loss):				
Unrealized loss from hedge accounting, net of tax	—	—	—	(0.2)
Reclassification of hedge accounting loss to net income, net of tax	0.6	1.4	1.0	2.5
Foreign currency translation, net of tax	5.3	6.3	11.6	(36.1)
Other comprehensive income (loss)	5.9	7.7	12.6	(33.8)
Comprehensive income	\$ 280.0	\$ 196.8	\$ 519.3	\$ 323.2

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 June 30, 2021**

	<b>Common Stock</b>		<b>Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
<b>Balance as of March 31, 2021</b>	140.4	\$ 1.4	\$ 3,262.6	\$ (2,004.6)	\$ (89.1)	\$ 1,170.3
Net income	—	—	—	274.1	—	274.1
Equity-based compensation expense	—	—	20.6	—	—	20.6
Stock option exercises	—	—	4.1	—	—	4.1
Coworker Stock Purchase Plan	0.1	—	6.5	—	—	6.5
Repurchases of common stock	(2.2)	—	—	(376.9)	—	(376.9)
Dividends paid (\$0.40 per share)	—	—	0.3	(56.1)	—	(55.8)
Reclassification of hedge accounting loss to net income	—	—	—	—	0.6	0.6
Foreign currency translation	—	—	—	—	5.3	5.3
<b>Balance as of June 30, 2021</b>	<u>138.3</u>	<u>1.4</u>	<u>3,294.1</u>	<u>(2,163.5)</u>	<u>(83.2)</u>	<u>1,048.8</u>

**Three Months Ended June 30, 2020**

	<b>Common Stock</b>		<b>Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
<b>Balance as of March 31, 2020</b>	142.3	\$ 1.4	\$ 3,114.9	\$ (2,067.3)	\$ (159.3)	\$ 889.7
Net income	—	—	—	189.1	—	189.1
Equity-based compensation expense	—	—	5.6	—	—	5.6
Stock option exercises	0.3	—	12.7	—	—	12.7
Coworker Stock Purchase Plan	—	—	4.8	—	—	4.8
Dividends paid (\$0.38 per share)	—	—	0.3	(54.3)	—	(54.0)
Reclassification of hedge accounting loss to net income	—	—	—	—	1.4	1.4
Foreign currency translation	—	—	—	—	6.3	6.3
<b>Balance as of June 30, 2020</b>	<u>142.6</u>	<u>1.4</u>	<u>3,138.3</u>	<u>(1,932.5)</u>	<u>(151.6)</u>	<u>1,055.6</u>

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

**Six Months Ended June 30, 2021**

	<b>Common Stock</b>					<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>	<b>Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	
<b>Balance as of December 31, 2020</b>	141.9	\$ 1.4	\$ 3,204.9	\$ (1,813.4)	\$ (95.8)	\$ 1,297.1
Net income	—	—	—	506.7	—	506.7
Equity-based compensation expense	—	—	36.4	—	—	36.4
Stock option exercises	0.9	—	41.8	—	—	41.8
Coworker Stock Purchase Plan	0.1	—	10.4	—	—	10.4
Repurchases of common stock	(4.6)	—	—	(735.3)	—	(735.3)
Dividends paid (\$0.80 per share)	—	—	0.6	(112.9)	—	(112.3)
Incentive compensation plan stock withheld for taxes	—	—	—	(27.8)	—	(27.8)
Reclassification of hedge accounting loss to net income	—	—	—	—	1.0	1.0
Foreign currency translation	—	—	—	—	11.6	11.6
Impact of adoption of Topic 740	—	—	—	19.2	—	19.2
<b>Balance as of June 30, 2021</b>	<u>138.3</u>	<u>\$ 1.4</u>	<u>\$ 3,294.1</u>	<u>\$ (2,163.5)</u>	<u>\$ (83.2)</u>	<u>\$ 1,048.8</u>

**Six Months Ended June 30, 2020**

	<b>Common Stock</b>					<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>	<b>Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	
<b>Balance as of December 31, 2019</b>	143.0	\$ 1.4	\$ 3,095.3	\$ (2,018.6)	\$ (117.8)	\$ 960.3
Net income	—	—	—	357.0	—	357.0
Equity-based compensation expense	—	—	14.4	—	—	14.4
Stock option exercises	0.7	—	19.8	—	—	19.8
Coworker Stock Purchase Plan	—	—	8.3	—	—	8.3
Repurchases of common stock	(1.1)	—	—	(140.8)	—	(140.8)
Dividends paid (\$0.76 per share)	—	—	0.5	(108.7)	—	(108.2)
Incentive compensation plan stock withheld for taxes	—	—	—	(21.9)	—	(21.9)
Unrealized loss from hedge accounting	—	—	—	—	(0.2)	(0.2)
Reclassification of hedge accounting loss to net income	—	—	—	—	2.5	2.5
Foreign currency translation	—	—	—	—	(36.1)	(36.1)
Impact of adoption of Topic 326	—	—	—	0.5	—	0.5
<b>Balance as of June 30, 2020</b>	<u>142.6</u>	<u>\$ 1.4</u>	<u>\$ 3,138.3</u>	<u>\$ (1,932.5)</u>	<u>\$ (151.6)</u>	<u>\$ 1,055.6</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)

	<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 506.7	\$ 357.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	91.8	216.6
Equity-based compensation expense	36.4	14.4
Deferred income taxes	(3.1)	7.3
Provision for credit losses	(6.0)	27.1
Other	(31.0)	6.8
Changes in assets and liabilities:		
Accounts receivable	(140.5)	(80.4)
Merchandise inventory	(127.9)	(89.3)
Other assets	(74.0)	19.3
Accounts payable-trade	107.5	(2.1)
Other liabilities	(15.0)	39.1
Net cash provided by operating activities	<u>344.9</u>	<u>515.8</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(38.5)	(100.0)
Acquisition of business, net of cash acquired	(211.6)	—
Proceeds from the sale of equity method investment	36.0	—
Net cash used in investing activities	<u>(214.1)</u>	<u>(100.0)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings under revolving credit facility	56.5	1,024.0
Repayments of borrowings under revolving credit facility	—	(1,025.0)
Proceeds from issuance of long-term debt	—	600.0
Payments to extinguish long-term debt	(56.5)	—
Net change in accounts payable-inventory financing	(150.1)	52.3
Financing payments for revenue generating assets	(46.1)	—
Repurchases of common stock	(735.3)	(140.8)
Proceeds from stock option exercises	41.8	—
Payment of incentive compensation plan withholding taxes	(27.8)	(21.9)
Dividend payments	(112.3)	(108.3)
Other	(12.7)	14.0
Net cash (used in) provided by financing activities	<u>(1,042.5)</u>	<u>394.3</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>2.7</u>	<u>(5.7)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(909.0)</u>	<u>804.4</u>
<b>Cash and cash equivalents—beginning of period</b>	<u>1,410.2</u>	<u>154.0</u>
<b>Cash and cash equivalents—end of period</b>	<u>\$ 501.2</u>	<u>\$ 958.4</u>
<b>Supplementary disclosure of cash flow information:</b>		
Interest paid	\$ (66.4)	\$ (67.2)
Income taxes paid, net	\$ (157.6)	\$ (21.5)

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 June 30, 2021 and for the three and six months ended June 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 six months ended June 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. Acquisition

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 for the three and six months ended June 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.

## 4. Goodwill

The changes in goodwill by reportable segment are as follows:

	Corporate	Small Business	Public	Other <sup>(1)</sup>	Consolidated
Balances as of December 31, 2020 <sup>(2)</sup>	\$ 1,123.6	\$ 185.9	\$ 929.6	\$ 356.8	\$ 2,595.9
Amplified IT acquisition <sup>(3)</sup>	—	—	130.3	—	130.3
Other acquisition adjustments	0.2	—	—	—	0.2
Foreign currency translation	—	—	—	5.5	5.5
Balances as of June 30, 2021 <sup>(2)</sup>	<u>\$ 1,123.8</u>	<u>\$ 185.9</u>	<u>\$ 1,059.9</u>	<u>\$ 362.3</u>	<u>\$ 2,731.9</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 acquisition, see Note 3 (Acquisition).

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

**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:

	June 30, 2021	December 31, 2020
Revolving Loan inventory financing agreement <sup>(1)</sup>	\$ 327.7	\$ 470.1
Other inventory financing agreements	47.5	54.5
Accounts payable-inventory financing	<u>\$ 375.2</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 June 30, 2021 and December 31, 2020, the contract liability balance was \$326 million and \$244 million, respectively. During the six months ended June 30, 2021 and 2020, the Company recognized revenue of \$147 million and \$210 million, respectively, related to its contract liabilities.

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 June 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	\$ 36.8	\$ 22.0	\$ 7.7	\$ 1.3

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

**7. Long-Term Debt**

	Maturity Date	As of June 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	1.375 %	56.7	\$— %	—
<i>Term Loans</i>					
CDW UK term loan <sup>(1)</sup>	August 2021	— %	—	1.445 %	56.0
Senior secured term loan facility	October 2026	1.860 %	1,415.9	1.900 %	1,423.4
Total term loans			1,415.9		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 long-term obligations			6.3		—
Unamortized deferred financing fees			(24.9)		(27.2)
Current maturities of long-term debt			(19.8)		(70.9)
Total long-term debt		\$	<u>3,909.2</u>	\$	<u>3,856.3</u>

(1) Denominated in British pounds.

As of June 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. The Revolving Loan is used by the Company for borrowings, issuances of letters of credit and floorplan financing. As of June 30, 2021, the Revolving Loan had less than \$1 million of undrawn letters of credit, \$315 million reserved for the floorplan sub-facility and a borrowing base of \$2.3 billion, which is based on the amount of eligible inventory and accounts receivable balances as of May 31, 2021. As of June 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 interest rates disclosed in the table above represent the variable interest rates in effect on June 30, 2021 and December 31, 2020, respectively. The Company is required to pay quarterly principal installments of \$4 million with the remaining principal amount due at the maturity date. As of June 30, 2021, the amount of CDW's restricted payment capacity under the Term Loan was \$2.5 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:

	June 30, 2021	December 31, 2020
Fair value	\$ 4,056.3	\$ 4,077.9
Carrying value	3,953.9	3,954.4

**8. Income Taxes**

Income tax expense was \$97 million and \$56 million for the three months ended June 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 26.2% and 22.9% for the three months ended June 30, 2021 and 2020, respectively. The effective tax rate for the three months ended June 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 three months ended June 30, 2020 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.

Income tax expense was \$153 million and \$100 million for the six months ended June 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 23.2% and 21.9% for the six months ended June 30, 2021 and 2020, respectively. The effective tax rate for the six months ended June 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 six months ended June 30, 2020 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.

**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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Basic weighted-average shares outstanding	139.8	142.4	140.6	142.5
Effect of dilutive securities <sup>(1)</sup>	1.9	1.9	1.8	2.1
Diluted weighted-average shares outstanding <sup>(2)</sup>	141.7	144.3	142.4	144.6

- (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 six months ended June 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 June 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.

**CDW CORPORATION AND SUBSIDIARIES**  
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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
<b>Three Months Ended June 30, 2021</b>						
Net sales	\$ 1,983.3	\$ 482.9	\$ 2,080.7	\$ 599.5	\$ —	\$ 5,146.4
Operating income (loss)	175.2	44.0	153.3	23.7	(26.3)	369.9
Depreciation and amortization expense	(3.8)	(0.8)	(16.1)	(8.6)	(17.3)	(46.6)
<b>Three Months Ended June 30, 2020</b>						
Net sales	\$ 1,557.5	\$ 302.1	\$ 2,022.1	\$ 484.0	\$ —	\$ 4,365.7
Operating income (loss)	123.0	21.0	159.9	16.5	(37.0)	283.4
Depreciation and amortization expense	(22.1)	(5.6)	(69.1)	(7.9)	(20.5)	(125.2)
<b>Six Months Ended June 30, 2021</b>						
Net sales	\$ 3,788.9	\$ 915.6	\$ 4,002.4	\$ 1,277.0	\$ —	\$ 9,983.9
Operating income (loss)	336.6	86.8	290.0	51.4	(71.5)	693.3
Depreciation and amortization expense	(7.8)	(1.6)	(29.5)	(17.2)	(35.7)	(91.8)
<b>Six Months Ended June 30, 2020</b>						
Net sales	\$ 3,468.5	\$ 693.6	\$ 3,547.4	\$ 1,045.4	\$ —	\$ 8,754.9
Operating income (loss)	250.4	48.3	272.3	31.2	(73.0)	529.2
Depreciation and amortization expense	(44.4)	(11.4)	(106.8)	(15.9)	(38.1)	(216.6)



**CDW CORPORATION AND SUBSIDIARIES**  
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Geographic Areas and Revenue Mix

	Three Months Ended June 30, 2021				
	Corporate	Small Business	Public	Other	Total
<b>Geography<sup>(1)</sup></b>					
United States	\$ 1,976.2	\$ 482.9	\$ 2,080.7	\$ 4.7	\$ 4,544.5
Rest of World	7.1	—	—	594.8	601.9
Total Net sales	<u>1,983.3</u>	<u>482.9</u>	<u>2,080.7</u>	<u>599.5</u>	<u>5,146.4</u>
<b>Major Product and Services</b>					
Hardware	1,586.5	416.4	1,763.9	458.8	4,225.6
Software	267.6	49.4	242.5	78.3	637.8
Services	110.9	11.3	70.1	59.4	251.7
Other <sup>(2)</sup>	18.3	5.8	4.2	3.0	31.3
Total Net sales	<u>1,983.3</u>	<u>482.9</u>	<u>2,080.7</u>	<u>599.5</u>	<u>5,146.4</u>
<b>Sales by Channel</b>					
Corporate	1,983.3	—	—	—	1,983.3
Small Business	—	482.9	—	—	482.9
Government	—	—	513.4	—	513.4
Education	—	—	1,112.1	—	1,112.1
Healthcare	—	—	455.2	—	455.2
Other	—	—	—	599.5	599.5
Total Net sales	<u>1,983.3</u>	<u>482.9</u>	<u>2,080.7</u>	<u>599.5</u>	<u>5,146.4</u>
<b>Timing of Revenue Recognition</b>					
Transferred at a point in time where CDW is principal	1,789.2	451.6	1,953.5	527.2	4,721.5
Transferred at a point in time where CDW is agent	120.7	25.9	85.0	19.8	251.4
Transferred over time where CDW is principal	73.4	5.4	42.2	52.5	173.5
Total Net sales	<u>\$ 1,983.3</u>	<u>\$ 482.9</u>	<u>\$ 2,080.7</u>	<u>\$ 599.5</u>	<u>\$ 5,146.4</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) Includes items such as delivery charges to customers.

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(dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended June 30, 2020				
	Corporate	Small Business	Public	Other	Total
<b>Geography<sup>(1)</sup></b>					
United States	\$ 1,542.9	\$ 302.1	\$ 2,022.1	\$ 3.8	\$ 3,870.9
Rest of World	14.6	—	—	480.2	494.8
Total Net sales	<u>1,557.5</u>	<u>302.1</u>	<u>2,022.1</u>	<u>484.0</u>	<u>4,365.7</u>
<b>Major Product and Services<sup>(2)</sup></b>					
Hardware	1,211.6	247.7	1,724.8	365.1	3,549.2
Software	238.9	42.6	222.5	68.3	572.3
Services	93.1	7.1	66.2	48.4	214.8
Other <sup>(3)</sup>	13.9	4.7	8.6	2.2	29.4
Total Net sales	<u>1,557.5</u>	<u>302.1</u>	<u>2,022.1</u>	<u>484.0</u>	<u>4,365.7</u>
<b>Sales by Channel</b>					
Corporate	1,557.5	—	—	—	1,557.5
Small Business	—	302.1	—	—	302.1
Government	—	—	719.7	—	719.7
Education	—	—	876.8	—	876.8
Healthcare	—	—	425.6	—	425.6
Other	—	—	—	484.0	484.0
Total Net sales	<u>1,557.5</u>	<u>302.1</u>	<u>2,022.1</u>	<u>484.0</u>	<u>4,365.7</u>
<b>Timing of Revenue Recognition</b>					
Transferred at a point in time where CDW is principal	1,387.2	280.7	1,854.2	426.2	3,948.3
Transferred at a point in time where CDW is agent	112.2	18.9	68.3	14.8	214.2
Transferred over time where CDW is principal	58.1	2.5	99.6	43.0	203.2
Total Net sales	<u>\$ 1,557.5</u>	<u>\$ 302.1</u>	<u>\$ 2,022.1</u>	<u>\$ 484.0</u>	<u>\$ 4,365.7</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 June 30, 2021.
- (3) Includes items such as delivery charges to customers.

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	Six Months Ended June 30, 2021				
	Corporate	Small Business	Public	Other	Total
<b>Geography<sup>(1)</sup></b>					
United States	\$ 3,779.7	\$ 915.6	\$ 4,002.4	\$ 9.3	\$ 8,707.0
Rest of World	9.2	—	—	1,267.7	1,276.9
Total Net sales	<u>3,788.9</u>	<u>915.6</u>	<u>4,002.4</u>	<u>1,277.0</u>	<u>9,983.9</u>
<b>Major Product and Services</b>					
Hardware	3,007.3	784.6	3,431.8	971.5	8,195.2
Software	534.6	98.5	433.9	176.3	1,243.3
Services	213.5	21.5	128.0	122.6	485.6
Other <sup>(2)</sup>	33.5	11.0	8.7	6.6	59.8
Total Net sales	<u>3,788.9</u>	<u>915.6</u>	<u>4,002.4</u>	<u>1,277.0</u>	<u>9,983.9</u>
<b>Sales by Channel</b>					
Corporate	3,788.9	—	—	—	3,788.9
Small Business	—	915.6	—	—	915.6
Government	—	—	1,029.5	—	1,029.5
Education	—	—	2,055.4	—	2,055.4
Healthcare	—	—	917.5	—	917.5
Other	—	—	—	1,277.0	1,277.0
Total Net sales	<u>3,788.9</u>	<u>915.6</u>	<u>4,002.4</u>	<u>1,277.0</u>	<u>9,983.9</u>
<b>Timing of Revenue Recognition</b>					
Transferred at a point in time where CDW is principal	3,416.9	853.6	3,779.4	1,127.8	9,177.7
Transferred at a point in time where CDW is agent	233.0	52.8	143.1	43.2	472.1
Transferred over time where CDW is principal	139.0	9.2	79.9	106.0	334.1
Total Net sales	<u>\$ 3,788.9</u>	<u>\$ 915.6</u>	<u>\$ 4,002.4</u>	<u>\$ 1,277.0</u>	<u>\$ 9,983.9</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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	Six Months Ended June 30, 2020				
	Corporate	Small Business	Public	Other	Total
<b>Geography<sup>(1)</sup></b>					
United States	\$ 3,450.7	\$ 693.6	\$ 3,547.4	\$ 10.0	\$ 7,701.7
Rest of World	17.8	—	—	1,035.4	1,053.2
Total Net sales	<u>3,468.5</u>	<u>693.6</u>	<u>3,547.4</u>	<u>1,045.4</u>	<u>8,754.9</u>
<b>Major Product and Services<sup>(2)</sup></b>					
Hardware	2,729.5	572.8	2,940.0	776.3	7,018.6
Software	511.1	95.4	457.6	161.6	1,225.7
Services	193.1	15.4	134.1	102.8	445.4
Other <sup>(3)</sup>	34.8	10.0	15.7	4.7	65.2
Total Net sales	<u>3,468.5</u>	<u>693.6</u>	<u>3,547.4</u>	<u>1,045.4</u>	<u>8,754.9</u>
<b>Sales by Channel</b>					
Corporate	3,468.5	—	—	—	3,468.5
Small Business	—	693.6	—	—	693.6
Government	—	—	1,288.2	—	1,288.2
Education	—	—	1,353.0	—	1,353.0
Healthcare	—	—	906.2	—	906.2
Other	—	—	—	1,045.4	1,045.4
Total Net sales	<u>3,468.5</u>	<u>693.6</u>	<u>3,547.4</u>	<u>1,045.4</u>	<u>8,754.9</u>
<b>Timing of Revenue Recognition</b>					
Transferred at a point in time where CDW is principal	3,128.2	647.4	3,258.8	925.2	7,959.6
Transferred at a point in time where CDW is agent	219.8	40.9	120.6	28.0	409.3
Transferred over time where CDW is principal	120.5	5.3	168.0	92.2	386.0
Total Net sales	<u>\$ 3,468.5</u>	<u>\$ 693.6</u>	<u>\$ 3,547.4</u>	<u>\$ 1,045.4</u>	<u>\$ 8,754.9</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 six months ended June 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 six months ended June 30, 2021 and 2020. Categories are based upon internal classifications.

	Three Months Ended June 30,			
	2021		2020 <sup>(1)</sup>	
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales
Notebooks/Mobile Devices	\$ 1,710.1	33.2 %	\$ 1,427.7	32.7 %
Netcomm Products	483.8	9.4	471.2	10.8
Desktops	293.7	5.7	254.4	5.8
Video	410.5	8.0	246.8	5.7
Enterprise and Data Storage (Including Drives)	242.5	4.7	200.1	4.6
Other Hardware	1,085.0	21.1	949.0	21.7
<b>Total Hardware</b>	<b>4,225.6</b>	<b>82.1</b>	<b>3,549.2</b>	<b>81.3</b>
Software <sup>(2)</sup>	637.8	12.4	572.3	13.1
Services <sup>(2)</sup>	251.7	4.9	214.8	4.9
Other <sup>(3)</sup>	31.3	0.6	29.4	0.7
<b>Total Net sales</b>	<b>\$ 5,146.4</b>	<b>100.0 %</b>	<b>\$ 4,365.7</b>	<b>100.0 %</b>

	Six Months Ended June 30,			
	2021		2020 <sup>(1)</sup>	
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales
Notebooks/Mobile Devices	\$ 3,302.8	33.1 %	\$ 2,538.2	29.0 %
Netcomm Products	938.4	9.4	926.0	10.6
Desktops	558.9	5.6	636.7	7.3
Video	736.5	7.4	560.3	6.4
Enterprise and Data Storage (Including Drives)	502.1	5.0	440.9	5.0
Other Hardware	2,156.5	21.6	1,916.5	21.9
<b>Total Hardware</b>	<b>8,195.2</b>	<b>82.1</b>	<b>7,018.6</b>	<b>80.2</b>
Software <sup>(2)</sup>	1,243.3	12.5	1,225.7	14.0
Services <sup>(2)</sup>	485.6	4.9	445.4	5.1
Other <sup>(3)</sup>	59.8	0.5	65.2	0.7
<b>Total Net sales</b>	<b>\$ 9,983.9</b>	<b>100.0 %</b>	<b>\$ 8,754.9</b>	<b>100.0 %</b>

- (1) Amounts have been reclassified for changes in individual product classifications to conform to the presentation for the three and six months ended June 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 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 an expert team with deep capabilities 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.

## **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.

### **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. As schools prepare for students to return this fall, Education customers have prioritized 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, debt levels including available credit, sales per coworker and coworker turnover. 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. 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."



## Second Quarter Overview

The results of certain business metrics are as follows:

(dollars in millions)	Three Months Ended June 30,	
	2021	2020
Net sales	\$ 5,146.4	\$ 4,365.7
Gross profit	882.8	747.2
Operating income	369.9	283.4
Net income	274.1	189.1
Non-GAAP operating income	418.1	338.2
Non-GAAP net income	286.1	225.3
Average daily sales <sup>(1)</sup>	80.4	68.2
Net debt <sup>(2)</sup>	3,427.8	2,941.1
Cash conversion cycle (in days) <sup>(3)</sup>	21	25

(1) There were 64 selling days for both the three months ended June 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 June 30, 2021 Compared to Three Months Ended June 30, 2020

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

	Three Months Ended June 30,			
	2021		2020	
	Dollars in Millions	Percentage of Net Sales	Dollars in Millions	Percentage of Net Sales
Net sales	\$ 5,146.4	100.0 %	\$ 4,365.7	100.0 %
Cost of sales	4,263.6	82.8	3,618.5	82.9
Gross profit	882.8	17.2	747.2	17.1
Selling and administrative expenses	512.9	10.0	463.8	10.6
Operating income	369.9	7.2	283.4	6.5
Interest expense, net	(35.5)	(0.7)	(39.7)	(0.9)
Other income, net	36.8	0.7	1.7	—
Income before income taxes	371.2	7.2	245.4	5.6
Income tax expense	(97.1)	(1.9)	(56.3)	(1.3)
Net income	\$ 274.1	5.3 %	\$ 189.1	4.3 %

### 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 June 30,					
	2021		2020		Dollar Change	Percent Change <sup>(1)</sup>
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales		
Corporate	\$ 1,983.3	38.5 %	\$ 1,557.5	35.7 %	\$ 425.8	27.3 %
Small Business	482.9	9.4	302.1	6.9	180.8	59.8
Public:						
Government	513.4	10.0	719.7	16.5	(206.3)	(28.7)
Education	1,112.1	21.6	876.8	20.1	235.3	26.8
Healthcare	455.2	8.8	425.6	9.7	29.6	7.0
Total Public	2,080.7	40.4	2,022.1	46.3	58.6	2.9
Other	599.5	11.7	484.0	11.1	115.5	23.8
Total Net sales	\$ 5,146.4	100.0 %	\$ 4,365.7	100.0 %	\$ 780.7	17.9 %

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

Total Net sales for the three months ended June 30, 2021 increased \$781 million, or 17.9%, to \$5,146 million, compared to the three months ended June 30, 2020. Excluding the impact of foreign currency fluctuations, constant currency Net sales growth was 16.3%. Net sales growth was primarily driven by Corporate, Education and Small Business customers. Our Corporate and Small Business customers prepared for returning to the office and optimizing hybrid work environment capabilities, while Education customers prioritized equity and access to learning and enhancing the in-classroom experience. 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 June 30, 2021 increased \$426 million, or 27.3%, compared to the three months ended June 30, 2020. Expectations that a hybrid environment will become the future work model resulted in increased demand for notebooks/mobile devices, video and accessories. Additionally, Corporate customers resumed infrastructure projects, driving growth in servers, enterprise storage and software.

Small Business segment Net sales for the three months ended June 30, 2021 increased \$181 million, or 59.8%, compared to the three months ended June 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 June 30, 2021 increased \$59 million, or 2.9%, compared to the three months ended June 30, 2020. Net sales to Education customers increased 26.8% primarily driven by integrated solutions including notebooks/mobile devices, video, accessories and services. Schools have prioritized equity and access to learning and are investing in the interactive classroom experience to prepare for students returning to in-person learning in the fall. Net sales to Healthcare customers increased 7.0% primarily due to desktops and video. Healthcare customers saw patients returning for elective procedures which increased confidence in budgets, enabling delayed projects to restart. Net sales to Government customers decreased 28.7% primarily driven by notebooks/mobile devices and desktops, and the completion of the Census project, comprised of other hardware, including accessories and smartphones, and services.

Net sales in Other, which is comprised of results from our UK and Canadian operations, for the three months ended June 30, 2021 increased \$116 million, or 23.8%, compared to the three months ended June 30, 2020. In local currency, Canada Net sales increased as a result of increased customer confidence and higher vaccination rates while UK Net sales decreased due to a slower economic recovery. 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 13.9%, primarily due to the favorable translation of the Canadian dollar and British pound to the US dollar.

### Gross profit

Gross profit increased \$136 million, or 18.2%, to \$883 million for the three months ended June 30, 2021, compared to \$747 million for the three months ended June 30, 2020. As a percentage of Net sales, Gross profit margin increased 10 basis points to 17.2% for the three months ended June 30, 2021. The increase in Gross profit margin was primarily driven 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, partially offset by overlapping higher margin configuration services in the prior year.

### Selling and administrative expenses

Selling and administrative expenses increased \$49 million, or 10.6%, to \$513 million for the three months ended June 30, 2021, compared to \$464 million for the three months ended June 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 goals, partially offset by lower intangible asset amortization. Total coworker count was 10,666, up 618 from 10,048 at June 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 60 basis points to 10.0% during the three months ended June 30, 2021, compared to 10.6% in the three months ended June 30, 2020 primarily due to lower intangible asset amortization, partially offset by higher payroll expenses.

### 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 June 30,				Percent Change in Operating Income
	2021		2020		
	Dollars in Millions	Operating Margin	Dollars in Millions	Operating Margin	
<b>Segments:<sup>(1)</sup></b>					
Corporate	\$ 175.2	8.8 %	\$ 123.0	7.9 %	42.3 %
Small Business	44.0	9.1	21.0	7.0	109.4
Public	153.3	7.4	159.9	7.9	(4.1)
Other <sup>(2)</sup>	23.7	4.0	16.5	3.4	42.8
Headquarters <sup>(3)</sup>	(26.3)	nm*	(37.0)	nm*	28.9
<b>Total Operating income</b>	<b>\$ 369.9</b>	<b>7.2 %</b>	<b>\$ 283.4</b>	<b>6.5 %</b>	<b>30.5 %</b>

\* 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 \$370 million for the three months ended June 30, 2021, an increase of \$87 million, or 30.5%, compared to \$283 million for the three months ended June 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 goals. Total operating margin percentage increased 70 basis points to 7.2% for the three months ended June 30, 2021, compared to 6.5% for the three months ended June 30, 2020 primarily due to lower intangible asset amortization as a percentage of Net sales, partially offset by higher payroll expenses.

Corporate segment Operating income was \$175 million for the three months ended June 30, 2021, an increase of \$52 million, or 42.3%, compared to \$123 million for the three months ended June 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 and

performance-based compensation expenses. Corporate segment operating margin percentage increased 90 basis points to 8.8% for the three months ended June 30, 2021, compared to 7.9% for the three months ended June 30, 2020 primarily due to lower intangible asset amortization as a percentage of Net sales, partially offset by higher payroll expenses.

Small Business segment Operating income was \$44 million for the three months ended June 30, 2021, an increase of \$23 million, or 109.4%, compared to \$21 million for the three months ended June 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 210 basis points to 9.1% for the three months ended June 30, 2021, compared to 7.0% for the three months ended June 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 \$153 million for the three months ended June 30, 2021, a decrease of \$7 million, or 4.1%, compared to \$160 million for the three months ended June 30, 2020. Public segment Operating income decreased primarily due to higher sales payroll and performance-based compensation expenses, partially offset by higher Gross profit dollars. Public segment operating margin percentage decreased 50 basis points to 7.4% for the three months ended June 30, 2021, compared to 7.9% for the three months ended June 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 \$24 million for the three months ended June 30, 2021, an increase of \$7 million, or 42.8%, compared to \$17 million for the three months ended June 30, 2020. Other Operating income increased primarily due to higher Gross profit dollars, partially offset by higher payroll expenses. Other operating margin percentage increased 60 basis points to 4.0% for the three months ended June 30, 2021, compared to 3.4% for the three months ended June 30, 2020 primarily due to lower payroll expenses, integration costs, intangible asset amortization, 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 three months ended June 30, 2021 was \$36 million, a decrease of \$4 million compared to \$40 million for the three months ended June 30, 2020. This decrease was primarily driven by the benefits from the August 2020 senior notes refinancing, a lower effective interest rate on the Term Loan in 2021 compared to 2020 and lower borrowings under the revolving credit facility in 2021 compared to 2020.

#### *Other income, net*

During the three months ended June 30, 2021, we sold all ownership interests of an equity method investment and recognized a \$36 million gain.

#### *Income tax expense*

Income tax expense was \$97 million and \$56 million for the three months ended June 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 26.2% and 22.9% for the three months ended June 30, 2021 and 2020, respectively. The effective tax rate for the three months ended June 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 three months ended June 30, 2020 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 higher effective tax rate for the three months ended June 30, 2021 as compared to the same period in the prior year was primarily attributable to lower excess tax benefits on equity-based compensation and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate effective in 2023.

#### *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 June 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.

#### Non-GAAP operating income

Non-GAAP operating income was \$418 million for the three months ended June 30, 2021, an increase of \$80 million, or 23.6%, compared to \$338 million for the three months ended June 30, 2020. As a percentage of Net sales, Non-GAAP operating income was 8.1% and 7.7% for the three months ended June 30, 2021 and 2020, respectively.

(dollars in millions)	Three Months Ended June 30,	
	2021	2020
Operating income, as reported	\$ 369.9	\$ 283.4
Amortization of intangibles <sup>(1)</sup>	24.4	44.4
Equity-based compensation	20.6	5.6
Other adjustments	3.2	4.8
Non-GAAP operating income	\$ 418.1	\$ 338.2
Non-GAAP operating income margin	8.1 %	7.7 %

(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 \$286 million for the three months ended June 30, 2021, an increase of \$61 million, or 27.0%, compared to \$225 million for the three months ended June 30, 2020.

(dollars in millions)	Three Months Ended June 30,					
	2021			2020		
	Income before income taxes	Income tax expense <sup>(1)</sup>	Net income	Income before income taxes	Income tax expense <sup>(1)</sup>	Net income
US GAAP, as reported	\$ 371.2	\$ (97.1)	\$ 274.1	\$ 245.4	\$ (56.3)	\$ 189.1
Gain on sale of equity method investment	(36.0)	8.8	(27.2)	—	—	—
Amortization of intangibles <sup>(2)</sup>	24.4	(1.8)	22.6	44.4	(11.1)	33.3
Equity-based compensation	20.6	(6.2)	14.4	5.6	(6.3)	(0.7)
Other adjustments	3.2	(1.0)	2.2	4.8	(1.2)	3.6
Non-GAAP	\$ 383.4	\$ (97.3)	\$ 286.1	\$ 300.2	\$ (74.9)	\$ 225.3

(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 \$781 million, or 17.9%, to \$5,146 million for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. Net sales on a constant currency basis, which excludes the impact of foreign currency translation, increased \$720 million, or 16.3%.

(dollars in millions)	Three Months Ended June 30,		
	2021	2020	% Change <sup>(1)</sup>
Net sales, as reported	\$ 5,146.4	\$ 4,365.7	17.9 %
Foreign currency translation <sup>(2)</sup>	—	61.1	
Net sales, on a constant currency basis	\$ 5,146.4	\$ 4,426.8	16.3 %

(1) There were 64 selling days for both the three months ended June 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.

### Six Months Overview

The results of certain business metrics are as follows:

(dollars in millions)	Six Months Ended June 30,	
	2021	2020
Net sales	\$ 9,983.9	\$ 8,754.9
Gross profit	1,678.0	1,503.7
Operating income	693.3	529.2
Net income	506.7	357.0
Non-GAAP operating income	785.8	642.1
Non-GAAP net income	535.5	425.3
Average daily sales <sup>(1)</sup>	78.6	68.4
Net debt <sup>(2)</sup>	3,427.8	2,941.1
Cash conversion cycle (in days) <sup>(3)</sup>	21	25

(1) There were 127 and 128 selling days for the six months ended June 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

### Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

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

	Six Months Ended June 30,			
	2021		2020	
	Dollars in Millions	Percentage of Net Sales	Dollars in Millions	Percentage of Net Sales
Net sales	\$ 9,983.9	100.0 %	\$ 8,754.9	100.0 %
Cost of sales	8,305.9	83.2	7,251.2	82.8
Gross profit	1,678.0	16.8	1,503.7	17.2
Selling and administrative expenses	984.7	9.9	974.5	11.2
Operating income	693.3	6.9	529.2	6.0
Interest expense, net	(71.1)	(0.7)	(77.6)	(0.9)
Other income, net	37.9	0.4	5.6	0.1
Income before income taxes	660.1	6.6	457.2	5.2
Income tax expense	(153.4)	(1.5)	(100.2)	(1.1)
Net income	\$ 506.7	5.1 %	\$ 357.0	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)	Six Months Ended June 30,				Dollar Change	Percent Change	Average Daily Sales Percent Change <sup>(1)</sup>
	2021		2020				
	Net Sales	Percentage of Total Net Sales	Net Sales	Percentage of Total Net Sales			
Corporate	\$ 3,788.9	37.9 %	\$ 3,468.5	39.6 %	\$ 320.4	9.2 %	10.1 %
Small Business	915.6	9.2	693.6	7.9	222.0	32.0	33.0
Public:							
Government	1,029.5	10.3	1,288.2	14.7	(258.7)	(20.1)	(19.5)
Education	2,055.4	20.6	1,353.0	15.5	702.4	51.9	53.1
Healthcare	917.5	9.2	906.2	10.4	11.3	1.3	2.0
Total Public	4,002.4	40.1	3,547.4	40.6	455.0	12.8	13.7
Other	1,277.0	12.8	1,045.4	11.9	231.6	22.2	23.1
Total Net sales	\$ 9,983.9	100.0 %	\$ 8,754.9	100.0 %	\$ 1,229.0	14.0 %	14.9 %

(1) There were 127 and 128 selling days for the six months ended June 30, 2021 and 2020, respectively.

Total Net sales for the six months ended June 30, 2021 increased \$1,229 million to \$9,984 million, compared to the six months ended June 30, 2020. There was one less selling day in the six months ended June 30, 2021 compared to the same period of 2020, and Net sales on an average daily sales basis increased 14.9%. Excluding the impact of foreign currency fluctuations, constant currency Net sales growth on an average daily sales basis was 13.6%. Net sales growth was primarily driven by Education, Corporate and Small Business customers. Our Education customers prioritized equity and access to learning and enhancing the in-classroom experience, while Corporate and Small Business customers prepared for returning to the office and optimizing hybrid work environment capabilities. 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 six months ended June 30, 2021 increased \$320 million, or 9.2%, compared to the six months ended June 30, 2020. On an average daily sales basis, Corporate segment Net sales increased 10.1%. 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, enterprise storage and software.

Small Business segment Net sales for the six months ended June 30, 2021 increased \$222 million, or 32.0%, compared to the six months ended June 30, 2020. On an average daily sales basis, Small Business segment Net sales increased 33.0%. 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 six months ended June 30, 2021 increased \$455 million, or 12.8%, compared to the six months ended June 30, 2020. On an average daily sales basis, Public segment Net sales increased 13.7%. Net sales to Education customers increased 53.1% on an average daily sales basis primarily driven by integrated solutions including notebooks/mobile devices, video, accessories and services. Schools have prioritized equity and access to learning and investing in the interactive classroom experience to prepare for students returning to in-person learning in the fall. Net sales to Healthcare customers increased 2.0% on an average daily sales basis primarily due to services, servers and video, partially offset by notebooks/mobile devices. Healthcare customers saw patients returning for elective procedures which increased confidence in budgets, enabling delayed projects to restart. Net sales to Government customers decreased 19.5% 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, comprised of other hardware, including accessories and smartphones, and services. These decreases were partially offset by increased infrastructure spending in enterprise storage.

Net sales in Other, which is comprised of results from our UK and Canadian operations, for the six months ended June 30, 2021 increased \$232 million, or 22.2%, compared to the six months ended June 30, 2020. On an average daily sales basis, Other increased 23.1%. In local currency, Canada Net sales increased as a result of increased customer confidence and higher vaccination rates while UK Net sales increased at a lower rate due to a slower economic recovery. 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 11.0%, primarily due to the favorable translation of the Canadian dollar and British pound to the US dollar.

#### *Gross profit*

Gross profit increased \$174 million, or 11.6%, to \$1,678 million for the six months ended June 30, 2021, compared to \$1,504 million for the six months ended June 30, 2020. As a percentage of Net sales, Gross profit margin decreased 40 basis points to 16.8% for the six months ended June 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 \$10 million, or 1.1%, to \$985 million for the six months ended June 30, 2021, compared to \$975 million for the six months ended June 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 goals, partially offset by lower intangible asset amortization and lower bad debt expense. Total coworker count was 10,666, up 618 from 10,048 at June 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 120 basis points to 9.9% during the six months ended June 30, 2021, compared to 11.1% for the six months ended June 30, 2020, primarily due to lower intangible asset amortization and lower bad debt expense.



### 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:

	Six Months Ended June 30,				Percent Change in Operating Income
	2021		2020		
	Dollars in Millions	Operating Margin	Dollars in Millions	Operating Margin	
Segments: <sup>(1)</sup>					
Corporate	\$ 336.6	8.9 %	\$ 250.4	7.2 %	34.4 %
Small Business	86.8	9.5	48.3	7.0	79.6
Public	290.0	7.2	272.3	7.7	6.5
Other <sup>(2)</sup>	51.4	4.0	31.2	3.0	64.4
Headquarters <sup>(3)</sup>	(71.5)	nm*	(73.0)	nm*	2.1
Total Operating income	\$ 693.3	6.9 %	\$ 529.2	6.0 %	31.0 %

\* 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 \$693 million for the six months ended June 30, 2021, an increase of \$164 million, or 31.0%, compared to \$529 million for the six months ended June 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 attainment against goals. Total operating margin percentage increased 90 basis points to 6.9% for the six months ended June 30, 2021, from 6.0% for the six months ended June 30, 2020, primarily due to lower intangible asset amortization and lower bad debt expense as a percentage of Net sales, partially offset by lower Gross profit margin.

Corporate segment Operating income was \$337 million for the six months ended June 30, 2021, an increase of \$86 million, or 34.4%, compared to \$250 million for the six months ended June 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 170 basis points to 8.9% for the six months ended June 30, 2021, from 7.2% for the six months ended June 30, 2020, primarily due to lower intangible asset amortization and lower bad debt expense as a percentage of Net sales, and an increase in the mix of net service contract revenues, primarily Software as a Service.

Small Business segment Operating income was \$87 million for the six months ended June 30, 2021, an increase of \$39 million, or 79.6%, compared to \$48 million for the six months ended June 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 250 basis points to 9.5% for the six months ended June 30, 2021, from 7.0% for the three months ended June 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 \$290 million for the six months ended June 30, 2021, an increase of \$18 million, or 6.5%, compared to \$272 million for the six months ended June 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 50 basis points to 7.2% for the six months ended June 30, 2021, from 7.7% for the six months ended June 30, 2020, primarily due to 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 \$51 million for the six months ended June 30, 2021, an increase of \$20 million, or 64.4%, compared to \$31 million for the six months ended June 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 100 basis points to 4.0% for the six months ended June 30, 2021, from 3.0% for the six months ended June 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 six months ended June 30, 2021 was \$71 million, a decrease of \$7 million compared to \$78 million for the six months ended June 30, 2020. This decrease was primarily driven by a lower effective interest rate on the Term Loan in 2021 compared to 2020, the benefits from the August 2020 senior notes refinancing, lower amortization on the interest rate cap premiums and lower borrowings under the revolving credit facility in 2021 compared to 2020, partially offset by additional interest expense on the April 2020 senior notes.

*Other income, net*

During the six months ended June 30, 2021, we sold all ownership interests of an equity method investment and recognized a \$36 million gain.

*Income tax expense*

Income tax expense was \$153 million and \$100 million for the six months ended June 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 23.2% and 21.9% for the six months ended June 30, 2021 and 2020, respectively. The effective tax rate for the six months ended June 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 six months ended June 30, 2020 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 higher effective tax rate for the six months ended June 30, 2021 as compared to the same period in the prior year was primarily attributable to a less favorable rate impact of excess tax benefits on equity-based compensation and a discrete deferred tax expense as a result of an increase in the UK corporate tax rate effective in 2023.

*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 six months ended June 30, 2021 and 2020 below.

*Non-GAAP operating income*

Non-GAAP operating income was \$786 million for the six months ended June 30, 2021, an increase of \$144 million, or 22.4%, compared to \$642 million for the six months ended June 30, 2020. As a percentage of Net sales, Non-GAAP operating income was 7.9% and 7.3% for the six months ended June 30, 2021 and 2020, respectively.

(dollars in millions)	Six Months Ended June 30,	
	2021	2020
Operating income, as reported	\$ 693.3	\$ 529.2
Amortization of intangibles <sup>(1)</sup>	46.0	89.0
Equity-based compensation	36.4	14.4
Other adjustments	10.1	9.5
Non-GAAP operating income	\$ 785.8	\$ 642.1
Non-GAAP operating income margin	7.9 %	7.3 %

(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 \$536 million for the six months ended June 30, 2021, an increase of \$111 million, or 25.9%, compared to \$425 million for the six months ended June 30, 2020.

(dollars in millions)	Six Months Ended June 30,					
	2021			2020		
	Income before income taxes	Income tax expense <sup>(1)</sup>	Net income	Income before income taxes	Income tax expense <sup>(1)</sup>	Net income
US GAAP, as reported	\$ 660.1	\$ (153.4)	\$ 506.7	\$ 457.2	\$ (100.2)	\$ 357.0
Gain on sale of equity method investment	(36.0)	8.8	(27.2)	—	—	—
Amortization of intangibles <sup>(2)</sup>	46.0	(7.2)	38.8	89.0	(22.2)	66.8
Equity-based compensation	36.4	(27.0)	9.4	14.4	(20.0)	(5.6)
Other adjustments	10.5	(2.7)	7.8	9.5	(2.4)	7.1
Non-GAAP	\$ 717.0	\$ (181.5)	\$ 535.5	\$ 570.1	\$ (144.8)	\$ 425.3

(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 for the six months ended June 30, 2021 increased \$1,229 million, or 14.0%, to \$9,984 million, compared to the six months ended June 30, 2020. Net sales on a constant currency basis, which excludes the impact of foreign currency translation, increased \$1,125 million, or 12.7%.

(dollars in millions)	Six Months Ended June 30,			
	2021	2020	% Change	Average Daily % Change <sup>(1)</sup>
Net sales, as reported	\$ 9,983.9	\$ 8,754.9	14.0 %	14.9 %
Foreign currency translation <sup>(2)</sup>	—	103.6		
Net sales, on a constant currency basis	\$ 9,983.9	\$ 8,858.5	12.7 %	13.6 %

(1) There were 127 and 128 selling days for the six months ended June 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 June 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 investment for future growth, dividend payments, acquisitions and share repurchases. We believe we have

adequate sources of liquidity and funding available for at least the next year; 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 June 30, 2021, we had total indebtedness of \$3.9 billion, of which \$1.5 billion was secured indebtedness. At June 30, 2021, we were in compliance with the covenants under our various credit agreements and indentures.

For additional information regarding our debt and refinancing activities, see Note 7 (Long-Term Debt) 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 six months ended June 30, 2021, we repurchased 4.6 million shares of our common stock for \$735 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

On August 4, 2021, we announced that our Board of Directors declared a quarterly cash dividend of \$0.40 per common share. The dividend will be paid on September 10, 2021 to all stockholders of record as of the close of business on August 25, 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)	Six Months Ended June 30,	
	2021	2020
Net cash provided by:		
Operating activities	\$ 344.9	\$ 515.8
Investing Activities		
Capital expenditures <sup>(1)</sup>	(38.5)	(100.0)
Acquisition of business, net of cash acquired	(211.6)	—
Proceeds from sale of equity method investment	36.0	—
Cash flows used in investing activities	(214.1)	(100.0)
Financing Activities		
Net change in accounts payable - inventory financing	(150.1)	52.3
Financing payments for revenue generating assets	(46.1)	—
Other cash flows used in financing activities	(846.3)	342.0
Cash flows (used in) provided by financing activities	(1,042.5)	394.3
Effect of exchange rate changes on cash and cash equivalents	2.7	(5.7)
Net (decrease) increase in cash and cash equivalents	\$ (909.0)	\$ 804.4

(1) Includes expenditures for revenue generating assets.

### Operating Activities

Cash flows provided by operating activities are as follows:

(dollars in millions)	Six Months Ended June 30,		
	2021	2020	Change
Net income	\$ 506.7	\$ 357.0	\$ 149.7
Adjustments for the impact of non-cash items <sup>(1)</sup>	88.1	272.2	(184.1)
Net income adjusted for the impact of non-cash items	594.8	629.2	(34.4)
Changes in assets and liabilities:			
Accounts receivable <sup>(2)</sup>	(140.5)	(80.4)	(60.1)
Merchandise inventory <sup>(3)</sup>	(127.9)	(89.3)	(38.6)
Accounts payable-trade <sup>(4)</sup>	107.5	(2.1)	109.6
Other <sup>(5)</sup>	(89.0)	58.4	(147.4)
Cash flows provided by operating activities	\$ 344.9	\$ 515.8	\$ (170.9)

(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 increased sales volume in 2021, partially offset by improved collection performance.

(3) The change is primarily due to customer-driven stocking positions given continued supply constraints.

(4) The change is primarily due to mixing out of vendors with extended payment terms, partially offset by the increased sales and inventory volumes in 2021.

(5) The change is primarily due to growth in receivables from vendors in 2021 compared to a decline in the same period in 2020, as well as the timing of income tax payments.

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)	June 30,	
	2021	2020
Days of sales outstanding (DSO) <sup>(1)</sup>	56	59
Days of supply in inventory (DIO) <sup>(2)</sup>	16	18
Days of purchases outstanding (DPO) <sup>(3)</sup>	(51)	(52)
Cash conversion cycle	21	25

- (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 decreased to 21 days at June 30, 2021, compared to 25 days at June 30, 2020. DSO, DIO and DPO decreased 3 days, 2 days and 1 day, respectively, compared to June 30, 2020. The decrease in DSO was primarily due to improved collections in 2021. The decrease in DPO was primarily due to mixing out of vendors with extended payment terms. The change in DIO was primarily due to increased Net sales in 2021 and the impact of higher inventory levels last year relative to sales due to COVID-19.

#### *Investing Activities*

Net cash used in investing activities increased \$114 million for the six months ended June 30, 2021 compared to June 30, 2020. This increase was primarily due to the acquisition of Amplified IT LLC in the first quarter of 2021, partially offset by proceeds from the sale of an equity method investment. For additional information regarding the acquisition, see Note 3 (Acquisition) to the accompanying Consolidated Financial Statements.

#### *Financing Activities*

Net cash used in financing activities increased \$1,437 million for the six months ended June 30, 2021 compared to June 30, 2020. This increase was primarily due to no new proceeds from the issuance of long-term debt during 2021, higher share repurchases, decreased borrowings under our revolving credit facilities, 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 (Long-Term 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 June 30, 2021 and December 31, 2020, and Statement of Operations information for the six months ended June 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)	June 30, 2021	December 31, 2020
Current assets	\$ 4,623.9	\$ 5,161.3
Goodwill	2,369.7	2,239.1
Other assets	620.3	572.1
Total Non-current assets	2,990.0	2,811.2
Current liabilities	3,149.4	3,265.0
Long-term debt	3,851.1	3,856.5
Other liabilities	174.2	209.8
Total Long-term liabilities	4,025.3	4,066.3

#### *Statement of Operations Information*

(dollars in millions)	Six Months Ended June 30, 2021	Year Ended December 31, 2020
Net sales	\$ 8,706.9	\$ 16,380.8
Gross profit	1,475.7	2,851.8
Operating income	641.9	1,113.2
Net income	468.9	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, 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 including uncertainties related to COVID-19; 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 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; 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 June 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 June 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**

See "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

**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 June 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 <sup>(1)</sup> (in millions)
April 1 through April 30, 2021	0.2	\$ 171.96	0.2	\$ 1,193.2
May 1 through May 31, 2021	0.8	\$ 169.55	0.8	\$ 1,065.4
June 1 through June 30, 2021	1.2	\$ 169.11	1.2	\$ 852.6
Total	2.2		2.2	

(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**

<b>Exhibit</b>	<b>Description</b>
3.1	<a href="#">Sixth Restated Certificate of Incorporation of CDW Corporation, previously filed as Exhibit 3.2 with CDW Corporation's Form 8-K filed on May 21, 2021 and incorporated herein by reference.</a>
10.1	<a href="#">CDW Corporation 2021 Long-Term Incentive Plan, previously filed as Exhibit 10.1 with CDW Corporation's Form 8-K filed on May 21, 2021 and incorporated herein by reference.</a>
10.2*	<a href="#">CDW Corporation Coworker Stock Purchase Plan (As Amended and Restated, Effective May 20, 2021).</a>
10.3*	<a href="#">CDW LLC Nonqualified Deferred Compensation Plan.</a>
31.1*	<a href="#">Certification of Chief Executive Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.</a>
31.2*	<a href="#">Certification of Chief Financial Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.</a>
32.1**	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350.</a>
32.2**	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350.</a>
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.

**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: August 4, 2021

By: /s/ Collin B. Kebo  
Collin B. Kebo  
Senior Vice President and Chief Financial Officer  
(Duly authorized officer and principal financial officer)

**CDW CORPORATION****COWORKER STOCK PURCHASE PLAN  
(As Amended and Restated, Effective May 20, 2021)**

1. **Purpose.** The purpose of this Plan is to provide Coworkers of the Company and Participating Subsidiaries with an opportunity to purchase common stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an “Employee Stock Purchase Plan” under Section 423 of the Code with respect to Offerings to Coworkers of the Company and its U.S. Subsidiaries. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in Section 423 Subsidiaries in a manner consistent with the requirements of that Section of the Code. The Plan, as amended and restated as set forth herein, shall apply to Offering Periods beginning after May 20, 2021.

2. **Definitions.** As used herein, the terms set forth below have the meanings assigned to them in this Section 2 and shall include the plural as well as the singular.

*1933 Act* means the Securities Act of 1933, as amended.

*1934 Act* means the Securities Exchange Act of 1934, as amended.

*Board of Directors* or *Board* means the Board of Directors of CDW Corporation.

*Business Day* shall mean a day on which The NASDAQ Global Select Market (“NASDAQ”) is open for trading.

*Brokerage Account* means the account in which the Purchased Shares are held.

*Code* means the Internal Revenue Code of 1986, as amended.

*Committee* means the Compensation Committee of the Board of Directors, or the designee of the Compensation Committee.

*Company* means CDW Corporation, a Delaware corporation.

*Compensation* means the base pay received by a Participant, plus commissions, overtime and regular annual, quarterly and monthly cash bonuses and vacation, holiday and sick pay. Compensation does not include: (1) income related to stock option awards, stock grants and other equity incentive awards, (2) partner sales incentive program awards (“SPIFs”), (3) expense reimbursements, (4) relocation-related payments, (5) benefit plan payments (including but not limited to short term disability pay, long term disability pay, maternity pay, military pay, tuition reimbursement and adoption assistance), (6) deceased pay, (7) income from non-cash and fringe benefits, (8) severance payments, and (9) other forms of compensation not specifically listed herein.

*Coworker* means any individual who is a common law employee of the Company or any other Participating Subsidiary. For purposes of the Plan, the employment relationship shall be treated

as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or the Participating Subsidiary, as appropriate, and in the case of a Section 423 Offering only to the extent permitted under Section 423 of the Code. For purposes of the Plan, an individual who performs services for the Company or a Participating Subsidiary pursuant to an agreement (written or oral) that classifies such individual's relationship with the Company or a Participating Subsidiary as other than a common law employee shall not be considered an "employee" with respect to any period preceding the date on which a court or administrative agency issues a final determination that such individual is an "employee."

*Enrollment Date* means the first Business Day of each Offering Period.

*Exercise Date* means the last Business Day of each Offering Period.

*Fair Market Value* on or as of any date means the "NASDAQ Official Closing Price" (as defined on [www.nasdaq.com](http://www.nasdaq.com)) (or such substantially similar successor price thereto) for a Share as reported on [www.nasdaq.com](http://www.nasdaq.com) (or a substantially similar successor website) on the relevant valuation date or, if no NASDAQ Official Closing Price is reported on such date, on the preceding day on which a NASDAQ Official Closing Price was reported; or, if the Shares are no longer listed on NASDAQ, the closing price for Shares as reported on the official website for such other exchange on which the Shares are listed.

*Non-Section 423 Offering* means an Offering that is not intended to qualify under Section 423 of the Code.

*Offering* means an offer of an Option under the Plan that may be exercised on the Exercise Date of an Offering Period. Unless otherwise specified by the Committee, each Offering to the Coworkers of the Company and each Offering to the coworkers of each Participating Subsidiary shall be deemed a separate Offering, even if the dates and other terms of the separate Offerings are identical, and the provisions of the Plan shall separately apply to each Offering. To the extent permitted by Section 423 of the Code, the terms of each separate Section 423 Offering need not be identical, provided that the terms of the Plan and an Offering together satisfy Section 423 of the Code. The terms of a Non-Section 423 Offering need not be identical.

*Offering Period* means every three-month period beginning each January 1st, April 1st, July 1st and October 1st or such other period designated by the Committee; provided that in no event shall an Offering Period exceed twenty-seven (27) months. The first Offering Period under the Plan commenced on January 1, 2014.

*Option* means an option granted under this Plan that entitles a Participant to purchase Shares.

*Participant* means a Coworker who satisfies the requirements of Sections 3 and 5 of the Plan.

*Participating Subsidiary* means each Subsidiary that is listed on Schedule A hereto, and each other Subsidiary designated by the Board or the Committee as a Participating Subsidiary.

*Plan* means this CDW Corporation Coworker Stock Purchase Plan.

*Purchase Account* means the account used to purchase Shares through the exercise of Options under the Plan.

*Purchase Price* shall be 95% of the Fair Market Value of a Share on the Exercise Date for such Offering Period; provided, however, that the Committee may determine a different per share Purchase Price provided that such per share Purchase Price is communicated to Participants prior to the beginning of the Offering Period and provided that in no event shall such per share Purchase Price be less than the lesser of (i) 85% of the Fair Market Value of a Share on the applicable Enrollment Date or (ii) 85% of the Fair Market Value of a Share on the Exercise Date.

*Purchased Shares* means the full Shares issued or delivered pursuant to the exercise of Options under the Plan.

*Section 423 Offering* means an Offering that is intended to qualify under Section 423 of the Code.

*Shares* means the common stock, par value \$0.01 per share, of the Company.

*Subsidiary* means an entity, domestic or foreign, of which not less than 50% of the voting equity is held by the Company or a Subsidiary, whether or not such entity now exists or is hereafter organized or acquired by the Company or a Subsidiary; provided such entity is also a “subsidiary” within the meaning of Section 424 of the Code.

*Termination Date* means the date on which a Participant terminates employment or on which the Participant ceases to provide services to the Company or a Subsidiary as an employee, and specifically does not include any period following that date which the Participant may be eligible for or in receipt of other payments from the Company including in lieu of notice or termination or severance pay or as wrongful dismissal damages.

### 3. Eligibility.

(a) Only Coworkers of the Company or a Participating Subsidiary shall be eligible to be granted Options under the Plan and, in no event may a Participant be granted an Option under the Plan following his or her Termination Date.

(b) Any provisions of the Plan to the contrary notwithstanding, no Coworker shall be granted an Option under the Plan if (i) immediately after the grant, such Coworker (or any other person whose stock would be attributed to such Coworker pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding Options or options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any of its Subsidiaries, or (ii) such Option would permit his or her rights to purchase stock under all employee stock purchase plans (described in Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate that exceeds twenty-five thousand dollars (\$25,000) of the Fair Market Value of such stock (determined at the time each such Option is granted) for each calendar year in which such Option is outstanding at any time. For purposes of applying the limit described in clause (ii) above to a Participant in a Non-Section

423 Offering who is employed outside of the U.S., the exchange rate shall be determined on the last day of the applicable Offering Period. No Participant may purchase more than 1,250 Shares during any Offering Period.

4. Exercise of an Option. Options shall be exercised on behalf of Participants in the Plan every Exercise Date, using payroll deductions that have accumulated in the Participants' Purchase Accounts during the immediately preceding Offering Period or that have been retained from a prior Offering Period pursuant to Section 8 hereof.

5. Participation.

(a) A Coworker shall be eligible to participate on the first Enrollment Date that occurs at least 90 days after such Coworker's first date of employment with the Company or a Participating Subsidiary; provided, that such Coworker properly completes and submits an election form by the deadline prescribed by the Company. Participation in the Plan is voluntary.

(b) A Coworker who does not become a Participant on the first Enrollment Date on which he or she is eligible may thereafter become a Participant on any subsequent Enrollment Date by properly completing and submitting an election form by the deadline prescribed by the Company.

(c) Payroll deductions for a Participant shall commence on the first payroll date following the Enrollment Date and shall end on the last payroll date in the Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 12 hereof.

6. Payroll Deductions.

(a) A Participant shall elect to have payroll deductions made during an Offering Period equal to no less than 1% of the Participant's Compensation up to a maximum of 15% (or such greater amount as the Committee establishes from time to time). The amount of such payroll deductions shall be in whole percentages (for example, 3%, 12%, 15%). All payroll deductions made by a Participant shall be credited to his or her Purchase Account. A Participant may not make any additional payments into his or her Purchase Account. All such payroll deductions shall be made from the Participant's Compensation after deduction of any tax, social security and national insurance contributions.

(b) A Participant may not increase or decrease the rate of payroll deductions during an Offering Period. A Participant may change his or her payroll deduction percentage under subsection (a) above for any subsequent Offering Period by properly completing and submitting an election change form in accordance with the procedures prescribed by the Committee. The change in amount shall be effective as of the first Enrollment Date following the date of filing of the election change form.

(c) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, a Participant's payroll deductions may be decreased to zero

percent (0%) at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such Participant's election form at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 12 hereof.

7. Grant of Option. On the applicable Enrollment Date, each Participant in an Offering Period shall be granted an Option to purchase on the next following Exercise Date a number of full Shares determined by dividing such Participant's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's Purchase Account as of the Exercise Date by the applicable Purchase Price.

8. Exercise of Option. A Participant's Option for the purchase of Shares shall be exercised automatically on the Exercise Date, and the maximum number of Shares subject to the Option shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions in his or her Purchase Account. No fractional Shares shall be purchased; any payroll deductions accumulated in a Participant's Purchase Account which are not sufficient to purchase a full Share shall be retained in the Purchase Account for the next subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 12 hereof. All other payroll deductions accumulated in a Participant's Purchase Account and not used to purchase Shares on an Exercise Date shall be distributed to the Participant. During a Participant's lifetime, a Participant's Option is exercisable only by him or her. The Company shall satisfy the exercise of all Participants' Options for the purchase of Shares through (a) the issuance of authorized but unissued Shares, (b) the transfer of treasury Shares, (c) the purchase of Shares on behalf of the applicable Participants on the open market through an independent broker and/or (d) a combination of the foregoing.

9. Issuance of Stock. The Shares purchased by each Participant shall be issued in book entry form and shall be considered to be issued and outstanding to such Participant's credit as of the end of the last day of each Offering Period. The Committee may permit or require that shares be deposited directly in a Brokerage Account with one or more brokers designated by the Committee or to one or more designated agents of the Company, and the Committee may use electronic or automated methods of share transfer. The Committee may require that Shares be retained with such brokers or agents for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares, and may also impose a transaction fee with respect to a sale of Shares issued to a Participant's credit and held by such a broker or agent. The Committee may permit Shares purchased under the Plan to participate in a dividend reinvestment plan or program maintained by the Company, and establish a default method for the payment of dividends.

10. Approval by Stockholders. Notwithstanding the above, the Plan was expressly made subject to the approval of the stockholders of the Company within 12 months before or after the date the Plan was adopted by the Board, and such stockholder approval was obtained in the manner and to the degree required under applicable federal and state law.



## 11. Administration.

(a) Powers and Duties of the Committee. The Plan shall be administered by the Committee. Subject to the provisions of the Plan, Section 423 of the Code and the regulations thereunder, the Committee shall have the discretionary authority to determine the time and frequency of granting Options, the terms and conditions of the Options and the number of Shares subject to each Option. The Committee shall also have the discretionary authority to do everything necessary and appropriate to administer the Plan, including, without limitation, interpreting the provisions of the Plan (but any such interpretation shall not be inconsistent with the provisions of Section 423 of the Code). The Committee may delegate its duties and authority to any of the Company's officers or employees as it determines to be appropriate. All actions, decisions and determinations of, and interpretations by the Committee or its delegate with respect to the Plan shall be final and binding upon all Participants and upon their executors, administrators, personal representatives, heirs and legatees. No member of the Board of Directors or the Committee and no officer or director to whom the Committee has delegated its duties and authority shall be liable for any action, decision, determination or interpretation made in good faith with respect to the Plan or any Option granted hereunder. Each Section 423 Offering shall be administered so as to ensure that all Participants have the same rights and privileges as are provided by Section 423(b)(5) of the Code.

(b) Administrator. The Company, Board or the Committee may engage the services of a brokerage firm or financial institution (the "Administrator") to perform certain ministerial and procedural duties under the Plan including, but not limited to, mailing and receiving notices contemplated under the Plan, determining the number of Purchased Shares for each Participant, maintaining or causing to be maintained the Purchase Account and the Brokerage Account, disbursing funds maintained in the Purchase Account or proceeds from the sale of Shares through the Brokerage Account, and filing with the appropriate tax authorities proper tax returns and forms (including information returns) and providing to each Participant statements as required by law or regulation.

(c) Indemnification. Each person who is or shall have been (a) a member of the Board, (b) a member of the Committee, or (c) an officer or employee of the Company to whom authority was delegated in relation to this Plan, shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit or proceeding against him or her; provided, however, that he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability or expense is a result of his or her own willful misconduct or except as expressly provided by statute.

The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate of incorporation or bylaws, any contract with the Company, as a matter of law, or otherwise, or of any power that the Company may have to indemnify them or hold them harmless.

12. Withdrawal. A Participant may withdraw from the Plan by properly completing and submitting to the Company a withdrawal form in accordance with the procedures prescribed by the Committee, which must be submitted prior to the date specified by the Committee before the last day of the applicable Offering Period. Upon withdrawal, any payroll deductions credited to the Participant's Purchase Account prior to the effective date of the Participant's withdrawal from the Plan will be returned to the Participant. No further payroll deductions for the purchase of Shares will be made during subsequent Offering Periods, unless the Participant properly completes and submits an election form, by the deadline prescribed by the Company. A Participant's withdrawal from an offering will not have any effect upon his or her eligibility to participate in the Plan or in any similar plan that may hereafter be adopted by the Company.

13. Termination of Employment. On the Termination Date of a Participant for any reason prior to the applicable Exercise Date, whether voluntary or involuntary, and including termination of employment due to retirement, death or as a result of liquidation, dissolution, sale, merger or a similar event affecting the Company or a Participating Subsidiary, the corresponding payroll deductions credited to his or her Purchase Account will be returned to him or her or, in the case of the Participant's death, to the person or persons entitled thereto under Section 16, and his or her Option will be automatically terminated.

14. Interest. No interest shall accrue on the payroll deductions of a Participant in the Plan.

15. Stock.

(a) The stock subject to Options shall be common stock of the Company as traded on the NASDAQ or on such other exchange as the Shares may be listed.

(b) Subject to adjustment upon changes in capitalization of the Company as provided in Section 18 hereof, the maximum number of Shares which shall be made available for sale under the Plan shall be 2,500,000 Shares. If, on a given Exercise Date, the number of Shares with respect to which Options are to be exercised exceeds the number of Shares then available under the Plan, the Committee shall make a pro rata allocation of the Shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

(c) A Participant shall have no interest or voting right in Shares covered by his or her Option until such Option has been exercised and the Participant has become a holder of record of Shares acquired pursuant to such exercise.

16. Designation of Beneficiary. To the extent permitted by applicable law, the Committee may permit Participants to designate beneficiaries to receive any Purchased Shares or payroll deductions, if any, in the Participant's accounts under the Plan in the event of such Participant's death. Beneficiary designations shall be made in accordance with procedures prescribed by the

Committee. If no properly designated beneficiary survives the Participant, the Purchased Shares and payroll deductions, if any, will be distributed to the Participant's estate.

17. Assignability of Options. Neither payroll deductions credited to a Participant's Purchase Account nor any rights with regard to the exercise of an Option or to receive Shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 16 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw from an Offering Period in accordance with Section 12 hereof.

18. Adjustment of Number of Shares Subject to Options.

(a) Adjustment. Subject to any required action by the stockholders of the Company, the maximum number of securities available for purchase under the Plan, as well as the price per security and the number of securities covered by each Option under the Plan which has not yet been exercised shall be appropriately adjusted in the event of any a stock split, reverse stock split, stock dividend, combination or reclassification of the common stock of the Company, or any other increase or decrease in the number of Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board or the Committee, whose determination in that respect shall be final, binding and conclusive. If any such adjustment would result in a fractional security being available under the Plan, such fractional security shall be disregarded. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option. The Options granted pursuant to a Section 423 Offering shall not be adjusted in a manner that causes the Options to fail to qualify as options issued pursuant to an "employee stock purchase plan" within the meaning of Section 423 of the Code.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board, and the Board may either provide for the purchase of Shares as of the date on which such Offering Period terminates or return to each Participant the payroll deductions credited to such Participant's Purchase Account.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent option substituted by the successor corporation or a parent or subsidiary of the successor corporation, unless the Board determines, in the exercise of its sole discretion, that in lieu of such assumption or substitution to either terminate all outstanding Options and return to each Participant the payroll deductions credited to such Participant's Purchase Account or to provide for the Offering Period in progress to end on a date prior to the consummation of such sale or merger.

19. Amendments or Termination of the Plan.

(a) The Board of Directors or the Committee may at any time and for any reason amend, modify, suspend, discontinue or terminate the Plan without notice; provided that no Participant's existing rights in respect of existing Options are adversely affected thereby. To the extent necessary to comply with Section 423 of the Code (or any other applicable law, regulation or stock exchange rule), the Company shall obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any Participant rights may be considered to have been "adversely affected," the Board or the Committee shall be entitled to change the Purchase Price, Offering Periods, limit or increase the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in an amount less than or greater than the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board or the Committee determines in its sole discretion advisable which are consistent with the Plan; provided, however, that changes to (i) the Purchase Price, (ii) the Offering Period, (iii) the maximum percentage of Compensation that may be deducted pursuant to Section 6(a) or (iv) the maximum number of Shares that may be purchased in an Offering Period, shall not be effective until communicated to Participants in a reasonable manner, with the determination of such reasonable manner in the sole discretion of the Board or the Committee.

20. No Other Obligations. The receipt of an Option pursuant to the Plan shall impose no obligation upon the Participant to purchase any Shares covered by such Option. Nor shall the granting of an Option pursuant to the Plan constitute an agreement or an understanding, express or implied, on the part of the Company to employ the Participant for any specified period.

21. Notices and Communication. Any notice or other form of communication which the Company or a Participant may be required or permitted to give to the other shall be provided through such means as designated by the Committee, including but not limited to any paper or electronic method.

22. Condition Upon Issuance of Shares.

(a) Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the 1933 Act and the 1934 Act and the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. General Compliance. The Plan will be administered and Options will be exercised in compliance with the 1933 Act, 1934 Act and all other applicable securities laws and Company policies, including without limitation, any insider trading policy of the Company.

24. Term of the Plan. The Plan became effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the stockholders of the Company and shall continue in effect until terminated pursuant to Section 19.

25. Governing Law. The Plan and all Options granted hereunder shall be construed in accordance with and governed by the laws of the State of Delaware without reference to choice of law principles and subject in all cases to the Code and the regulations thereunder.

26. Non-U.S. Participants. To the extent permitted under Section 423 of the Code, without the amendment of the Plan, the Company may provide for the participation in the Plan by Coworkers who are subject to the laws of foreign countries or jurisdictions on such terms and conditions different from those specified in the Plan as may in the judgment of the Company be necessary or desirable to foster and promote achievement of the purposes of the Plan and, in furtherance of such purposes the Company may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws of other countries or jurisdictions in which the Company or the Participating Subsidiaries operate or have employees. Each subplan shall constitute a separate “offering” under this Plan in accordance with Treas. Reg. §1.423-2(a).

**Schedule A**  
**Participating Subsidiaries**

1. CDW LLC
2. CDW Finance Corporation
3. CDW Government LLC
4. CDW Direct, LLC
5. CDW Logistics, Inc.
6. CDW Technologies LLC
7. CDW Canada Corp., effective October 1, 2016
8. CDW Limited, effective July 1, 2018

**CDW LLC Nonqualified Deferred Compensation Plan  
Adoption Agreement**

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# Adoption Agreement

## 1.01 Preamble

By the execution of this Adoption Agreement the Plan Sponsor hereby [complete (a) or (b)]

- (a)  adopts a new plan as of July 1, 2021
- (b)  amends and restates its existing plan as of [month, day, year] which is the Amendment Effective Date. Except as otherwise provided in Appendix A, all amounts deferred under the Plan prior to the Amendment Effective Date shall be governed by the terms of the Plan as in effect on the day before the Amendment Effective Date.

Original Effective Date: [month, day, year]

Pre-409A Grandfathering:  Yes  No

## 1.02 Plan

Plan Name: CDW LLC Nonqualified Deferred Compensation Plan

Plan Year: January 1 – December 31

## 1.03 Plan Sponsor

Name: CDW LLC

Address: 200 North Milwaukee Avenue, Vernon Hills, Illinois 60061

Phone #: 847-465-6000

EIN #: 36-3310735

Fiscal Year: January 1 – December 31

Is stock of the Plan Sponsor, any Employer or any Related Employer publicly traded on an established securities market?   
Yes  No

### **1.04 Employer**

The following entities have been authorized by the Plan Sponsor to participate in and have adopted the Plan [insert "Not Applicable" if none have been authorized]:

<u>Entity</u>	<u>Publicly Traded on Est. Securities Market</u>	
	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

### **1.05 Administrator**

The Plan Sponsor has designated the following party or parties to be responsible for the administration of the Plan:

Name: CDW LLC

Address: 200 North Milwaukee Avenue, Vernon Hills, Illinois 60061

Note: The Administrator is the person or persons designated by the Plan Sponsor to be responsible for the administration of the Plan. Neither Fidelity Employer Services Company nor any other Fidelity affiliate can be the Administrator.

### **1.06 Key Employee Determination Dates**

The Employer has designated [month, day, year] as the Identification Date for purposes of determining Key Employees.

In the absence of a designation, the Identification Date is December 31.

The Employer has designated [month, day, year] as the effective date for purposes of applying the six month delay in distributions to Key Employees.

In the absence of a designation, the effective date is the first day of the fourth month following the Identification Date.

## **2.01 Participation**

- (a)  Employees [complete (i), (ii) or (iii)]
  - (i)  Eligible Employees are selected by the Employer.
  - (ii)  Eligible Employees are those employees of the Employer who satisfy the following criteria:
    - (iii)  Employees are not eligible to participate.
- (b)  Directors [complete (i), (ii) or (iii)]
  - (i)  All Directors are eligible to participate.
  - (ii)  Only Directors selected by the Employer are eligible to participate.
  - (iii)  Directors are not eligible to participate.

### 3.01 Compensation

For purposes of determining Participant contributions under Article 4 and Employer contributions under Article 5, Compensation shall be defined in the following manner [complete (a) or (b) and select (c) and/or (d), if applicable]:

- (a)  Compensation is defined as:

Base Salary plus Bonus (*including* regular annual, quarterly or monthly cash bonuses but *excluding* partner sales incentive program awards “SPIFs”, special one-time bonuses and/or income from non-cash and fringe benefits), without regard to the limitation in Section 401(a)(17) of the Code for such Plan Year

- (b)  Compensation as defined in [insert name of qualified plan] without regard to the limitation in Section 401(a)(17) of the Code for such Plan Year.

- (c)  Director Compensation is defined as:

- (d)  Compensation shall, for all Plan purposes, be limited to \$.

- (e)  Not Applicable.

### 3.02 Bonuses

Compensation, as defined in Section 3.01 of the Adoption Agreement, includes the following type of bonuses that will be the subject of a separate deferral election:

<u>Type</u>	<u>[Will be treated as]</u>	
	<u>Performance Based Compensation</u>	
	<u>Yes</u>	<u>No</u>
Bonus	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

Not Applicable.

## 4.01 Participant Contributions

If Participant contributions are permitted, complete (a), (b), and (c). Otherwise complete (d).

### (a) Amount of Deferrals

A Participant may elect within the period specified in Section 4.01(b) of the Adoption Agreement to defer the following amounts of remuneration. For each type of remuneration listed, complete "dollar amount" and/or "percentage amount".

#### (i) Compensation other than Bonuses [do not complete if you complete (iii)]

Type of Remuneration	Dollar Amount		% Amount		Increment
	Min	Max	Min	Max	
Base Salary			0%	50%	1%

#### (ii) Bonuses [do not complete if you complete (iii)]

Type of Bonus	Dollar Amount		% Amount		Increment
	Min	Max	Min	Max	
Bonus			0%	90%	1%

#### (iii) Compensation [do not complete if you completed (i) and (ii)]

Dollar Amount		% Amount		Increment
Min	Max	Min	Max	
		%	%	
				%

#### (iv) Director Compensation

Type of Compensation	Dollar Amount		% Amount		Increment
	Min	Max	Min	Max	
Annual Retainer			%	%	%
Meeting Fees Other:			%	%	%
Other:			%	%	%

(b) **Election Period**

(i) Performance Based Compensation

A special election period

Does

Does Not

apply to each eligible type of performance based compensation referenced in Section 3.02 of the Adoption Agreement.

The special election period, if applicable, will be determined by the Employer.

(ii) Newly Eligible Participants

An employee who is classified or designated as an Eligible Employee during a Plan Year

May

May Not

elect to defer Base Salary and, if such Eligible Employee is a member of the Executive Committee of CDW LLC, Bonus, as provided under Sections 4.01(a)(i) and 4.01(a)(ii), respectively, earned during the remainder of the Plan Year by completing a deferral agreement within the 30-day period beginning on the date he is eligible to participate in the Plan. A newly eligible Participant who is not a member of the Executive Committee shall not be entitled to defer Bonus, as provided under Section 4.01(a)(ii), earned during the remainder of such Plan Year.

The special election period, if applicable, will be determined by the Employer.

(c) **No Participant Contributions**

Participant contributions are not permitted under the Plan.

## 5.01 Employer Contributions

If Employer contributions are permitted, complete (a) and/or (b). Otherwise complete (c).

### (a) Matching Contributions

#### (i) Amount

For each Plan Year, the Employer shall make a matching contribution on behalf of each Participant who defers Compensation for the Plan Year and satisfies the requirements of Section 5.01(a)(ii) of the Adoption Agreement equal to [complete the ones that are applicable]:

- (A)  [insert percentage]% of the Compensation the Participant has elected to defer for the Plan Year
- (B)  An amount determined by the Employer in its sole discretion
- (C)  Matching contributions for each Participant shall be limited to \$ and/or [insert percentage]% of Compensation
- (D)  Other:
  
- (E)  Not Applicable [Proceed to Section 5.01(b)]

#### (ii) Eligibility for matching contribution

A Participant who defers Compensation for the Plan Year shall receive an allocation of matching contributions determined in accordance with Section 5.01(a)(i) provided he satisfies the following requirements [complete the ones that are applicable]:

- (A)  Describe requirements:
- (B)  Is selected by the Employer in its sole discretion to receive an allocation of matching contributions
- (C)  No requirements



(iii) Time of Allocation

Matching contributions, if made, shall be treated as allocated [select one]:

- (A)  As of the last day of the Plan Year
- (B)  At such times as the Employer shall determine in its sole discretion
- (C)  At the time the Compensation on account of which the matching contribution is being made would otherwise have been paid to the Participant
- (D)  Other:

(b) **Other Contributions**

(i) Amount

The Employer shall make a contribution on behalf of each Participant who satisfies the requirements of Section 5.01(b)(ii) equal to [complete the ones that are applicable]:

- (A)  An amount equal to [insert percentage]% of the Participant's Compensation
- (B)  An amount determined by the Employer in its sole discretion
- (C)  Contributions for each Participant shall be limited to \$
- (D)  Other:
  
- (E)  Not Applicable [Proceed to Section 6.01]

(ii) Eligibility for Other Contribution

A Participant shall receive an allocation of other Employer contributions determined in accordance with Section 5.01(b)(i) for the Plan Year if he satisfies the following requirements [complete the one that is applicable]:

(A)  Describe requirements:

(B)  Is selected by the Employer in its sole discretion to receive an allocation of other Employer contributions

(C)  No requirements

(iii) Time of Allocation

Employer contributions, if made, shall be treated as allocated [select one]:

(A)  As of the last day of the Plan Year

(B)  At such times or times as the Employer shall determine in its sole discretion

(C)  Other:

(c) **No Employer Contributions**

Employer contributions are not permitted under the Plan.

## 6.01 Distributions

The timing and form of payment of distributions made from the Participant's vested Account shall be made in accordance with the elections made in this Section 6.01 of the Adoption Agreement except when Section 9.6 of the Plan requires a six month delay for certain distributions to Key Employees of publicly traded companies.

### (a) Timing of Distributions

(i) All distributions shall commence in accordance with the following [choose one]:

- (A)  As soon as administratively feasible following the distribution event but in no event later than the time prescribed by Treas. Reg. Sec. 1.409A-3(d).
- (B)  Monthly on specified day [insert day]
- (C)  Annually on specified month and day [insert month and day]
- (D)  Calendar quarter on specified month and day [insert month and day] Q[insert numerical quarter 1, 2, 3, or 4]

(ii) The timing of distributions as determined in Section 6.01(a)(i) shall be modified by the adoption of:

- (A)  Event Delay – Distribution events other than those based on Specified Date or Specified Age will be treated as not having occurred for six (6) months
- (B)  Hold Until Next Year – Distribution events other than those based on Specified Date or Specified Age will be treated as not having occurred for twelve months from the date of the event if payment pursuant to Section 6.01(a)(i) will thereby occur in the next calendar year or on the first payment date in the next calendar year in all other cases
- (C)  Immediate Processing – The timing method selected by the Plan Sponsor under Section 6.01(a)(i) shall be overridden for the following distribution events [insert events]:
  
- (D)  Not applicable

(b) **Distribution Events**

(i) Participant Contributions under Section 4.01(a)

Participants may elect the following payment events and the associated form or forms of payment. If multiple events for each year are selected, the earliest to occur will trigger payment. For installments, insert the range of available periods (e.g., 5-15) or insert the periods available (e.g., 5, 7, 9).

	<u>Lump Sum</u>	<u>Installments</u>
(A) <input checked="" type="checkbox"/> Specified Date	<input checked="" type="checkbox"/>	<u>5-15</u> years
(B) <input type="checkbox"/> Specified Age		years
(C) <input checked="" type="checkbox"/> Separation from Service	<input checked="" type="checkbox"/>	<u>5-15</u> years
(D) <input type="checkbox"/> Separation from Service plus 6 months		years
(E) <input type="checkbox"/> Separation from Service plus ___ months [not to exceed months]		years
(F) <input type="checkbox"/> Retirement		years
(G) <input type="checkbox"/> Retirement plus 6 months		years
(H) <input type="checkbox"/> Retirement plus ___ months		years
(I) <input type="checkbox"/> Disability		years
(J) <input type="checkbox"/> Death		years
(K) <input type="checkbox"/> Change in Control		years

The minimum deferral period for Specified Date or Specified Age event shall be 2 years.

Installments may be paid [select each that applies]

- Monthly
- Quarterly
- Annually

(ii) Employer Contributions under Section 5.01(a) and (b)

Participants may elect the following payment events and the associated form or forms of payment. If multiple events for each year are selected, the earliest to occur will trigger payment. For installments, insert the range of available periods (e.g., 5-15) or insert the periods available (e.g., 5, 7, 9).

	<u>Lump Sum</u>	<u>Installments</u>
(A) <input checked="" type="checkbox"/> Specified Date		__years
(B) <input type="checkbox"/> Specified Age		__years
(C) <input checked="" type="checkbox"/> Separation from Service		__years
(D) <input type="checkbox"/> Separation from Service plus 6 months		__years
(E) <input type="checkbox"/> Separation from Service plus __ months [not to exceed months]		__years
(F) <input type="checkbox"/> Retirement		__years
(G) <input type="checkbox"/> Retirement plus 6 months		__years
(H) <input type="checkbox"/> Retirement plus __ months		__years
(I) <input type="checkbox"/> Disability		__years
(J) <input type="checkbox"/> Death		__years
(K) <input type="checkbox"/> Change in Control		__years

The minimum deferral period for Specified Date or Specified Age event shall be \_\_ years.

Installments may be paid [select each that applies]

- Monthly
- Quarterly
- Annually

(c) Specified Date and Specified Age elections may not extend beyond age [insert age or "Not Applicable" if no maximum age applies].

(d) **Payment Election Override**

Payment of the remaining vested balance of the Participant's Account will automatically occur at the time specified in Section 6.01(a) of the Adoption Agreement in the form indicated upon the earliest to occur of the following events [check each event that applies and for each event include only a single form of payment]:

<u>Events</u>	<u>Form of Payment</u>	
	<u>Lump Sum</u>	<u>Installments</u>
<input checked="" type="checkbox"/> Separation from Service, only with respect to Employer Contributions under Section 5.01.	<input checked="" type="checkbox"/>	_____
<input type="checkbox"/> Separation from Service before Retirement		_____
<input checked="" type="checkbox"/> Death	<input checked="" type="checkbox"/>	_____
<input checked="" type="checkbox"/> Disability	<input checked="" type="checkbox"/>	_____
<input type="checkbox"/> Not Applicable		_____

(e) **Involuntary Cashouts**

If the Participant's vested Account at the time of his Separation from Service does not exceed \$50,000, distribution of the vested Account shall automatically be made in the form of a single lump sum in accordance with Section 9.5 of the Plan.

There are no involuntary cashouts.

(f) **Retirement**

Retirement shall be defined as a Separation from Service that occurs on or after the Participant [insert description of requirements]:

Has attained age 62

No special definition of Retirement applies.

**(g) Distribution Election Change**

A Participant

Shall

Shall Not

be permitted to modify a scheduled distribution date and/or payment option in accordance with Section 9.2 of the Plan.

A Participant shall generally be permitted to elect such modification a maximum of 5 times.

Administratively, allowable distribution events will be modified to reflect all options necessary to fulfill the distribution change election provision.

**(h) Frequency of Elections**

The Plan Sponsor

Has

Has Not

elected to permit annual elections of a time and form of payment for amounts deferred under the Plan. If a single election of a time and/or form of payment is required, the Participant will make such election at the time he first completes a deferral agreement which, in all cases, will be no later than the time required by Reg. Sec. 1.409A-2.

(i) **Disability**

For Purposes of Section 2.11 of the Plan, Disability shall be defined as

- Total disability as determined by the Social Security Administration or the Railroad Retirement Board.
- As determined by the Employer's long term disability insurance policy.
- As follows [insert description of requirements]:

- Not applicable.



## 7.01 Vesting

### (a) Matching Contributions

The Participant's vested interest in the amount credited to his Account attributable to matching contributions shall be based on the following schedule:

X	<u>Years of Service</u>	<u>Vesting %</u>	
	0	<u>0%</u>	[insert "100" if there is immediate vesting]
	1	<u>20%</u>	
	2	<u>40%</u>	
	3	<u>60%</u>	
	4	<u>80%</u>	
	5	<u>100%</u>	
	6	<u>%</u>	
	7	<u>%</u>	
	8	<u>%</u>	
	9	<u>%</u>	

Other:

Class year vesting applies:

Not applicable.

(b) **Other Employer Contributions**

The Participant's vested interest in the amount credited to his Account attributable to Employer contributions other than matching contributions shall be based on the following schedule:

X	<u>Years of Service</u>	<u>Vesting %</u>	
	0	<u>0%</u>	[insert "100" if there is immediate vesting]
	1	<u>20%</u>	
	2	<u>40%</u>	
	3	<u>60%</u>	
	4	<u>80%</u>	
	5	<u>100%</u>	
	6	<u>%</u>	
	7	<u>%</u>	
	8	<u>%</u>	
	9	<u>%</u>	

Other:

Class year vesting applies:

Not applicable.

(c) **Acceleration of Vesting**

The Participant's vested interest in his Account will automatically be 100% upon the occurrence of the following events [select the ones that are applicable]:

- (i)  Death.
- (ii)  Disability.
- (iii)  Change in Control.
- (iv)  Eligibility for Retirement.
- (v)  Other:

(vi)  Not applicable.

(d) **Years of Service**

(i) A Participant's Years of Service shall include all service performed for the Employer and

- Shall
- Shall Not

include service performed for the Related Employer.

(ii) Years of Service shall also include service performed for the following entities:

(iii) Years of Service shall be determined in accordance with [select one]:

- (A)  The elapsed time method in Treas. Reg. Sec. 1.410(a)-7
- (B)  The general method in DOL Reg. Sec. 2530.200b-1 through b-4
- (C)  Participant's Years of Service credited under:  
  
CDW Coworkers' Profit Sharing Plan
- (D)  Other:

(iv)  Not applicable.

## **8.01 Unforeseeable Emergency**

(a) A withdrawal due to an Unforeseeable Emergency as defined in Section 2.24:

Will

Will Not [if Unforeseeable Emergency withdrawals are not permitted, proceed to Section 9.01]

be allowed.

(b) Upon a withdrawal due to an Unforeseeable Emergency, a Participant's deferral election for the remainder of the Plan Year:

Will

Will Not

be cancelled. If cancellation occurs, the Participant may resume participation in accordance with Article 4 of the Plan.

## **9.01 Investment Decisions**

Investment decisions regarding the hypothetical amounts credited to a Participant's Account shall be made by [select one]:

- (a)  The Participant or his Beneficiary
- (b)  The Employer

**10.01 Trust**

The Employer [select one]:

Does

Does Not

intend to establish a rabbi trust as provided in Article 11 of the Plan.

### **11.01 Termination Upon Change In Control**

The Plan Sponsor

- Reserves
- Does Not Reserves

the right to terminate the Plan and distribute all vested amounts credited to Participant Accounts upon a Change in Control as described in Section 9.7.

### **11.02 Automatic Distribution Upon Change In Control**

Distribution of the remaining vested balance of each Participant's Account

- Shall
- Shall Not

automatically be paid as a lump sum payment upon the occurrence of a Change in Control as provided in Section 9.7.

### **11.03 Change In Control**

A Change in Control for Plan purposes includes the following [select each definition that applies]:

- (a)  A change in the ownership of the Employer as described in Section 9.7(c) of the Plan.
- (b)  A change in the effective control of the Employer as described in Section 9.7(d) of the Plan.
- (c)  A change in the ownership of a substantial portion of the assets of the Employer as described in Section 9.7(e) of the Plan.
- (d)  Not Applicable.



## **12.01 Governing State Law**

The laws of Illinois shall apply in the administration of the Plan to the extent not preempted by ERISA.

## Execution Page

The Plan Sponsor has caused this Adoption Agreement to be executed this 15th day of July, 2021.

Plan Sponsor: CDW LLC

By: /s/Christine A. Leahy

Title: CEO

## **Appendix A**

### **Special Effective Dates**

Not Applicable

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# **CDW LLC Nonqualified Deferred Compensation Plan**

July 1, 2021

## **IMPORTANT NOTE**

This document has not been approved by the Department of Labor, Internal Revenue Service or any other governmental entity. An adopting Employer must determine whether the Plan is subject to the Federal securities laws and the securities laws of the various states. An adopting Employer may not rely on this document to ensure any particular tax consequences or to ensure that the Plan is “unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees” under Title I of the Employee Retirement Income Security Act of 1974, as amended, with respect to the Employer’s particular situation. Fidelity Employer Services Company, its affiliates and employees cannot provide you with legal advice in connection with the execution of this document. This document should be reviewed by the Employer’s attorney prior to execution.

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## Preamble

The Plan is intended to be a “plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended, or an “excess benefit plan” within the meaning of Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended, or a combination of both. The Plan is further intended to conform with the requirements of Internal Revenue Code Section 409A and the final regulations issued thereunder and shall be interpreted, implemented and administered in a manner consistent therewith.

## Article 1 - General

### 1. **Plan**

The Plan will be referred to by the name specified in the Adoption Agreement.

### 2. **Effective Dates**

- (a) Original Effective Date. The Original Effective Date is the date as of which the Plan was initially adopted.
- (b) Amendment Effective Date. The Amendment Effective Date is the date specified in the Adoption Agreement as of which the Plan is amended and restated. Except to the extent otherwise provided herein or in the Adoption Agreement, the Plan shall apply to amounts deferred and benefit payments made on or after the Amendment Effective Date.
- (c) Special Effective Date. A Special Effective Date may apply to any given provision if so specified in Appendix A of the Adoption Agreement. A Special Effective Date will control over the Original Effective Date or Amendment Effective Date, whichever is applicable, with respect to such provision of the Plan.

### 3. **Amounts Not Subject to Code Section 409A**

Except as otherwise indicated by the Plan Sponsor in Section 1.01 of the Adoption Agreement, amounts deferred before January 1, 2005 that are earned and vested on December 31, 2004 will be separately accounted for and administered in accordance with the terms of the Plan as in effect on December 31, 2004.

## Article 2 - Definitions

Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise. Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

1. **Account**

“Account” means an account established for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains, losses or distributions included thereon. The Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant or to the Participant’s Beneficiary pursuant to the Plan.

2. **Administrator**

“Administrator” means the person or persons designated by the Plan Sponsor in Section 1.05 of the Adoption Agreement to be responsible for the administration of the Plan. If no Administrator is designated in the Adoption Agreement, the Administrator is the Plan Sponsor.

3. **Adoption Agreement**

“Adoption Agreement” means the agreement adopted by the Plan Sponsor that establishes the Plan.

4. **Beneficiary**

“Beneficiary” means the persons, trusts, estates or other entities entitled under Section 8.2 to receive benefits under the Plan upon the death of a Participant.

5. **Board or Board of Directors**

“Board” or “Board of Directors” means the Board of Directors of the Plan Sponsor.

6. **Bonus**

“Bonus” means an amount of incentive remuneration payable by the Employer to a Participant.

7. **Change in Control**

“Change in Control” means the occurrence of an event involving the Plan Sponsor that is described in Section 9.7.

8. **Code**

“Code” means the Internal Revenue Code of 1986, as amended.

9. **Compensation**

“Compensation” has the meaning specified in Section 3.01 of the Adoption Agreement.

**0. Director**

“Director” means a non-employee member of the Board who has been designated by the Employer as eligible to participate in the Plan.

**1. Disability**

“Disability” means a determination by the Administrator that the Participant is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer in accordance with the definition in Section 6.01(i) of the Adoption Agreement. A Participant will be considered to have incurred a Disability if he is determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.

**2. Eligible Employee**

“Eligible Employee” means an employee of the Employer who satisfies the requirements in Section 2.01 of the Adoption Agreement.

**3. Employer**

“Employer” means the Plan Sponsor and any other entity which is authorized by the Plan Sponsor to participate in and, in fact, does adopt the Plan.

**4. ERISA**

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

**5. Identification Date**

“Identification Date” means the date as of which Key Employees are determined which is specified in Section 1.06 of the Adoption Agreement.

**6. Key Employee**

“Key Employee” means an employee who satisfies the conditions set forth in Section 9.6.

**7. Participant**

“Participant” means an Eligible Employee or Director who commences participation in the Plan in accordance with Article 3.

**8. Plan**

“Plan” means the unfunded plan of deferred compensation set forth herein, including the Adoption Agreement and any trust agreement, as adopted by the Plan Sponsor and as amended from time to time.

**9. Plan Sponsor**

“Plan Sponsor” means the entity identified in Section 1.03 of the Adoption Agreement or any successor by merger, consolidation or otherwise.

**10. Plan Year**

“Plan Year” means the period identified in Section 1.02 of the Adoption Agreement.

**11. Related Employer**

“Related Employer” means the Employer and (a) any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the Employer and (b) any trade or business that is under common control as defined in Code Section 414(c) that includes the Employer.

**12. Retirement**

“Retirement” has the meaning specified in 6.01(f) of the Adoption Agreement.

**13. Separation from Service**

“Separation from Service” means the date that the Participant dies, retires or otherwise has a termination of employment with respect to all entities comprising the Related Employer. A Separation from Service does not occur if the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months or such longer period during which the Participant’s right to re-employment is provided by statute or contract. If the period of leave exceeds six months and the Participant’s right to re-employment is not provided either by statute or contract, a Separation from Service will be deemed to have occurred on the first day following the six-month period. If the period of leave is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where the impairment causes the Participant to be unable to perform the duties of his position of employment or any substantially similar position of employment, a 29 month period of absence may be substituted for the six month period.

Whether a termination of employment has occurred is based on whether the facts and circumstances indicate that the Related Employer and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36 month period (or the full period of services to the Related Employer if the employee has been providing services to the Related Employer for less than 36 months).

An independent contractor is considered to have experienced a Separation from Service with the Related Employer upon the expiration of the contract (or, in the case of more than one contract, all contracts) under which services are performed for the Related Employer if the expiration constitutes a good-faith and complete termination of the contractual relationship.

If a Participant provides services as both an employee and an independent contractor of the Related Employer, the Participant must separate from service both as an employee and as an independent contractor to be treated as having incurred a Separation from Service. If a Participant ceases providing services as an independent contractor and begins providing services as an employee, or ceases providing services as an employee and begins providing services as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services in both capacities.

If a Participant provides services both as an employee and as a member of the Board of Directors of a corporate Related Employer (or an analogous position with respect to a noncorporate Related Employer), the services provided as a Director are not taken into account in determining whether the Participant has incurred a Separation from Service as an employee for purposes of a nonqualified deferred compensation plan in which the Participant participates as an employee that is not aggregated under Code Section 409A with any plan in which the Participant participates as a Director.

If a Participant provides services both as an employee and as a member of the Board of Directors of a corporate related Employer (or an analogous position with respect to a noncorporate Related Employer), the services provided as an employee are not taken into account in determining whether the Participant has experienced a Separation from Service as a Director for purposes of a nonqualified deferred compensation plan in which the Participant participates as a Director that is not aggregated under Code Section 409A with any plan in which the Participant participates as an employee.

All determinations of whether a Separation from Service has occurred will be made in a manner consistent with Code Section 409A and the final regulations thereunder.

**14. *Unforeseeable Emergency***

“Unforeseeable Emergency” means a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary, or the Participant’s dependent (as defined in Code Section 152, without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B); loss of the Participant’s property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

**15. *Valuation Date***

“Valuation Date” means each business day of the Plan Year that the New York Stock Exchange is open.

**16. *Years of Service***

“Years of Service” means each one year period for which the Participant receives service credit in accordance with the provisions of Section 7.01(d) of the Adoption Agreement.

## **Article 3 - Participation**

### **1. *Participation***

The Participants in the Plan shall be those Directors and employees of the Employer who satisfy the requirements of Section 2.01 of the Adoption Agreement.

### **2. *Termination of Participation***

The Administrator may terminate a Participant's participation in the Plan in a manner consistent with Code Section 409A. If the Employer terminates a Participant's participation before the Participant experiences a Separation from Service, the Participant's vested Accounts shall be paid in accordance with the provisions of Article 9.

## **Article 4 - Participant Elections**

### **1. *Deferral Agreement***

If permitted by the Plan Sponsor in accordance with Section 4.01 of the Adoption Agreement, each Eligible Employee and Director may elect to defer his Compensation within the meaning of Section 3.01 of the Adoption Agreement by executing in writing or electronically, a deferral agreement in accordance with rules and procedures established by the Administrator and the provisions of this Article 4.

A new deferral agreement must be timely executed for each Plan Year during which the Eligible Employee or Director desires to defer Compensation. An Eligible Employee or Director who does not timely execute a deferral agreement shall be deemed to have elected zero deferrals of Compensation for such Plan Year.

A deferral agreement may be changed or revoked during the period specified by the Administrator. Except as provided in Section 9.3, a deferral agreement becomes irrevocable at the close of the specified period.

### **2. *Amount of Deferral***

An Eligible Employee or Director may elect to defer Compensation in any amount permitted by Section 4.01(a) of the Adoption Agreement.

### **3. *Timing of Election to Defer***

Each Eligible Employee or Director who desires to defer Compensation otherwise payable during a Plan Year must execute a deferral agreement within the period preceding the Plan Year specified by the Administrator. Each Eligible Employee who desires to defer Compensation that is a Bonus must execute a deferral agreement within the period preceding the Plan Year during which the Bonus is earned that is specified by the Administrator, except that if the Bonus can be treated as performance based compensation as described in Code Section 409A(a)(4)(B)(iii), the deferral agreement may be executed within the period specified by the Administrator, which period, in no event, shall end after the date which is six months prior to the end of the period during which the Bonus is earned, provided the Participant has performed services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date the Participant executed the deferral agreement and provided further that the compensation has not yet become 'readily ascertainable' within the meaning of Treas. Reg. § 1.409A-2(a)(8). In addition, if the Compensation qualifies as 'fiscal year compensation' within the meaning of Treas. Reg. § 1.409A-2(a)(6), the deferral agreement may be made not later than the end of the Employer's taxable year immediately preceding the first taxable year of the Employer in which any services are performed for which such Compensation is payable.



Except as otherwise provided below, an employee who is classified or designated as an Eligible Employee during a Plan Year or a Director who is designated as eligible to participate during a Plan Year may elect to defer Compensation otherwise payable during the remainder of such Plan Year in accordance with the rules of this Section 4.3 by executing a deferral agreement within the thirty (30) day period beginning on the date the employee is classified or designated as an Eligible Employee or the date the Director is designated as eligible, whichever is applicable, if permitted by Section 4.01(b)(ii) of the Adoption Agreement. If Compensation is based on a specified performance period that begins before the Eligible Employee or Director executes his deferral agreement, the election will be deemed to apply to the portion of such Compensation equal to the total amount of Compensation for the performance period multiplied by the ratio of the number of days remaining in the performance period after the election becomes irrevocable and effective over the total number of days in the performance period. The rules of this paragraph shall not apply unless the Eligible Employee or Director can be treated as initially eligible in accordance with Treas. Reg. § 1.409A-2(a)(7).

#### ***Election of Payment Schedule and Form of Payment***

All elections of a payment schedule and a form of payment will be made in accordance with rules and procedures established by the Administrator and the provisions of this Section 4.4.

- (a) If the Plan Sponsor has elected to permit annual distribution elections in accordance with Section 6.01(h) of the Adoption Agreement the following rules apply. At the time an Eligible Employee or Director completes a deferral agreement, the Eligible Employee or Director must elect a distribution event (which includes a specified time) and a form of payment for the Compensation subject to the deferral agreement from among the options the Plan Sponsor has made available for this purpose and which are specified in 6.01(b) of the Adoption Agreement. Prior to the time required by Treas. Reg. § 1.409A-2, the Eligible Employee or Director shall elect a distribution event (which includes a specified time) and a form of payment for any Employer contributions that may be credited to the Participant's Account during the Plan Year. If an Eligible Employee or Director fails to elect a distribution event, he shall be deemed to have elected Separation from Service as the distribution event. If he fails to elect a form of payment, he shall be deemed to have elected a lump sum form of payment.
- (b) If the Plan Sponsor has elected not to permit annual distribution elections in accordance with Section 6.01(h) of the Adoption Agreement the following rules apply. At the time an Eligible Employee or Director first completes a deferral agreement but in no event later than the time required by Treas. Reg. § 1.409A-2, the Eligible Employee or Director must elect a distribution event (which includes a specified time) and a form of payment for amounts credited to his Account from among the options the Plan Sponsor has made available for this purpose and which are specified in Section 6.01(b) of the Adoption Agreement. If an Eligible Employee or Director fails to elect a distribution event, he shall be deemed to have elected Separation from Service in the distribution event. If he fails to elect a form of payment, he shall be deemed to have elected a lump sum form of payment.

## **Article 5 - Employer Contributions**

### **1. *Matching Contributions***

If elected by the Plan Sponsor in Section 5.01(a) of the Adoption Agreement, the Employer will credit the Participant's Account with a matching contribution determined in accordance with the formula specified in Section 5.01(a) of the Adoption Agreement. The matching contribution will be treated as allocated to the Participant's Account at the time specified in Section 5.01(a)(iii) of the Adoption Agreement.

### **2. *Other Contributions***

If elected by the Plan Sponsor in Section 5.01(b) of the Adoption Agreement, the Employer will credit the Participant's Account with a contribution determined in accordance with the formula or method specified in Section 5.01(b) of the Adoption Agreement. The contribution will be treated as allocated to the Participant's Account at the time specified in Section 5.01(b)(iii) of the Adoption Agreement.

## **Article 6 - Accounts and Credits**

### **1. *Establishment of Account***

For accounting and computational purposes only, the Administrator will establish and maintain an Account on behalf of each Participant which will reflect the credits made pursuant to Section 6.2, distributions or withdrawals, along with the earnings, expenses, gains and losses allocated thereto, attributable to the hypothetical investments made with the amounts in the Account as provided in Article 7. The Administrator may establish and maintain such other records and accounts, as it decides in its discretion to be reasonably required or appropriate to discharge its duties under the Plan.

### **2. *Credits to Account***

A Participant's Account will be credited for each Plan Year with the amount of his elective deferrals under Section 4.1 at the time the amount subject to the deferral election would otherwise have been payable to the Participant and the amount of Employer contributions, if any, treated as allocated on his behalf under Article 5.

## **Article 7 - Investment of Contributions**

### **1. *Investment Options***

The amount credited to each Account shall be treated as invested in the investment options designated for this purpose by the Administrator.

### **2. *Adjustment of Accounts***

The amount credited to each Account shall be adjusted for hypothetical investment earnings, expenses, gains or losses in an amount equal to the earnings, expenses, gains or losses attributable to the investment options selected by the party designated in Section 9.01 of the Adoption Agreement from among the investment options provided in Section 7.1. If permitted by Section 9.01 of the Adoption Agreement, a Participant (or the Participant's Beneficiary after the death of the Participant) may, in accordance with rules and procedures established by the Administrator, select the investments from among the options provided in Section 7.1 to be used for the purpose of calculating future hypothetical investment adjustments to the Account or to future credits to the Account under Section 6.2 effective as of the Valuation Date coincident with or next following notice to the Administrator. Each Account shall be adjusted as of each Valuation Date to reflect: (a) the hypothetical earnings, expenses, gains and losses described above; (b) amounts credited pursuant to Section 6.2; and (c) distributions or withdrawals. In addition, each Account may be adjusted for its allocable share of the hypothetical costs and expenses associated with the maintenance of the hypothetical investments provided in Section 7.1.

## **Article 8 - Right to Benefits**

### **1. Vesting**

A Participant, at all times, has a 100% nonforfeitable interest in the amounts credited to his Account attributable to his elective deferrals made in accordance with Section 4.1.

A Participant's right to the amounts credited to his Account attributable to Employer contributions made in accordance with Article 5 shall be determined in accordance with the relevant schedule and provisions in Section 7.01 of the Adoption Agreement. Upon a Separation from Service and after application of the provisions of Section 7.01 of the Adoption Agreement, the Participant shall forfeit the nonvested portion of his Account.

### **2. Death**

The Plan Sponsor may elect to accelerate vesting upon the death of the Participant in accordance with Section 7.01(c) of the Adoption Agreement and/or to accelerate distributions upon death in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement. If the Plan Sponsor does not elect to accelerate distributions upon death in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement, the vested amount credited to the Participant's Account will be paid in accordance with the provisions of Article 9.

A Participant may designate a Beneficiary or Beneficiaries, or change any prior designation of Beneficiary or Beneficiaries in accordance with rules and procedures established by the Administrator. Whenever a Participant designates a new Beneficiary, all former Beneficiary designations by such Participant shall be revoked automatically. If a Participant and the Participant's spouse divorce, any designations of the spouse as Beneficiary shall become null and void. The former spouse shall be treated as the Beneficiary under the Plan only if after the divorce is final, the Participant expressly re-designates the former spouse as the Participant's Beneficiary.

A copy of the death notice or other sufficient documentation must be filed with and approved by the Administrator. If upon the death of the Participant there is, in the opinion of the Administrator, no designated Beneficiary for part or all of the Participant's vested Account, such amount will be paid to his estate (such estate shall be deemed to be the Beneficiary for purposes of the Plan) in accordance with the provisions of Article 9.

### **3. Disability**

If the Plan Sponsor has elected to accelerate vesting upon the occurrence of a Disability in accordance with Section 7.01(c) of the Adoption Agreement and/or to permit distributions upon Disability in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement, the determination of whether a Participant has incurred a Disability shall be made by the Administrator in its sole discretion in a manner consistent with the requirements of Code Section 409A.

## Article 9 - Distribution of Benefits

### 1. ***Amount of Benefits***

The vested amount credited to a Participant's Account as determined under Articles 6, 7 and 8 shall determine and constitute the basis for the value of benefits payable to the Participant under the Plan.

### 2. ***Method and Timing of Distributions***

Except as otherwise provided in this Article 9, distributions under the Plan shall be made in accordance with the elections made or deemed made by the Participant under Article 4. Subject to the provisions of Section 9.6 requiring a six month delay for certain distributions to Key Employees, distributions following a payment event shall commence at the time specified in Section 6.01(a) of the Adoption Agreement. If permitted by Section 6.01(g) of the Adoption Agreement, a Participant may elect, at least twelve months before a scheduled distribution event, to delay the payment date for a minimum period of sixty months from the originally scheduled date of payment, provided the election does not take effect for at least twelve months from the date on which the election is made. The distribution election change must be made in accordance with procedures and rules established by the Administrator. The Participant may, at the same time the date of payment is deferred, change the form of payment but such change in the form of payment may not effect an acceleration of payment in violation of Code Section 409A or the provisions of Treas. Reg. § 1.409A-2(b). For purposes of this Section 9.2, a series of installment payments is always treated as a single payment and not as a series of separate payments.

### 3. ***Unforeseeable Emergency***

A Participant may request a distribution due to an Unforeseeable Emergency if the Plan Sponsor has elected to permit Unforeseeable Emergency withdrawals under Section 8.01(a) of the Adoption Agreement. The request must be in writing and must be submitted to the Administrator along with evidence that the circumstances constitute an Unforeseeable Emergency. The Administrator has the discretion to require whatever evidence it deems necessary to determine whether a distribution is warranted, and may require the Participant to certify that the need cannot be met from other sources reasonably available to the Participant. Whether a Participant has incurred an Unforeseeable Emergency will be determined by the Administrator on the basis of the relevant facts and circumstances in its sole discretion, but, in no event, will an Unforeseeable Emergency be deemed to exist if the hardship can be relieved: (a) through reimbursement or compensation by insurance or otherwise, (b) by liquidation of the Participant's assets to the extent such liquidation would not itself cause severe financial hardship, or (c) by cessation of deferrals under the Plan. A distribution due to an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need and may include any amounts necessary to pay any federal, state, foreign or local income taxes and penalties reasonably anticipated to result from the distribution. The distribution will be made in the form of a single lump sum cash payment. If permitted by Section 8.01(b) of the Adoption Agreement, a Participant's deferral elections for the remainder of the Plan Year will be cancelled upon a withdrawal due to an Unforeseeable Emergency. If the payment of all or any portion of the Participant's vested Account is being delayed in accordance with Section 9.6 at the time he experiences an Unforeseeable Emergency, the amount being delayed shall not be subject to the provisions of this Section 9.3 until the expiration of the six month period of delay required by section 9.6.

l. ***Payment Election Overrides***

If the Plan Sponsor has elected one or more payment election overrides in accordance with Section 6.01(d) of the Adoption Agreement, the following provisions apply. Upon the occurrence of the first event selected by the Plan Sponsor, the remaining vested amount credited to the Participant's Account shall be paid in the form designated to the Participant or his Beneficiary regardless of whether the Participant had made different elections of time and/or form of payment or whether the Participant was receiving installment payments at the time of the event.

i. ***Cashouts of Amounts Not Exceeding Stated Limit***

If the vested amount credited to the Participant's Account does not exceed the limit established for this purpose by the Plan Sponsor in Section 6.01(e) of the Adoption Agreement at the time he incurs a Separation from Service for any reason, the Employer shall distribute such amount to the Participant at the time specified in Section 6.01(a) of the Adoption Agreement in a single lump sum cash payment following such Separation from Service regardless of whether the Participant had made different elections of time or form of payment as to the vested amount credited to his Account or whether the Participant was receiving installments at the time of such termination. A Participant's Account, for purposes of this Section 9.5, shall include any amounts described in Section 1.3.

i. ***Required Delay in Payment to Key Employees***

Except as otherwise provided in this Section 9.6, a distribution made on account of Separation from Service (or Retirement, if applicable) to a Participant who is a Key Employee as of the date of his Separation from Service (or Retirement, if applicable) shall not be made before the date which is six months after the Separation from Service (or Retirement, if applicable).

- (a) A Participant is treated as a Key Employee if: (i) he is employed by a Related Employer any of whose stock is publicly traded on an established securities market, and (ii) he satisfies the requirements of Code Section 416(i)(1)(A)(i), (ii) or (iii), determined without regard to Code Section 416(i)(5), at any time during the twelve month period ending on the Identification Date.
- (b) A Participant who is a Key Employee on an Identification Date shall be treated as a Key Employee for purposes of the six month delay in distributions for the twelve month period beginning on the first day of a month no later than the fourth month following the Identification Date. The Identification Date and the effective date of the delay in distributions shall be determined in accordance with Section 1.06 of the Adoption Agreement.

- (c) The Plan Sponsor may elect to apply an alternative method to identify Participants who will be treated as Key Employees for purposes of the six month delay in distributions if the method satisfies each of the following requirements: (i) is reasonably designed to include all Key Employees, (ii) is an objectively determinable standard providing no direct or indirect election to any Participant regarding its application, and (iii) results in either all Key Employees or no more than 200 Key Employees being identified in the class as of any date. Use of an alternative method that satisfies the requirements of this Section 9.6(c) will not be treated as a change in the time and form of payment for purposes of Treas. Reg. § 1.409A-2(b).
- (d) The six month delay does not apply to payments described in Section 9.9(a), (b) or (d) or to payments that occur after the death of the Participant. If the payment of all or any portion of the Participant's vested Account is being delayed in accordance with this Section 9.6 at the time he incurs a Disability which would otherwise require a distribution under the terms of the Plan, no amount shall be paid until the expiration of the six month period of delay required by this Section 9.6.

## 7. ***Change in Control***

If the Plan Sponsor has elected to permit distributions upon a Change in Control, the following provisions shall apply. A distribution made upon a Change in Control will be made at the time specified in Section 6.01(a) of the Adoption Agreement in the form elected by the Participant in accordance with the procedures described in Article 4. Alternatively, if the Plan Sponsor has elected in accordance with Section 11.02 of the Adoption Agreement to require distributions upon a Change in Control, the Participant's remaining vested Account shall be paid to the Participant or the Participant's Beneficiary at the time specified in Section 6.01(a) of the Adoption Agreement as a single lump sum payment. A Change in Control, for purposes of the Plan, will occur upon a change in the ownership of the Plan Sponsor, a change in the effective control of the Plan Sponsor or a change in the ownership of a substantial portion of the assets of the Plan Sponsor, but only if elected by the Plan Sponsor in Section 11.03 of the Adoption Agreement. The Plan Sponsor, for this purpose, includes any corporation identified in this Section 9.7. All distributions made in accordance with this Section 9.7 are subject to the provisions of Section 9.6.

If a Participant continues to make deferrals in accordance with Article 4 after he has received a distribution due to a Change in Control, the residual amount payable to the Participant shall be paid at the time and in the form specified in the elections he makes in accordance with Article 4 or upon his death or Disability as provided in Article 8.

Whether a Change in Control has occurred will be determined by the Administrator in accordance with the rules and definitions set forth in this Section 9.7. A distribution to the Participant will be treated as occurring upon a Change in Control if the Plan Sponsor terminates the Plan in accordance with Section 10.2 and distributes the Participant's benefits within twelve months of a Change in Control as provided in Section 10.3.



- (a) Relevant Corporations. To constitute a Change in Control for purposes of the Plan, the event must relate to: (i) the corporation for whom the Participant is performing services at the time of the Change in Control, (ii) the corporation that is liable for the payment of the Participant's benefits under the Plan (or all corporations liable if more than one corporation is liable) but only if either the deferred compensation is attributable to the performance of services by the Participant for such corporation (or corporations) or there is a bona fide business purpose for such corporation (or corporations) to be liable for such payment and, in either case, no significant purpose of making such corporation (or corporations) liable for such payment is the avoidance of federal income tax, or (iii) a corporation that is a majority shareholder of a corporation identified in (i) or (ii), or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (i) or (ii). A majority shareholder is defined as a shareholder owning more than fifty percent (50%) of the total fair market value and voting power of such corporation.
- (b) Stock Ownership. Code Section 318(a) applies for purposes of determining stock ownership. Stock underlying a vested option is considered owned by the individual who owns the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). If, however, a vested option is exercisable for stock that is not substantially vested (as defined by Treas. Reg. § 1.83-3(b) and (j)) the stock underlying the option is not treated as owned by the individual who holds the option.
- (c) Change in the Ownership of a Corporation. A change in the ownership of a corporation occurs on the date that any one person or more than one person acting as a group, acquires ownership of stock of the corporation that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of such corporation. If any one person or more than one person acting as a group is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of a corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the corporation (or to cause a change in the effective control of the corporation as discussed below in Section 9.7(d)). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the corporation acquires its stock in exchange for property will be treated as an acquisition of stock. Section 9.7(c) applies only when there is a transfer of stock of a corporation (or issuance of stock of a corporation) and stock in such corporation remains outstanding after the transaction. For purposes of this Section 9.7(c), persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of a public offering. Persons will, however, be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to ownership in that corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

- (d) Change in the Effective Control of a Corporation. A change in the effective control of a corporation occurs on the date that either (i) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing thirty percent (30%) or more of the total voting power of the stock of such corporation, or (ii) a majority of members of the corporation's Board of Directors is replaced during any twelve month period by Directors whose appointment or election is not endorsed by a majority of the members of the corporation's Board of Directors prior to the date of the appointment or election, provided that for purposes of this paragraph (ii), the term corporation refers solely to the relevant corporation identified in Section 9.7(a) for which no other corporation is a majority shareholder for purposes of Section 9.7(a). In the absence of an event described in Section 9.7(d)(i) or (ii), a change in the effective control of a corporation will not have occurred. A change in effective control may also occur in any transaction in which either of the two corporations involved in the transaction has a change in the ownership of such corporation as described in Section 9.7(c) or a change in the ownership of a substantial portion of the assets of such corporation as described in Section 9.7(e). If any one person, or more than one person acting as a group, is considered to effectively control a corporation within the meaning of this Section 9.7(d), the acquisition of additional control of the corporation by the same person or persons is not considered to cause a change in the effective control of the corporation or to cause a change in the ownership of the corporation within the meaning of Section 9.7(c). For purposes of this Section 9.7(d), persons will or will not be considered to be acting as a group in accordance with rules similar to those set forth in Section 9.7(c) with the following exception. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to the ownership in that corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

- (e) Change in the Ownership of a Substantial Portion of a Corporation's Assets. A change in the ownership of a substantial portion of a corporation's assets occurs on the date that any one person, or more than one person acting as a group (as determined in accordance with rules similar to those set forth in Section 9.7(d)), acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the corporation or the value of the assets being disposed of determined without regard to any liabilities associated with such assets. There is no Change in Control event under this Section 9.7(e) when there is a transfer to an entity that is controlled by the shareholders of the transferring corporation immediately after the transfer. A transfer of assets by a corporation is not treated as a change in ownership of such assets if the assets are transferred to (i) a shareholder of the corporation (immediately before the asset transfer) in exchange for or with respect to its stock, (ii) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the corporation, (iii) a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the corporation, or (iv) an entity, at least fifty (50%) of the total value or voting power of which is owned, directly or indirectly, by a person described in Section 9.7(e)(iii). For purposes of the foregoing, and except as otherwise provided, a person's status is determined immediately after the transfer of assets.

### **i. *Permissible Delays in Payment***

Distributions may be delayed beyond the date payment would otherwise occur in accordance with the provisions of Articles 8 and 9 in any of the following circumstances (as long as the Employer treats all payments to similarly situated Participants on a reasonably consistent basis):

- (a) The Employer may delay payment if it reasonably anticipates that its deduction with respect to such payment would be limited or eliminated by the application of Code Section 162(m). Payment must be made during the Participant's first taxable year in which the Employer reasonably anticipates, or should reasonably anticipate, that if the payment is made during such year the deduction of such payment will not be barred by the application of Code Section 162(m) or during the period beginning with the Participant's Separation from Service and ending on the later of the last day of the Employer's taxable year in which the Participant separates from service or the 15<sup>th</sup> day of the third month following the Participant's Separation from Service. If a scheduled payment to a Participant is delayed in accordance with this Section 9.8(a), all scheduled payments to the Participant that could be delayed in accordance with this Section 9.8(a) will also be delayed.
- (b) The Employer may also delay payment if it reasonably anticipates that the making of the payment will violate federal securities laws or other applicable laws provided payment is made at the earliest date on which the Employer reasonably anticipates that the making of the payment will not cause such violation.

- (c) The Employer reserves the right to amend the Plan to provide for a delay in payment upon such other events and conditions as the Secretary of the Treasury may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

l. ***Permitted Acceleration of Payment***

The Employer may permit acceleration of the time or schedule of any payment or amount scheduled to be paid pursuant to a payment under the Plan provided such acceleration would be permitted by the provisions of Treas. Reg. § 1.409A-3(j)(4), including the following events:

- (a) Domestic Relations Order. A payment may be accelerated if such payment is made to an alternate payee pursuant to and following the receipt and qualification of a domestic relations order as defined in Code Section 414(p).
- (b) Compliance with Ethics Agreement and Legal Requirements. A payment may be accelerated as may be necessary to comply with ethics agreements with the Federal government or as may be reasonably necessary to avoid the violation of Federal, state, local or foreign ethics law or conflicts of laws, in accordance with the requirements of Code Section 409A.
- (c) De Minimis Amounts. A payment will be accelerated if (i) the amount of the payment is not greater than the applicable dollar amount under Code Section 402(g)(1)(B), (ii) at the time the payment is made the amount constitutes the Participant's entire interest under the Plan and all other plans that are aggregated with the Plan under Treas. Reg. § 1.409A-1(c)(2).
- (d) FICA Tax. A payment may be accelerated to the extent required to pay the Federal Insurance Contributions Act tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) of the Code with respect to compensation deferred under the Plan (the "FICA Amount"). Additionally, a payment may be accelerated to pay the income tax on wages imposed under Code Section 3401 of the Code on the FICA Amount and to pay the additional income tax at source on wages attributable to the pyramiding Code Section 3401 wages and taxes. The total payment under this subsection (d) may not exceed the aggregate of the FICA Amount and the income tax withholding related to the FICA Amount.
- (e) Section 409A Additional Tax. A payment may be accelerated if the Plan fails to meet the requirements of Code Section 409A; provided that such payment may not exceed the amount required to be included in income as a result of the failure to comply with the requirements of Code Section 409A.
- (f) Offset. A payment may be accelerated in the Employer's discretion as satisfaction of a debt of the Participant to the Employer, where such debt is incurred in the ordinary course of the service relationship between the Participant and the Employer, the entire amount of the reduction in any of the Employer's taxable years does not exceed \$5,000, and the reduction is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

(g) Other Events. A payment may be accelerated in the Administrator's discretion in connection with such other events and conditions as permitted by Code Section 409A.

## **Article 10 - Amendment and Termination**

### **10.1. Amendment by Plan Sponsor**

The Plan Sponsor reserves the right to amend the Plan (for itself and each Employer) through action of its Board of Directors. No amendment can directly or indirectly deprive any current or former Participant or Beneficiary of all or any portion of his Account which had accrued and vested prior to the amendment.

### **10.2. Plan Termination Following Change in Control or Corporate Dissolution**

If so elected by the Plan Sponsor in 11.01 of the Adoption Agreement, the Plan Sponsor reserves the right to terminate the Plan and distribute all amounts credited to all Participant Accounts within the 30 days preceding or the twelve months following a Change in Control as determined in accordance with the rules set forth in Section 9.7. For this purpose, the Plan will be treated as terminated only if all agreements, methods, programs and other arrangements sponsored by the Related Employer immediately after the Change in Control which are treated as a single plan under Treas. Reg. § 1.409A-1(c)(2) are also terminated so that all Participants under the Plan and all similar arrangements are required to receive all amounts deferred under the terminated arrangements within twelve months of the date the Plan Sponsor irrevocably takes all necessary action to terminate the arrangements. In addition, the Plan Sponsor reserves the right to terminate the Plan within twelve months of a corporate dissolution taxed under Code Section 331 or with the approval of a bankruptcy court pursuant to 11 U. S. C. Section 503(b)(1)(A) provided that amounts deferred under the Plan are included in the gross incomes of Participants in the latest of (a) the calendar year in which the termination and liquidation occurs, (b) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (c) the first calendar year in which payment is administratively practicable.

### **10.3. Other Plan Terminations**

The Plan Sponsor retains the discretion to terminate the Plan if (a) all arrangements sponsored by the Plan Sponsor that would be aggregated with any terminated arrangement under Code Section 409A and Treas. Reg. § 1.409A-1(c)(2) are terminated, (b) no payments other than payments that would be payable under the terms of the arrangements if the termination had not occurred are made within twelve months of the termination of the arrangements, (c) all payments are made within twenty-four months of the date the Plan Sponsor takes all necessary action to irrevocably terminate and liquidate the arrangements, (d) the Plan Sponsor does not adopt a new arrangement that would be aggregated with any terminated arrangement under Code Section 409A and the regulations thereunder at any time within the three year period following the date of termination of the arrangement, and (e) the termination does not occur proximate to a downturn in the financial health of the Plan Sponsor. The Plan Sponsor also reserves the right to amend the Plan to provide that termination of the Plan will occur under such conditions and events as may be prescribed by the Secretary of the Treasury in generally applicable guidance published in the Internal Revenue Bulletin.

## **Article 11 - The Trust**

### **11.1. Establishment of Trust**

The Plan Sponsor may but is not required to establish a trust to hold amounts which the Plan Sponsor may contribute from time to time to correspond to some or all amounts credited to Participants under Section 6.2. In the event that the Plan Sponsor wishes to establish a trust to provide a source of funds for the payment of Plan benefits, any such trust shall be constructed to constitute an unfunded arrangement that does not affect the status of the Plan as an unfunded plan for purposes of Title I of ERISA and the Code. If the Plan Sponsor elects to establish a trust in accordance with Section 10.01 of the Adoption Agreement, the provisions of Sections 11.2 and 11.3 shall become operative.

### **11.2. Rabbi Trust**

Any trust established by the Plan Sponsor shall be between the Plan Sponsor and a trustee pursuant to a separate written agreement under which assets are held, administered and managed, subject to the claims of the Plan Sponsor's creditors in the event of the Plan Sponsor's insolvency. The trust is intended to be treated as a rabbi trust in accordance with existing guidance of the Internal Revenue Service, and the establishment of the trust shall not cause the Participant to realize current income on amounts contributed thereto. The Plan Sponsor must notify the trustee in the event of a bankruptcy or insolvency.

### **11.3. Investment of Trust Funds**

Any amounts contributed to the trust by the Plan Sponsor shall be invested by the trustee in accordance with the provisions of the trust and the instructions of the Administrator. Trust investments need not reflect the hypothetical investments selected by Participants under Section 7.1 for the purpose of adjusting Accounts and the earnings or investment results of the trust need not affect the hypothetical investment adjustments to Participant Accounts under the Plan.

## **Article 12 - Plan Administration**

### **12.1. Powers and Responsibilities of the Administrator**

The Administrator has the full power and the full responsibility to administer the Plan in all of its details; subject, however, to the applicable requirements of ERISA. The Administrator's powers and responsibilities include, but are not limited to, the following:

- (a) To make and enforce such rules and procedures as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan, its interpretation thereof to be final, except as provided in Section 12.2, on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To administer the claims and review procedures specified in Section 12.2;
- (e) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan;
- (f) To determine the person or persons to whom such benefits will be paid;
- (g) To authorize the payment of benefits;
- (h) To make corrections and recover the overpayment of any benefits;
- (i) To comply with the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA;
- (j) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;
- (k) By written instrument, to allocate and delegate its responsibilities, including the formation of an Administrative Committee to administer the Plan.



## **12.2. Claims and Review Procedures**

- (a) Claims Procedure. If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Administrator. If any such claim is wholly or partially denied, the Administrator will notify such person of its decision in writing. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the person's right to bring a civil action following an adverse decision on review. If the claim involves a Disability, the denial must also include the standards that governed the decision, including the basis for disagreeing with any health care professionals, vocational professionals or the Social Security Administration as well as an explanation of the scientific or clinical judgement underlying the denial. Such notification will be given within 90 days (45 days in the case of a claim regarding Disability) after the claim is received by the Administrator. The Administrator may extend the period for providing the notification by 90 days (30 days in the case of a claim regarding Disability, which may be extended an additional 30 days) if special circumstances require an extension of time for processing the claim and if written notice of such extension and circumstance is given to such person within the initial 90 day period (45 day period in the case of a claim regarding Disability). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim.
- (b) Review Procedure. Within 60 days (180 days in the case of a claim regarding Disability) after the date on which a person receives a written notification of denial of claim (or, if written notification is not provided, within 60 days (180 days in the case of a claim regarding Disability) of the date denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Administrator for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Administrator. The Administrator will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The notification will explain that the person is entitled to receive, upon request and free of charge, reasonable access to and copies of all pertinent documents and has the right to bring a civil action following an adverse decision on review. The decision on review will be made within 60 days (45 days in the case of a claim regarding Disability). The Administrator may extend the period for making the decision on review by 60 days (45 days in the case of a claim regarding Disability) if special circumstances require an extension of time for processing the request such as an election by the Administrator to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period (45 days in the case of a claim regarding Disability). If the decision on review is not made within such period, the claim will be considered denied.

If the claim is regarding Disability, and the determination of Disability has not been made by the Social Security Administration, the Railroad Retirement Board, or under the Plan Sponsor's long-term disability plan, the person may, upon written request and free of charge, also receive the identification of medical or vocational experts whose advice was obtained in connection with the denial of a claim regarding Disability, even if the advice was not relied upon.

Before issuing any decision with respect to a claim involving Disability, the Administrator will provide to the person, free of charge, the following information as soon as possible and sufficiently in advance of the date on which the response is required to be provided to the person to allow the person a reasonable opportunity to respond prior to the due date of the response:

- (i) Any new or additional evidence considered, relied upon, or generated by the Administrator or other person making the decision; and
  - (ii) A new or addition rationale if the decision will be based on that rationale.
- (c) Exhaustion of Claims Procedures and Right to Bring Legal Claim. No action at law or equity shall be brought more than one year after the Administrator's affirmation of a denial of a claim, or, if earlier, more than four years after the facts or events giving rising to the claimant's allegation(s) or claim(s) first occurred.

### **12.3. Plan Administrative Costs**

All reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Administrator in administering the Plan shall be paid by the Plan to the extent not paid by the Employer.

## **Article 13 - Miscellaneous**

### **13.1. Unsecured General Creditor of the Employer**

Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Employer. For purposes of the payment of benefits under the Plan, any and all of the Employer's assets shall be, and shall remain, the general, unpledged, unrestricted assets of the Employer. Each Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

### **13.2. Employer's Liability**

Each Employer's liability for the payment of benefits under the Plan shall be defined only by the Plan and by the deferral agreements entered into between a Participant and the Employer. An Employer shall have no obligation or liability to a Participant under the Plan except as provided by the Plan and a deferral agreement or agreements. An Employer shall have no liability to Participants employed by other Employers.

### **13.3. Limitation of Rights**

Neither the establishment of the Plan, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to the Participant or any other person any legal or equitable right against the Employer, the Plan or the Administrator, except as provided herein; and in no event will the terms of employment or service of the Participant be modified or in any way affected hereby.

### **13.4. Anti-Assignment**

Except as may be necessary to fulfill a domestic relations order within the meaning of Code Section 414(p), none of the benefits or rights of a Participant or any Beneficiary of a Participant shall be subject to the claim of any creditor. In particular, to the fullest extent permitted by law, all such benefits and rights shall be free from attachment, garnishment, or any other legal or equitable process available to any creditor of the Participant and his Beneficiary. Neither the Participant nor his Beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber, or assign any of the payments which he may expect to receive, contingently or otherwise, under the Plan, except the right to designate a Beneficiary to receive death benefits provided hereunder. Notwithstanding the preceding, the benefit payable from a Participant's Account may be reduced, at the discretion of the Administrator, to satisfy any debt or liability to the Employer.

### **13.5. Facility of Payment**

If the Administrator determines, on the basis of medical reports or other evidence satisfactory to the Administrator, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, the Administrator may direct the Employer to disburse such payments to a person or institution designated by a court which has jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments therefore, and any such payment to the extent thereof, shall discharge the liability of the Employer, the Plan and the Administrator for the payment of benefits hereunder to such recipient.

### **13.6. Notices**

Any notice or other communication to the Employer or Administrator in connection with the Plan shall be deemed delivered in writing if addressed to the Plan Sponsor at the address specified in Section 1.03 of the Adoption Agreement and if either actually delivered at said address or, in the case of a letter, five business days shall have elapsed after the same shall have been deposited in the United States mails, first-class postage prepaid and registered or certified.

### **13.7. Tax Withholding**

If the Employer concludes that tax is owing with respect to any deferral or payment hereunder, the Employer shall withhold such amounts from any payments due the Participant or from amounts deferred, as permitted by law, or otherwise make appropriate arrangements with the Participant or his Beneficiary for satisfaction of such obligation. Tax, for purposes of this Section 13.7 means any federal, state, local or any other governmental income tax, employment or payroll tax, excise tax, or any other tax or assessment owing with respect to amounts deferred, any earnings thereon, and any payments made to Participants under the Plan.

### **13.8. Indemnification**

- (a) Each Indemnitee (as defined in Section 13.8(e)) shall be indemnified and held harmless by the Employer for all actions taken by him and for all failures to take action (regardless of the date of any such action or failure to take action), to the fullest extent permitted by the law of the jurisdiction in which the Employer is incorporated, against all expense, liability, and loss (including, without limitation, attorneys' fees, judgments, fines, taxes, penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any Proceeding (as defined in subsection (e)). No indemnification pursuant to this Section shall be made, however, in any case where (1) the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness or (2) there is a settlement to which the Employer does not consent.
- (b) The right to indemnification provided in this Section shall include the right to have the expenses incurred by the Indemnitee in defending any Proceeding paid by the Employer in advance of the final disposition of the Proceeding, to the fullest extent permitted by the law of the jurisdiction in which the Employer is incorporated; provided that, if such law requires, the payment of such expenses incurred by the Indemnitee in advance of the final disposition of a Proceeding shall be made only on delivery to the Employer of an undertaking, by or on behalf of the Indemnitee, to repay all amounts so advanced without interest if it shall ultimately be determined that the Indemnitee is not entitled to be indemnified under this Section or otherwise.
- (c) Indemnification pursuant to this Section shall continue as to an Indemnitee who has ceased to be such and shall inure to the benefit of his heirs, executors, and administrators. The Employer agrees that the undertakings made in this Section shall be binding on its successors or assigns and shall survive the termination, amendment or restatement of the Plan.
- (d) The foregoing right to indemnification shall be in addition to such other rights as the Indemnitee may enjoy as a matter of law or by reason of insurance coverage of any kind and is in addition to and not in lieu of any rights to indemnification to which the Indemnitee may be entitled pursuant to the by-laws of the Employer.
- (e) For the purposes of this Section, the following definitions shall apply:
  - (i) "Indemnitee" shall mean each person serving as an Administrator (or any other person who is an employee, Director, or officer of the Employer) who was or is a party to, or is threatened to be made a party to, or is otherwise involved in, any Proceeding, by reason of the fact that he is or was performing administrative functions under the Plan.
  - (ii) "Proceeding" shall mean any threatened, pending, or completed action, suit, or proceeding (including, without limitation, an action, suit, or proceeding by or in the right of the Employer), whether civil, criminal, administrative, investigative, or through arbitration.

**13.9. Successors**

The provisions of the Plan shall bind and inure to the benefit of the Plan Sponsor, the Employer and their successors and assigns and the Participant and the Participant's designated Beneficiaries.

**13.10. Disclaimer**

It is the Plan Sponsor's intention that the Plan comply with the requirements of Code Section 409A. Neither the Plan Sponsor nor the Employer shall have any liability to any Participant should any provision of the Plan fail to satisfy the requirements of Code Section 409A.

**13.11. Governing Law**

The Plan will be construed, administered and enforced according to the laws of the State specified by the Plan Sponsor in Section 12.01 of the Adoption Agreement.

**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

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Christine A. Leahy  
President and Chief Executive Officer  
CDW Corporation  
August 4, 2021

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

I, Collin B. Kebo, 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/ Collin B. Kebo

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Collin B. Kebo  
Senior Vice President and Chief Financial Officer  
CDW Corporation  
August 4, 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 June 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  
August 4, 2021

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

I, Collin B. Kebo, the chief financial officer of CDW Corporation ("CDW"), certify that (i) the Quarterly Report on Form 10-Q for the three months ended June 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/ Collin B. Kebo

Collin B. Kebo

Senior Vice President and Chief Financial Officer

CDW Corporation

August 4, 2021