
**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, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 001-35985

CDW CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

26-0273989

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

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

(Address of principal executive offices)

60069

(Zip Code)

(847) 465-6000

(Registrant's telephone number, including area code)

None

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

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

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

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

As of July 31, 2016, there were 163,313,999 shares of common stock, \$0.01 par value, outstanding.

CDW CORPORATION AND SUBSIDIARIES
FORM 10-Q

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PART I—FINANCIAL INFORMATION
Item 1. Financial Statements

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

	June 30, 2016	December 31, 2015
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 129.4	\$ 37.6
Accounts receivable, net of allowance for doubtful accounts of \$5.9 and \$6.0, respectively	2,082.5	2,017.4
Merchandise inventory	487.3	393.1
Miscellaneous receivables	260.3	198.4
Prepaid expenses and other	115.8	144.3
Total current assets	3,075.3	2,790.8
Property and equipment, net	163.8	175.4
Goodwill	2,475.0	2,500.4
Other intangible assets, net	1,162.0	1,276.4
Other assets	11.8	12.3
Total assets	\$ 6,887.9	\$ 6,755.3
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable-trade	\$ 1,078.1	\$ 866.5
Accounts payable-inventory financing	509.8	439.6
Current maturities of long-term debt	26.1	27.2
Deferred revenue	144.6	151.9
Accrued expenses:		
Compensation	135.6	120.4
Interest	25.1	25.1
Sales taxes	26.9	38.1
Advertising	59.1	52.3
Income taxes	19.7	—
Other	152.7	166.2
Total current liabilities	2,177.7	1,887.3
Long-term liabilities:		
Debt	3,214.4	3,232.5
Deferred income taxes	420.8	469.6
Other liabilities	61.6	70.0
Total long-term liabilities	3,696.8	3,772.1
Commitments and contingencies (Note 7)		
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; 163.2 and 168.2 shares issued and outstanding, respectively	1.6	1.7
Paid-in capital	2,831.1	2,806.9
Accumulated deficit	(1,715.3)	(1,651.6)
Accumulated other comprehensive loss	(104.0)	(61.1)
Total stockholders' equity	1,013.4	1,095.9
Total liabilities and stockholders' equity	\$ 6,887.9	\$ 6,755.3

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net sales	\$ 3,664.6	\$ 3,314.0	\$ 6,781.3	\$ 6,069.2
Cost of sales	3,054.1	2,779.5	5,646.3	5,078.2
Gross profit	610.5	534.5	1,135.0	991.0
Selling and administrative expenses	344.7	290.6	674.0	566.1
Advertising expense	42.3	38.0	76.5	67.4
Income from operations	223.5	205.9	384.5	357.5
Interest expense, net	(36.9)	(37.8)	(75.0)	(82.6)
Net loss on extinguishments of long-term debt	—	—	—	(24.3)
Other income, net	0.9	4.0	1.9	8.5
Income before income taxes	187.5	172.1	311.4	259.1
Income tax expense	(70.0)	(63.9)	(116.1)	(96.2)
Net income	<u>\$ 117.5</u>	<u>\$ 108.2</u>	<u>\$ 195.3</u>	<u>\$ 162.9</u>
Net income per common share:				
Basic	\$ 0.71	\$ 0.63	\$ 1.18	\$ 0.95
Diluted	\$ 0.70	\$ 0.63	\$ 1.16	\$ 0.94
Weighted-average common shares outstanding:				
Basic	164.9	171.0	166.1	171.6
Diluted	166.7	172.5	167.8	173.0
Cash dividends declared per common share	\$ 0.1075	\$ 0.0675	\$ 0.2150	\$ 0.1350

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$ 117.5	\$ 108.2	\$ 195.3	\$ 162.9
Foreign currency translation (net of tax benefit of \$0.3 and \$1.7 million, and of \$0.3 and \$0.3 million, respectively)	(35.0)	4.7	(42.9)	(6.3)
Other comprehensive (loss) income, net of tax	(35.0)	4.7	(42.9)	(6.3)
Comprehensive income	<u>\$ 82.5</u>	<u>\$ 112.9</u>	<u>\$ 152.4</u>	<u>\$ 156.6</u>

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

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

	Preferred Stock		Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2015	—	\$ —	168.2	\$ 1.7	\$ 2,806.9	\$ (1,651.6)	\$ (61.1)	\$ 1,095.9
Net income	—	—	—	—	—	195.3	—	195.3
Equity-based compensation expense	—	—	—	—	14.9	—	—	14.9
Stock option exercises	—	—	0.1	—	3.8	—	—	3.8
Excess tax benefits from equity-based compensation	—	—	—	—	0.7	—	—	0.7
Coworker Stock Purchase Plan	—	—	0.1	—	4.5	—	—	4.5
Common stock issued for equity-based compensation	—	—	0.3	—	—	—	—	—
Repurchases of common stock	—	—	(5.5)	(0.1)	—	(223.0)	—	(223.1)
Dividends	—	—	—	—	0.3	(36.0)	—	(35.7)
Foreign currency translation	—	—	—	—	—	—	(42.9)	(42.9)
Balance as of June 30, 2016	—	\$ —	163.2	\$ 1.6	\$ 2,831.1	\$ (1,715.3)	\$ (104.0)	\$ 1,013.4

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

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

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 195.3	\$ 162.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	127.7	105.1
Equity-based compensation expense	18.1	12.2
Deferred income taxes	(49.9)	(45.2)
Amortization of deferred financing costs, debt premium and debt discount, net	3.3	3.1
Net loss on extinguishments of long-term debt	—	24.3
Income from equity investment	—	(7.9)
Other	—	2.4
Changes in assets and liabilities:		
Accounts receivable	(74.9)	(157.7)
Merchandise inventory	(99.0)	(98.9)
Other assets	(44.4)	(20.1)
Accounts payable-trade	219.3	151.9
Other current liabilities	23.5	(34.7)
Long-term liabilities	(5.9)	1.7
Net cash provided by operating activities	313.1	99.1
Cash flows from investing activities:		
Capital expenditures	(25.7)	(22.9)
Premium payments on interest rate cap agreements	—	(0.5)
Net cash used in investing activities	(25.7)	(23.4)
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	105.4	—
Repayments of borrowings under revolving credit facility	(105.4)	—
Repayments of long-term debt	(13.4)	(7.7)
Proceeds from issuance of long-term debt	—	525.0
Payments to extinguish long-term debt	—	(525.3)
Payments of debt financing costs	—	(6.8)
Net change in accounts payable-inventory financing	71.3	41.2
Proceeds from stock option exercises	3.8	1.0
Excess tax benefits from equity-based compensation	0.7	0.2
Proceeds from Coworker Stock Purchase Plan	4.5	4.2
Repurchases of common stock	(223.1)	(91.7)
Dividends	(35.7)	(23.2)
Other	(0.8)	—
Net cash used in financing activities	(192.7)	(83.1)
Effect of exchange rate changes on cash and cash equivalents	(2.9)	(1.4)
Net increase (decrease) in cash and cash equivalents	91.8	(8.8)
Cash and cash equivalents—beginning of period	37.6	344.5
Cash and cash equivalents—end of period	\$ 129.4	\$ 335.7
Supplementary disclosure of cash flow information:		
Cash paid for Interest, net	\$ (73.0)	\$ (81.3)
Cash paid for Income taxes, net	\$ (132.7)	\$ (123.4)

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

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

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

CDW Corporation (“Parent”) is a Fortune 500 company with multi-national capabilities and a leading provider of integrated information technology (“IT”) solutions to small, medium and large business, government, education and healthcare customers in the United States, Canada and the United Kingdom. The Company's offerings range from discrete hardware and software products to integrated IT solutions such as mobility, security, data center optimization, cloud computing, virtualization and collaboration.

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.

On August 1, 2015, the Company completed the acquisition of Kelway TopCo Limited (“Kelway”) by purchasing the remaining 65% of its outstanding common stock which increased the Company’s ownership interest from 35% to 100% , and provided the Company control. On April 4, 2016, Kelway was rebranded CDW UK. Throughout this report, the term “CDW UK” refers to Kelway. For further details regarding the acquisition, see Note 3 (Acquisition).

Basis of Presentation

The accompanying unaudited interim Consolidated Financial Statements as of June 30, 2016 and for the three and six months ended June 30, 2016 and 2015 (the “Consolidated Financial Statements”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) for interim financial statements. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with 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 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (the “December 31, 2015 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, 2015 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.

Principles of Consolidation

The accompanying 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 GAAP requires management to make use of certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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 could differ from those estimates.

The notes to the Consolidated Financial Statements contained in the December 31, 2015 Consolidated Financial Statements include an additional discussion of the significant accounting policies and estimates used in the preparation of the Company's Consolidated Financial Statements. There have been no material changes to the Company's significant accounting policies and estimates during the six months ended June 30, 2016 .

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

2. Recent Accounting Pronouncements

Measurement of Credit Losses on Financial Instruments

In June 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require considerations of historical information, current information and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the assumptions, models and methods for estimating expected credit losses. This ASU is effective for the Company beginning in the first quarter of 2020 and allows for early adoption beginning in the first quarter of 2019. The Company is currently evaluating the impact the ASU will have on its Consolidated Financial Statements.

Improvements to Employee Share-Based Payment Accounting

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, requiring the recognition of the income tax effects of stock awards in the income statement when the awards are settled and allowing the Company to repurchase more of an employee's shares than allowed under current guidance, without triggering liability accounting. This ASU also addresses simplifications related to statement of cash flows classification and accounting for forfeitures. This ASU is effective for the Company beginning in the first quarter of 2017 and allows for early adoption. The Company is currently evaluating the impact this ASU will have on its Consolidated Financial Statements.

Accounting for Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), requiring lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. This ASU is effective for the Company beginning in the first quarter of 2019 and allows for early adoption. Although the Company is currently evaluating the provisions of the ASU to determine how it will be affected, the primary impact of the new ASU will be to record assets and liabilities for current operating leases.

Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, simplifying the presentation of deferred income taxes by requiring all deferred taxes to be presented as noncurrent in the balance sheet. In the first quarter of 2016, the Company elected to early adopt ASU 2015-17 on a prospective basis. The adoption of this standard did not have a material impact on the Company's Consolidated Financial Statements.

Simplifying the Measurement of Inventory

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory, amending the subsequent measurement of inventory by requiring inventory to be measured at the lower of cost and net realizable value instead of the lower of cost or market value. This ASU is effective for the Company beginning in the first quarter of 2017, allows for early adoption and must be applied prospectively after the date of adoption. This ASU is not expected to have a material impact on the Company's Consolidated Financial Statements.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), replacing most existing revenue recognition guidance under GAAP and eliminating industry specific guidance. The core principle of the new guidance is that an entity should recognize revenue for the transfer of goods and services equal to an amount it expects to be entitled to receive for those goods and services.

In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, deferring the effective date by one year.

CDW CORPORATION AND SUBSIDIARIES
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In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Gross versus Net), clarifying the principal versus agent guidance in the new revenue recognition standard, by revising the indicators to focus on evidence that the company is a principal.

In April 2016, the FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, reducing the complexity when applying the guidance for identifying performance obligations and clarifying how to determine whether revenue related to a performance obligation for an intellectual property license is recognized over time or at a point in time.

In May 2016, the FASB issued ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, clarifying certain core recognition principles including collectability, sales tax presentation, noncash consideration, contract modifications and completed contracts at transition.

These ASUs are effective for the Company beginning in the first quarter of 2018, allow for early adoption in the first quarter of 2017 and may be applied using either a full retrospective approach or a modified retrospective approach. The Company is currently evaluating the method of adoption and the impact these ASUs will have on its Consolidated Financial Statements.

3. **Acquisition**

On August 1, 2015, the Company completed the acquisition of CDW UK by purchasing the remaining 65% of its outstanding common stock which increased the Company's ownership interest from 35% to 100%, and provided the Company control.

A summary of the total consideration transferred is as follows:

(in millions)	Acquisition-Date Fair Value
Cash	\$ 291.6
Fair value of CDW common stock ⁽¹⁾	33.2
Fair value of previously held equity investment on the date of acquisition ⁽²⁾	174.9
Total consideration	\$ 499.7

(1) The Company issued 2 million shares of CDW common stock. The fair value of the common stock was based on the closing market price on July 31, 2015, adjusted for the lack of marketability as the shares of CDW common stock issued to the sellers are subject to a three-year lock up restriction from August 1, 2015. One of the sellers granted 1 million stock options to certain CDW UK coworkers over his shares of CDW common stock received in the transaction. The fair value of these stock options was \$22 million, which has been accounted for as post-combination stock-based compensation and is being amortized over the weighted-average requisite service period of 3.2 years. Compensation expense for these options is included in Selling and administrative expenses in the Consolidated Statements of Operations.

(2) As a result of the Company obtaining control over CDW UK, the Company's previously held 35% equity investment was remeasured to fair value, resulting in a gain of \$98 million included in Gain on remeasurement of equity investment in the Consolidated Statements of Operations. The fair value of the previously held equity investment was determined by management with the assistance of a third party valuation firm, based on information available as of the acquisition date.

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

The recognized amounts of identifiable assets acquired and liabilities assumed, translated using the foreign currency exchange rates on the date of acquisition, are as follows:

(in millions)	Acquisition-Date Fair Value ⁽¹⁾
Cash	\$ 27.8
Accounts receivable	135.7
Merchandise inventory	27.1
Property and equipment, net	11.4
Identified intangible assets ⁽²⁾	289.8
Other assets	53.5
Total assets acquired	545.3
Accounts payable—trade	(86.1)
Deferred revenue	(57.2)
Other liabilities	(41.7)
Deferred tax liabilities	(55.1)
Debt	(111.5)
Total liabilities assumed	(351.6)
Total identifiable net assets	193.7
Goodwill	306.0
Total purchase price	\$ 499.7

- (1) The fair values assigned to the tangible and intangible assets acquired and liabilities assumed were based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. These fair values are subject to change within the measurement period.
- (2) Details of the identified intangible assets are as follows:

(in millions)	Acquisition-Date Fair Value	Weighted-Average Amortization Period (in years)
Customer relationships	\$ 260.8	13
Customer contracts	25.9	3
Developed technology	1.7	2
Trade name	1.4	1
Total identified intangible assets	\$ 289.8	

Goodwill in the amount of \$306 million was recognized in the acquisition of CDW UK and is attributable to the business from new customers and the value of the acquired assembled workforce. The goodwill was allocated to the CDW UK operating segment which is included with CDW Canada in an all other category ("Other"). The full amount of goodwill recognized is not deductible for income tax purposes in the United Kingdom.

The unaudited pro forma Consolidated Statements of Operations in the table below summarizes the combined results of operations of the Company and CDW UK, using historical foreign currency exchange rates, as if the acquisition had been completed on January 1, 2015, and gives effect to pro forma events that are factually supportable and directly attributable to the transaction. The unaudited pro forma results reflect adjustments for equity-based compensation, acquisition and integration costs, incremental intangible asset amortization based on the fair values of each identifiable intangible asset, which are subject to change within the measurement period, pre-acquisition equity earnings, the gain on the remeasurement

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

of the Company's previously held 35% equity method investment, elimination of pre-acquisition intercompany sales transactions and the impacts of certain other pre-acquisition transactions. Pro forma adjustments were tax-effected at the statutory rates within the applicable jurisdictions.

This unaudited pro forma information is presented for informational purposes only and may not be indicative of the historical results of operations that would have been obtained if the acquisition had taken place on January 1, 2015, nor the results that may be obtained in the future. This unaudited pro forma information does not reflect future synergies, integration costs, or other such costs or savings.

The unaudited pro forma Consolidated Statements of Operations for the three and six months ended June 30, 2015 is as follows:

(in millions)	Three months ended	Six months ended
Net sales	\$ 3,541.0	\$ 6,513.6
Net income	115.7	171.7

The unaudited pro forma information above reflects the following adjustments:

- (1) Excludes acquisition and integration costs directly related to the transaction.
- (2) Includes additional amortization expense related to the fair value of acquired intangibles.
- (3) Excludes the Company's share of net income/loss from its previously held 35% equity investment prior to the completion of the acquisition.
- (4) Includes additional non-cash equity-based compensation related to equity awards granted to CDW UK coworkers after the completion of the acquisition.

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

4. 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. 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:

(in millions)	June 30, 2016	December 31, 2015
Revolving Loan inventory financing agreement ⁽¹⁾	\$ 498.4	\$ 427.0
Other inventory financing agreements ⁽²⁾	11.4	12.6
Accounts payable-inventory financing	<u>\$ 509.8</u>	<u>\$ 439.6</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.
- (2) As of June 30, 2016 and December 31, 2015, amounts owed under other inventory financing agreements of \$1 million or less, for both periods, were collateralized by the inventory purchased under these financing agreements and a second lien on the related accounts receivable.

5. Long-Term Debt

Long-term debt as of June 30, 2016 is as follows:

(dollars in millions)	Interest Rate	Principal	Unamortized Discount and Deferred Financing Costs	Total
Senior secured asset-based revolving credit facility ⁽¹⁾	—%	\$ —	\$ —	\$ —
CDW UK revolving credit facility ⁽²⁾	—%	—	—	—
Senior secured term loan facility	3.25%	1,490.4	(5.9)	1,484.5
CDW UK term loan	1.99%	74.5	(0.4)	74.1
Senior notes due 2022	6.0%	600.0	(6.1)	593.9
Senior notes due 2023	5.0%	525.0	(5.7)	519.3
Senior notes due 2024	5.5%	575.0	(6.3)	568.7
Total long-term debt		3,264.9	(24.4)	3,240.5
Less current maturities of long-term debt		(26.1)	—	(26.1)
Long-term debt, excluding current maturities		<u>\$ 3,238.8</u>	<u>\$ (24.4)</u>	<u>\$ 3,214.4</u>

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

Long-term debt as of December 31, 2015 is as follows:

(dollars in millions)	Interest Rate	Principal	Unamortized Discount and Deferred Financing Costs	Total
Senior secured asset-based revolving credit facility ⁽¹⁾	—%	\$ —	\$ —	\$ —
CDW UK revolving credit facility ⁽²⁾	—%	—	—	—
Senior secured term loan facility	3.25%	1,498.1	(6.7)	1,491.4
CDW UK Term Loan	1.98%	88.4	(0.6)	87.8
Senior notes due 2022	6.0%	600.0	(6.6)	593.4
Senior notes due 2023	5.0%	525.0	(6.2)	518.8
Senior notes due 2024	5.5%	575.0	(6.7)	568.3
Total long-term debt		3,286.5	(26.8)	3,259.7
Less current maturities of long-term debt		(27.2)	—	(27.2)
Long-term debt, excluding current maturities		\$ 3,259.3	\$ (26.8)	\$ 3,232.5

- (1) The Senior Secured Asset-Based Revolving Credit Facility ("Revolving Loan") 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. As of June 30, 2016, the Company had no outstanding borrowings under the Revolving Loan, \$2 million of undrawn letters of credit and \$470 million reserved related to the floorplan sub-facility. As of June 30, 2016, the borrowing base was \$1,448 million based on the amount of eligible inventory and accounts receivable balances as of May 31, 2016. The Company could have borrowed up to an additional \$778 million under the Revolving Loan as of June 30, 2016.
- (2) The CDW UK Credit Facility is a multi-currency revolving credit facility, expiring on July 17, 2017, under which CDW UK is permitted to borrow an aggregate amount of £ 50.0 million (\$67 million as of June 30, 2016).

Debt Covenants

As of June 30, 2016, the Company remained in compliance with the covenants under its various credit agreements, the most restrictive of which is under the credit agreement governing the Senior Secured Term Loan Facility ("Term Loan"). Under the Term Loan, there are restrictions on the ability of CDW to pay dividends, make share repurchases, redeem subordinated debt and engage in certain other transactions. As of June 30, 2016, the amount of CDW's restricted payment capacity under the Term Loan was \$680 million. However, the Company is separately permitted to make restricted payments, so long as the total net leverage ratio is less than 3.25 on a pro forma basis. The total net leverage ratio was 2.9 as of June 30, 2016.

The CDW UK Term Loan Agreement imposes restrictions on CDW UK's ability to transfer funds to the Company through the payment of dividends, intercompany loans, advances or the repayment of subordinated debt that require, among other things, the maintenance of a minimum net leverage ratio. As of June 30, 2016, the amount of such restricted net assets for CDW UK was \$410 million, which was primarily comprised of goodwill and intangible assets.

Fair Value

The fair values of the 2022, 2023 and 2024 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. Consequently, the Company's long-term debt is classified as Level 2 within the fair value hierarchy. The fair value of the CDW UK Term Loan was estimated using a discounted cash flow analysis based on current incremental borrowing rates for similar arrangements. 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 costs, were as follows:

CDW CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(in millions)	June 30, 2016	December 31, 2015
Fair value	\$ 3,309.7	\$ 3,330.4
Carrying value	3,264.9	3,286.5

Interest Rate Cap Agreements

In order to manage the risk associated with changes in interest rates on borrowings under the Term Loan, the Company maintains interest rate cap agreements. As of June 30, 2016 the interest rate cap agreements had a combined notional amount of \$1,400 million and are effective from January 14, 2015 through January 14, 2017. Under these agreements, the Company has the right to receive payments equal to the amount, if any, by which the three-month LIBOR exceeds 2.0% during the agreement period. The fair value of the Company's interest rate cap agreements was less than \$1 million as of June 30, 2016 and December 31, 2015 .

6. Earnings per Share

The numerator for both basic and diluted earnings per share is Net income. The denominator for basic earnings per share is the weighted-average shares outstanding during the period. A reconciliation of basic weighted-average shares outstanding to diluted weighted-average shares outstanding is as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Basic weighted-average shares outstanding	164.9	171.0	166.1	171.6
Effect of dilutive securities ⁽¹⁾	1.8	1.5	1.7	1.4
Diluted weighted-average shares outstanding ⁽²⁾	166.7	172.5	167.8	173.0

- (1) The dilutive effect of outstanding stock options, restricted stock units, restricted stock, 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 less than 1 million potential common shares excluded from diluted weighted-average shares outstanding for the three and six months ended June 30, 2016 and 2015, respectively, as their inclusion would have had an anti-dilutive effect.

7. 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.

On October 29, 2015, the Company received a request for production of documents in connection with an investigation by the SEC of the Company's vendor partner program incentives. The Company has produced documents to the SEC and is continuing to cooperate with the SEC in this matter.

As of June 30, 2016 , the Company does not believe that there is a reasonable possibility that any material loss exceeding the amounts already recognized for these proceedings and matters, if any, has been incurred. However, the ultimate resolutions of these proceedings and matters are inherently unpredictable. As such, the Company's financial condition and results of operations could be adversely affected in any particular period by the unfavorable resolution of one or more of these proceedings or matters.

CDW CORPORATION AND SUBSIDIARIES
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8. Segment Information

The Company has two reportable segments: Corporate, which is comprised primarily of private sector business customers in the US, and Public, which is comprised of government agencies and education and healthcare institutions in the US. The Company has two other operating segments: CDW Canada and CDW UK, both of which do not meet the reportable segment quantitative thresholds and, accordingly, are included in an all other category ("Other"). Effective January 1, 2016, CDW Advanced Services is no longer an operating segment. Its results have been allocated to the Corporate and Public segments to align the Company's financial reporting with the manner in which the Chief Operating Decision Maker assesses performance and makes resource allocation decisions. Segment information reported in prior periods has been reclassified to conform to the current period presentation.

Information about the Company's segments for the three and six months ended June 30, 2016 and 2015 is as follows:

(in millions)	Corporate	Public	Other	Headquarters	Total
Three Months Ended June 30, 2016:					
Net sales	\$ 1,779.2	\$ 1,547.0	\$ 338.4	\$ —	\$ 3,664.6
Income (loss) from operations ⁽¹⁾	135.2	108.3	9.4	(29.4)	223.5
Depreciation and amortization expense	(25.9)	(11.1)	(8.3)	(18.4)	(63.7)
Three Months Ended June 30, 2015:					
Net sales	\$ 1,798.6	\$ 1,388.5	\$ 126.9	\$ —	\$ 3,314.0
Income (loss) from operations ⁽¹⁾	138.8	91.0	4.3	(28.2)	205.9
Depreciation and amortization expense	(25.8)	(11.2)	(0.4)	(15.2)	(52.6)

(in millions)	Corporate	Public	Other	Headquarters	Total
Six Months Ended June 30, 2016:					
Net sales	\$ 3,471.4	\$ 2,616.5	\$ 693.4	\$ —	\$ 6,781.3
Income (loss) from operations ⁽¹⁾	253.4	166.7	17.5	(53.1)	384.5
Depreciation and amortization expense	(51.7)	(22.3)	(16.9)	(36.8)	(127.7)
Six Months Ended June 30, 2015:					
Net sales	\$ 3,409.0	\$ 2,405.7	\$ 254.5	\$ —	\$ 6,069.2
Income (loss) from operations ⁽¹⁾	257.4	146.4	9.2	(55.5)	357.5
Depreciation and amortization expense	(51.5)	(22.3)	(0.7)	(30.6)	(105.1)

(1) Certain costs related to technology specialists have been reclassified between our Corporate and Public segments. Prior periods have been reclassified to conform to the current period presentation.

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

9. Supplemental Guarantor Information

The 2022 Senior Notes, the 2023 Senior Notes and the 2024 Senior Notes are, and, prior to being redeemed in full, the 2019 Senior Notes were guaranteed by Parent and each of CDW LLC's direct and indirect, 100% owned, domestic subsidiaries (the "Guarantor Subsidiaries"). All guarantees by Parent and the Guarantor Subsidiaries are and were joint and several, and full and unconditional; provided that guarantees by the Guarantor Subsidiaries (i) are subject to certain customary release provisions contained in the indentures governing the 2022 Senior Notes, the 2023 Senior Notes and the 2024 Senior Notes and (ii) were subject to certain customary release provisions contained in the indentures governing the 2019 Senior Notes until such indentures were satisfied and discharged in the first quarter of 2015. CDW LLC's 100% owned foreign subsidiaries, CDW International Holdings Limited, which is comprised of CDW UK and Canada, (together the "Non-Guarantor Subsidiaries") do not guarantee the debt obligations. CDW LLC and CDW Finance Corporation, as co-issuers, are 100% owned by Parent and each of the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries are, directly or indirectly, 100% owned by CDW LLC.

The following tables set forth condensed Consolidating Balance Sheets as of June 30, 2016 and December 31, 2015, Consolidating Statements of Operations for the three and six months ended June 30, 2016 and 2015, condensed Consolidating Statements of Comprehensive Income for the three and six months ended June 30, 2016 and 2015 and condensed Consolidating Statements of Cash Flows for the six months ended June 30, 2016 and 2015, in accordance with Rule 3-10 of Regulation S-X. The consolidating financial information includes the accounts of CDW Corporation (the "Parent Guarantor"), which has no independent assets or operations, the accounts of CDW LLC (the "Subsidiary Issuer"), the combined accounts of the Guarantor Subsidiaries, the accounts of the Non-Guarantor Subsidiaries, and the accounts of CDW Finance Corporation (the "Co-Issuer") for the periods indicated. The information was prepared on the same basis as the Consolidated Financial Statements.

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

Condensed Consolidating Balance Sheet

	June 30, 2016						
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Co-Issuer	Consolidating Adjustments	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	\$ —	\$ 81.4	\$ —	\$ 69.7	\$ —	\$ (21.7)	\$ 129.4
Accounts receivable, net	—	0.2	1,883.8	198.5	—	—	2,082.5
Merchandise inventory	—	—	433.7	53.6	—	—	487.3
Miscellaneous receivables	—	87.4	151.0	21.9	—	—	260.3
Prepaid expenses and other	—	17.0	61.9	36.9	—	—	115.8
Total current assets	—	186.0	2,530.4	380.6	—	(21.7)	3,075.3
Property and equipment, net	—	103.8	50.0	10.0	—	—	163.8
Goodwill	—	751.8	1,439.0	284.2	—	—	2,475.0
Other intangible assets, net	—	300.1	635.0	226.9	—	—	1,162.0
Other assets	3.5	20.1	262.4	4.1	—	(278.3)	11.8
Investment in and advances to subsidiaries	1,009.9	3,169.0	—	—	—	(4,178.9)	—
Total assets	\$ 1,013.4	\$ 4,530.8	\$ 4,916.8	\$ 905.8	\$ —	\$ (4,478.9)	\$ 6,887.9
Liabilities and Stockholders' Equity							
Current liabilities:							
Accounts payable—trade	\$ —	\$ 19.7	\$ 959.1	\$ 121.0	\$ —	\$ (21.7)	\$ 1,078.1
Accounts payable—inventory financing	—	—	499.2	10.6	—	—	509.8
Current maturities of long-term debt	—	15.5	—	10.6	—	—	26.1
Deferred revenue	—	—	77.0	67.6	—	—	144.6
Accrued expenses	—	172.9	207.7	38.5	—	—	419.1
Total current liabilities	—	208.1	1,743.0	248.3	—	(21.7)	2,177.7
Long-term liabilities:							
Debt	—	3,150.9	—	63.5	—	—	3,214.4
Deferred income taxes	—	107.5	240.6	76.2	—	(3.5)	420.8
Other liabilities	—	54.4	3.4	278.6	—	(274.8)	61.6
Total long-term liabilities	—	3,312.8	244.0	418.3	—	(278.3)	3,696.8
Total stockholders' equity	1,013.4	1,009.9	2,929.8	239.2	—	(4,178.9)	1,013.4
Total liabilities and stockholders' equity	\$ 1,013.4	\$ 4,530.8	\$ 4,916.8	\$ 905.8	\$ —	\$ (4,478.9)	\$ 6,887.9

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

Condensed Consolidating Balance Sheet

December 31, 2015

(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	\$ —	\$ 45.1	\$ —	\$ 31.9	\$ —	\$ (39.4)	\$ 37.6
Accounts receivable, net	—	—	1,788.6	228.8	—	—	2,017.4
Merchandise inventory	—	—	340.3	52.8	—	—	393.1
Miscellaneous receivables	—	83.7	90.1	24.6	—	—	198.4
Prepaid expenses and other	—	13.0	50.4	84.0	—	(3.1)	144.3
Total current assets	—	141.8	2,269.4	422.1	—	(42.5)	2,790.8
Property and equipment, net	—	110.0	54.1	11.3	—	—	175.4
Goodwill	—	751.8	1,439.0	309.6	—	—	2,500.4
Other intangible assets, net	—	306.0	704.9	265.5	—	—	1,276.4
Other assets	3.8	17.3	263.0	3.0	—	(274.8)	12.3
Investment in and advances to subsidiaries	1,092.1	3,302.0	—	—	—	(4,394.1)	—
Total assets	\$ 1,095.9	\$ 4,628.9	\$ 4,730.4	\$ 1,011.5	\$ —	\$ (4,711.4)	\$ 6,755.3
Liabilities and Stockholders' Equity							
Current liabilities:							
Accounts payable-trade	\$ —	\$ 31.0	\$ 727.4	\$ 147.5	\$ —	\$ (39.4)	\$ 866.5
Accounts payable-inventory financing	—	—	428.4	11.4	—	(0.2)	439.6
Current maturities of long-term debt	—	15.4	—	11.8	—	—	27.2
Deferred revenue	—	—	77.4	74.5	—	—	151.9
Accrued expenses	—	156.0	190.9	58.6	—	(3.4)	402.1
Total current liabilities	—	202.4	1,424.1	303.8	—	(43.0)	1,887.3
Long-term liabilities:							
Debt	—	3,156.5	—	76.0	—	—	3,232.5
Deferred income taxes	—	117.3	272.8	83.4	—	(3.9)	469.6
Other liabilities	—	60.7	2.9	276.8	—	(270.4)	70.0
Total long-term liabilities	—	3,334.5	275.7	436.2	—	(274.3)	3,772.1
Total stockholders' equity	1,095.9	1,092.0	3,030.6	271.5	—	(4,394.1)	1,095.9
Total liabilities and stockholders' equity	\$ 1,095.9	\$ 4,628.9	\$ 4,730.4	\$ 1,011.5	\$ —	\$ (4,711.4)	\$ 6,755.3

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

Consolidating Statement of Operations

Three Months Ended June 30, 2016

(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Co-Issuer	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ —	\$ 3,326.2	\$ 338.4	\$ —	\$ —	\$ 3,664.6
Cost of sales	—	—	2,771.3	282.8	—	—	3,054.1
Gross profit	—	—	554.9	55.6	—	—	610.5
Selling and administrative expenses	—	29.4	270.5	44.8	—	—	344.7
Advertising expense	—	—	40.9	1.4	—	—	42.3
Income (loss) from operations	—	(29.4)	243.5	9.4	—	—	223.5
Interest (expense) income, net	—	(37.5)	2.5	(1.9)	—	—	(36.9)
Other income (expense), net	—	—	—	0.9	—	—	0.9
Income (loss) before income taxes	—	(66.9)	246.0	8.4	—	—	187.5
Income tax benefit (expense)	—	25.2	(92.9)	(2.3)	—	—	(70.0)
Income (loss) before equity in earnings of subsidiaries	—	(41.7)	153.1	6.1	—	—	117.5
Equity in earnings of subsidiaries	117.5	159.2	—	—	—	(276.7)	—
Net income	<u>\$ 117.5</u>	<u>\$ 117.5</u>	<u>\$ 153.1</u>	<u>\$ 6.1</u>	<u>\$ —</u>	<u>\$ (276.7)</u>	<u>\$ 117.5</u>

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

Consolidating Statement of Operations

Three Months Ended June 30, 2015 ⁽¹⁾

(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ —	\$ 3,187.2	\$ 126.8	\$ —	\$ —	\$ 3,314.0
Cost of sales	—	—	2,667.9	111.6	—	—	2,779.5
Gross profit	—	—	519.3	15.2	—	—	534.5
Selling and administrative expenses	—	27.9	252.9	9.8	—	—	290.6
Advertising expense	—	—	36.9	1.1	—	—	38.0
Income (loss) from operations	—	(27.9)	229.5	4.3	—	—	205.9
Interest (expense) income, net	—	(37.8)	—	—	—	—	(37.8)
Other income (expense), net	—	3.8	0.3	(0.1)	—	—	4.0
Income (loss) before income taxes	—	(61.9)	229.8	4.2	—	—	172.1
Income tax benefit (expense)	—	23.0	(85.7)	(1.2)	—	—	(63.9)
Income (loss) before equity in earnings of subsidiaries	—	(38.9)	144.1	3.0	—	—	108.2
Equity in earnings of subsidiaries	108.2	147.1	—	—	—	(255.3)	—
Net income	\$ 108.2	\$ 108.2	\$ 144.1	\$ 3.0	\$ —	\$ (255.3)	\$ 108.2

(1) Certain amounts have been reclassified to conform to the current period presentation.

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

Consolidating Statement of Operations

Six Months Ended June 30, 2016

(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Co-Issuer	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ —	\$ 6,087.9	\$ 693.4	\$ —	\$ —	\$ 6,781.3
Cost of sales	—	—	5,062.8	583.5	—	—	5,646.3
Gross profit	—	—	1,025.1	109.9	—	—	1,135.0
Selling and administrative expenses	—	53.1	531.1	89.8	—	—	674.0
Advertising expense	—	—	73.9	2.6	—	—	76.5
Income (loss) from operations	—	(53.1)	420.1	17.5	—	—	384.5
Interest (expense) income, net	—	(74.8)	3.8	(4.0)	—	—	(75.0)
Other income, net	—	—	0.7	1.2	—	—	1.9
Income (loss) before income taxes	—	(127.9)	424.6	14.7	—	—	311.4
Income tax benefit (expense)	—	48.6	(160.5)	(4.2)	—	—	(116.1)
Income (loss) before equity in earnings of subsidiaries	—	(79.3)	264.1	10.5	—	—	195.3
Equity in earnings of subsidiaries	195.3	274.6	—	—	—	(469.9)	—
Net income	\$ 195.3	\$ 195.3	\$ 264.1	\$ 10.5	\$ —	\$ (469.9)	\$ 195.3

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

Consolidating Statement of Operations

Six Months Ended June 30, 2015 ⁽¹⁾

(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ —	\$ 5,814.7	\$ 254.5	\$ —	\$ —	\$ 6,069.2
Cost of sales	—	—	4,854.2	224.0	—	—	5,078.2
Gross profit	—	—	960.5	30.5	—	—	991.0
Selling and administrative expenses	—	55.2	491.4	19.5	—	—	566.1
Advertising expense	—	—	65.6	1.8	—	—	67.4
Income (loss) from operations	—	(55.2)	403.5	9.2	—	—	357.5
Interest (expense) income, net	—	(82.8)	—	0.2	—	—	(82.6)
Net loss on extinguishments of long-term debt	—	(24.3)	—	—	—	—	(24.3)
Other income (expense), net	—	7.9	1.0	(0.4)	—	—	8.5
Income (loss) before income taxes	—	(154.4)	404.5	9.0	—	—	259.1
Income tax benefit (expense)	—	57.8	(151.5)	(2.5)	—	—	(96.2)
Income (loss) before equity in earnings of subsidiaries	—	(96.6)	253.0	6.5	—	—	162.9
Equity in earnings of subsidiaries	162.9	259.5	—	—	—	(422.4)	—
Net income	\$ 162.9	\$ 162.9	\$ 253.0	\$ 6.5	\$ —	\$ (422.4)	\$ 162.9

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

Condensed Consolidating Statement of Comprehensive Income

Three Months Ended June 30, 2016							
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Co-Issuer	Consolidating Adjustments	Consolidated
Comprehensive income	\$ 82.5	\$ 82.5	\$ 153.1	\$ (28.9)	\$ —	\$ (206.7)	\$ 82.5

Condensed Consolidating Statement of Comprehensive Income

Three Months Ended June 30, 2015							
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Comprehensive income	\$ 112.9	\$ 112.9	\$ 144.1	\$ 7.8	\$ —	\$ (264.8)	\$ 112.9

Condensed Consolidating Statement of Comprehensive Income

Six Months Ended June 30, 2016							
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Comprehensive income	\$ 152.4	\$ 152.4	\$ 264.1	\$ (32.4)	\$ —	\$ (384.1)	\$ 152.4

Condensed Consolidating Statement of Comprehensive Income

Six Months Ended June 30, 2015							
(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Comprehensive income	\$ 156.6	\$ 156.6	\$ 253.0	\$ 0.2	\$ —	\$ (409.8)	\$ 156.6

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

Condensed Consolidating Statement of Cash Flows

Six Months Ended June 30, 2016

(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Co-Issuer	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	\$ —	\$ (79.4)	\$ 326.3	\$ 45.4	\$ —	\$ 20.8	\$ 313.1
Cash flows from investing activities:							
Capital expenditures	—	(22.1)	(1.9)	(1.7)	—	—	(25.7)
Net cash used in investing activities	—	(22.1)	(1.9)	(1.7)	—	—	(25.7)
Cash flows from financing activities:							
Proceeds from borrowings under revolving credit facility	—	105.4	—	—	—	—	105.4
Repayments of borrowings under revolving credit facility	—	(105.4)	—	—	—	—	(105.4)
Repayments of long-term debt	—	(7.7)	—	(5.7)	—	—	(13.4)
Net change in accounts payable-inventory financing	—	0.1	70.9	0.3	—	—	71.3
Proceeds from stock option exercises	—	3.8	—	—	—	—	3.8
Excess tax benefits from equity-based compensation	—	0.7	—	—	—	—	0.7
Proceeds from Coworker Stock Purchase Plan	—	4.5	—	—	—	—	4.5
Repurchases of common stock	(223.1)	—	—	—	—	—	(223.1)
Dividends	(35.7)	—	—	—	—	—	(35.7)
Other	—	—	—	(0.8)	—	—	(0.8)
Distributions and advances from (to) affiliates	258.8	136.4	(395.3)	3.2	—	(3.1)	—
Net cash (used in) provided by financing activities	—	137.8	(324.4)	(3.0)	—	(3.1)	(192.7)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(2.9)	—	—	(2.9)
Net increase in cash and cash equivalents	—	36.3	—	37.8	—	17.7	91.8
Cash and cash equivalents—beginning of period	—	45.1	—	31.9	—	(39.4)	37.6
Cash and cash equivalents—end of period	\$ —	\$ 81.4	\$ —	\$ 69.7	\$ —	\$ (21.7)	\$ 129.4

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

Condensed Consolidating Statement of Cash Flows

Six Months Ended June 30, 2015

(in millions)	Parent Guarantor	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Co-Issuer	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	\$ —	\$ (76.4)	\$ 150.1	\$ 14.6	\$ —	\$ 10.8	\$ 99.1
Cash flows from investing activities:							
Capital expenditures	—	(18.4)	(4.2)	(0.3)	—	—	(22.9)
Premium payments on interest rate cap agreements	—	(0.5)	—	—	—	—	(0.5)
Net cash used in investing activities	—	(18.9)	(4.2)	(0.3)	—	—	(23.4)
Cash flows from financing activities:							
Repayments of long-term debt	—	(7.7)	—	—	—	—	(7.7)
Proceeds from issuance of long-term debt	—	525.0	—	—	—	—	525.0
Payments to extinguish long-term debt	—	(525.3)	—	—	—	—	(525.3)
Payment of debt financing costs	—	(6.8)	—	—	—	—	(6.8)
Net change in accounts payable - inventory financing	—	—	41.2	—	—	—	41.2
Proceeds from stock option exercises	—	1.0	—	—	—	—	1.0
Excess tax benefits from equity-based compensation	—	0.2	—	—	—	—	0.2
Repurchases of common stock	(91.7)	—	—	—	—	—	(91.7)
Proceeds from Coworker Stock Purchase Plan	—	4.2	—	—	—	—	4.2
Dividends	(23.2)	—	—	—	—	—	(23.2)
Distributions and advances from (to) affiliates	114.9	72.2	(187.1)	—	—	—	—
Net cash (used in) provided by financing activities	—	62.8	(145.9)	—	—	—	(83.1)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(1.4)	—	—	(1.4)
Net (decrease) increase in cash and cash equivalents	—	(32.5)	—	12.9	—	10.8	(8.8)
Cash and cash equivalents—beginning of period	—	346.4	—	24.6	—	(26.5)	344.5
Cash and cash equivalents—end of period	\$ —	\$ 313.9	\$ —	\$ 37.5	\$ —	\$ (15.7)	\$ 335.7

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

10. Subsequent Events

On August 3, 2016, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.1075 per common share to be paid on September 12, 2016 to all stockholders of record as of the close of business on August 25, 2016 . Future dividends will be subject to Board of Directors approval.

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 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. 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 is a Fortune 500 company and a leading provider of integrated information technology ("IT") solutions in the United States, Canada and the United Kingdom. With our multinational capabilities, we help our customer base of over 250,000 small, medium and large business, government, education and healthcare customers by delivering critical solutions to their increasingly complex IT needs. Our broad array of offerings ranges from discrete hardware and software products to integrated IT solutions such as mobility, security, data center optimization, cloud computing, virtualization and collaboration. We are technology "agnostic," with a product portfolio including more than 100,000 products from more than 1,000 brands. We provide our products and solutions through more than 5,000 customer-facing coworkers, including field sellers, highly-skilled technology specialists and advanced service delivery engineers.

We are a leading sales channel partner in the United States, Canada and the United Kingdom for many original equipment manufacturers ("OEMs") and software publishers (collectively, our "vendor partners"), whose products we sell or include in the solutions we offer. We believe we are an important extension of our vendor partners' sales and marketing capabilities, providing them with a cost-effective way to reach customers and deliver a consistent brand experience through our established end-market coverage and extensive customer access.

On August 1, 2015, we completed the acquisition of Kelway TopCo Limited ("Kelway") by purchasing the remaining 65% of its outstanding common stock which increased our ownership interest from 35% to 100%, and provided us control. On April 4, 2016, Kelway was rebranded CDW UK. Throughout this report, the term "CDW UK" refers to Kelway. CDW UK is a UK-based IT solutions provider which has global supply chain relationships that enable it to conduct business in more than 80 countries. This investment strengthens our ability to provide a more comprehensive solution to our customers and enhances our ability to serve our existing multi-national customers. We included the financial results of CDW UK in our Consolidated Financial Statements from the date of acquisition. For additional information relating to the acquisition, see Note 3 (Acquisition) to the accompanying Consolidated Financial Statements.

We have two reportable segments, Corporate, which is comprised primarily of private sector business customers in the US, and Public, which is comprised of government agencies and education and healthcare institutions in the US. Our Corporate segment is divided into a medium/large business customer channel, primarily serving customers with more than 100 employees, and a small business customer channel, primarily serving customers with up to 100 employees.

We also have two other operating segments: CDW Canada and CDW UK, both of which do not meet the reportable segment quantitative thresholds and, accordingly, are included in an all other category ("Other"). Effective January 1, 2016, CDW Advanced Services is no longer an operating segment. Its results have been allocated to the Corporate and Public segments to align our financial reporting with the manner in which the Chief Operating Decision Maker assesses performance and makes resource allocation decisions. Segment information reported in prior periods has been reclassified to conform to the current period presentation.

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 is 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 trends may have an important impact on our financial performance:

- Our Public segment sales are impacted by government spending policies, budget priorities and revenue levels. An adverse change in any of these factors could cause our Public segment customers to reduce their purchases or to terminate or not renew contracts with us, which could adversely affect our business, results of operations or cash flows. Meeting public safety needs continues to drive our sales growth from our state and local customers and we continue to benefit from the strategic changes made to better align with federal government purchasing programs for our federal customers. Sales growth in our education sales channel continues to benefit from the implementation of projects related to the U.S. Federal Communications Commission E-Rate program and schools developing digital testing and curriculum programs. The Healthcare industry continues to experience consolidation.
- An important factor affecting our ability to generate sales and achieve our targeted operating results is the impact of general economic conditions on our customers' willingness to spend on information technology. Global economic signals in 2016 continue to be mixed. For example, there is substantial uncertainty regarding the impact of the Referendum of the United Kingdom's ("UK") Membership of the European Union ("EU") (referred to as "Brexit"), advising for the exit of the UK from the EU. Potential adverse consequences of Brexit such as global market uncertainty, volatility in currency exchange rates, greater restrictions on imports and exports between UK and EU countries and increased regulatory complexities could have a negative impact on our business, financial condition and results of operations. In addition, uncertainties related to potential changes in tax and regulatory policy, potential interest rate increases, weakening consumer and business confidence or increased unemployment could result in reduced or deferred spending on information technology products and services by our customers and result in increased competitive pricing pressures. We continue to closely monitor macroeconomic conditions and adjust our operational plans, including hiring plans, appropriately.
- We believe that our customers' transition to more complex technology solutions will continue to be an important growth area for us in the future. However, because the market for technology products and services is highly competitive, our success at capitalizing on this transition will be based on our ability to tailor specific solutions to customer needs, the quality and breadth of our product and service offerings, the knowledge and expertise of our sales force, price, product availability and speed of delivery.

Key business metrics

Our management monitors 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 Net income, average daily sales, gross margin, operating margin, Non-GAAP net income, Net income per common share, Non-GAAP net income per diluted share, EBITDA and Adjusted EBITDA, free cash flow, return on invested capital, cash and cash equivalents, net working capital, cash conversion cycle (defined to be 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), debt levels including available credit and leverage ratios, 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.

Non-GAAP net income and Adjusted EBITDA 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 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. Additionally, Adjusted EBITDA is a measure in the credit agreement governing our Senior Secured Term Loan Facility ("Term Loan") used to evaluate our ability to make certain investments, incur additional debt, and make restricted payments, such as dividends and share repurchases, as well as whether we are required to make additional principal prepayments on the Term Loan beyond the quarterly amortization payments. For further details regarding the Term Loan, see Long-Term Debt and Financing Arrangements within Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 5 (Long-Term Debt) to the accompanying Consolidated Financial Statements. For the definitions of Non-GAAP net income and Adjusted EBITDA and reconciliations to Net income, see "Results of Operations".

The results of certain of our key business metrics are as follows:

(dollars in millions)	Three Months Ended June 30,	
	2016	2015
Net sales	\$ 3,664.6	\$ 3,314.0
Gross profit	610.5	534.5
Income from operations	223.5	205.9
Net income	117.5	108.2
Non-GAAP net income	155.6	139.0
Adjusted EBITDA	300.6	268.0
Average daily sales	57.3	51.8
Net debt (defined as total debt minus cash and cash equivalents) ⁽¹⁾	3,111.1	2,841.8
Cash conversion cycle (in days) ⁽²⁾	17	19

- (1) As a result of the adoption of Accounting Standards Update (ASU) 2015-15 which allows companies to present deferred financing costs for line-of-credit arrangements as an asset, we retrospectively adjusted the deferred financing costs and long-term debt liability presented in the June 30, 2015 Consolidated Balance Sheet to align it to the current period presentation.
- (2) Cash conversion cycle is 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.

Results of Operations

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015

Results of operations, in dollars and as a percentage of Net sales, for the three months ended June 30, 2016 and 2015 are as follows:

	Three Months Ended June 30,			
	2016		2015	
	Dollars in Millions	Percentage of Net Sales	Dollars in Millions	Percentage of Net Sales
Net sales	\$ 3,664.6	100.0 %	\$ 3,314.0	100.0 %
Cost of sales	3,054.1	83.3	2,779.5	83.9
Gross profit	610.5	16.7	534.5	16.1
Selling and administrative expenses	344.7	9.4	290.6	8.8
Advertising expense	42.3	1.2	38.0	1.1
Income from operations	223.5	6.1	205.9	6.2
Interest expense, net	(36.9)	(1.0)	(37.8)	(1.1)
Other income, net	0.9	—	4.0	0.1
Income before income taxes	187.5	5.1	172.1	5.2
Income tax expense	(70.0)	(1.9)	(63.9)	(1.9)
Net income	\$ 117.5	3.2 %	\$ 108.2	3.3 %

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 for the three months ended June 30, 2016 and 2015 are as follows:

	Three Months Ended June 30,							
	2016		2015					
(dollars in millions)	Net Sales	Percentage of Total Net Sales	Net Sales ⁽¹⁾	Percentage of Total Net Sales	Dollar Change	Percent Change ⁽²⁾	Average Daily Sales Percent Change ⁽²⁾	
Corporate:								
Medium / Large	\$ 1,489.0	40.6%	\$ 1,521.3	45.9%	\$ (32.3)	(2.1)%	(2.1)%	
Small Business	290.2	7.9	277.3	8.4	12.9	4.7	4.7	
Total Corporate	1,779.2	48.6	1,798.6	54.3	(19.4)	(1.1)	(1.1)	
Public:								
Government	456.6	12.5	390.8	11.8	65.8	16.8	16.8	
Education	640.0	17.5	548.9	16.6	91.1	16.6	16.6	
Healthcare	450.4	12.3	448.8	13.5	1.6	0.3	0.3	
Total Public	1,547.0	42.2	1,388.5	41.9	158.5	11.4	11.4	
Other	338.4	9.2	126.9	3.8	211.5	166.8	166.8	
Total net sales	\$ 3,664.6	100.0%	\$ 3,314.0	100.0%	\$ 350.6	10.6 %	10.6 %	

(1) Effective January 1, 2016, CDW Advanced Services is included in our Corporate and Public segments and Other is comprised of CDW Canada and CDW UK. Prior periods have been reclassified to conform to the current period presentation.

(2) There were 64 selling days for both the three months ended June 30, 2016 and 2015 .

Total Net sales for the three months ended June 30, 2016 increased \$351 million , or 10.6% , to \$3,665 million , compared to \$3,314 million for the three months ended June 30, 2015 . This increase reflects both organic net sales growth and the impact of consolidating three months of CDW UK net sales.

Organic net sales, which excludes the impact of the acquisition of CDW UK, increased \$143 million , or 4.3% , to \$3,457 million for the three months ended June 30, 2016 , compared to \$3,314 million for the three months ended June 30, 2015 . For additional information, see "Non-GAAP Financial Measure Reconciliations" below. On an organic basis, transactional product sales grew faster than our solution-focused products. Growth in transactional products was led by notebooks/mobile devices due to continued innovation in new form factors and a new vendor partner. Solutions-focused growth was driven by software, reflecting strong security and applications suites growth.

Corporate segment net sales for the three months ended June 30, 2016 decreased \$19 million , or 1.1% , compared to the three months ended June 30, 2015 . This decrease is driven by a decline in our medium/large customer channel, partially offset by growth from our small business customers, particularly in transactional product sales. Within our Corporate segment, net sales to medium/large customers decreased \$32 million , or 2.1% , between periods, primarily due to the impact of economic volatility which caused many customers to put longer tail projects on hold and to extend decision cycles. The decline in net sales was partially offset by growth in transactional products. Net sales to small business customers increased by \$13 million , or 4.7% , between periods, driven by growth in notebook/mobile devices.

Public segment net sales for the three months ended June 30, 2016 increased \$159 million , or 11.4% , compared to the three months ended June 30, 2015 , with balanced growth between solutions and transactional products. The increase was driven by growth in both our government and education customer channels. A continued focus on public safety and the addition of new contracts drove the strong increase in net sales to state and local government customers. Net sales to federal government customers grew modestly compared to the prior year's strong results as we continued to benefit from the strategic changes made to better align with federal government purchasing programs for our federal customers. Net sales to education customers increased \$91 million , or 16.6% , between periods, which reflected balanced sales growth from both our K-12 and higher education customers.

Growth in our K-12 customer channel was led by increases in notebooks/mobile devices and netcomm products, as a result of the implementation of projects related to the U.S. Federal Communications Commission E-Rate program and schools developing digital testing and curriculum programs. Additionally, we began to see the benefit from programs pointed at select institutions in our higher education channel. Net sales to healthcare customers remained relatively flat at \$450 million for the three months ended June 30, 2016 , compared to \$449 million for the comparable period, reflecting the continuing impact of consolidation in the healthcare industry.

Net sales in Other for the three months ended June 30, 2016 increased \$212 million , or 166.8% , compared to the three months ended June 30, 2015 . Other is comprised of CDW Canada and CDW UK. The increase in net sales was driven by the impact of consolidating three months of CDW UK net sales, combined with a low single digit increase in the net sales from CDW Canada, which was impacted by unfavorable foreign currency translation. CDW Canada experienced high single-digit sales growth in local currency.

Gross profit

Gross profit increased \$76 million , or 14.2% , to \$611 million for the three months ended June 30, 2016 , compared to \$535 million for the three months ended June 30, 2015 . As a percentage of Net sales, Gross profit increased 60 basis points to 16.7% for the three months ended June 30, 2016 , up from 16.1% for the three months ended June 30, 2015 .

Our continuing mix into net service contract revenue, including items such as third-party services, warranties, and Software as a Service (“SaaS”), contributed a positive impact of 30 basis points to gross profit margin as our cost paid to the vendor or third-party service provider is recorded as a reduction to net sales, resulting in net sales being equal to the gross profit on the transaction. We experienced a favorable impact of 20 basis points from vendor partner funding, which includes purchase discounts, volume rebates and cooperative advertising, and 10 basis points from the inclusion of CDW UK, which has a higher mix of services.

Gross profit margin may fluctuate based on various factors, including vendor incentive and inventory price protection programs, cooperative advertising funds classified as a reduction of cost of sales, product mix, net service contract revenue, commission revenue, pricing strategies, market conditions and other factors.

Selling and administrative expenses

Selling and administrative expenses increased \$54 million , or 18.6% , to \$345 million for the three months ended June 30, 2016 , compared to \$291 million for the three months ended June 30, 2015 . As a percentage of total Net sales, Selling and administrative expenses increased 60 basis points to 9.4% in the second quarter of 2016 , up from 8.8% in the second quarter of 2015 . Sales payroll costs increased \$33 million, or 18.2%, between quarters, primarily due to incremental coworkers hired since the second quarter of 2015, higher costs consistent with increased sales and Gross profit and the inclusion of CDW UK coworker costs. Total coworker count was 8,712 , up 1,434 from 7,278 at June 30, 2015 . Total coworker count was 8,465 at December 31, 2015 . Amortization expense related to intangibles increased \$8 million, or 17.4%, during the three months ended June 30, 2016 , compared to the prior year period, primarily due to incremental intangible asset amortization expense arising from our acquisition of CDW UK. Non-cash equity-based compensation expense increased \$2 million, or 29.5%, during the three months ended June 30, 2016 , compared to the prior year period, primarily due to annual equity awards granted under our 2013 Long-Term Incentive Plan in 2016 and equity awards granted in connection with our acquisition of CDW UK.

Income from operations

Income from operations by segment, in dollars and as a percentage of Net sales, and the year-over-year percentage change for the three months ended June 30, 2016 and 2015 is as follows:

	Three Months Ended June 30,				
	2016		2015		Percent Change in Income (Loss) from Operations
	Dollars in Millions	Operating Margin Percentage	Dollars in Millions	Operating Margin Percentage	
Segments: ⁽¹⁾					
Corporate ⁽²⁾	\$ 135.2	7.6%	138.8	7.7%	(2.6)%
Public ⁽²⁾	108.3	7.0	91.0	6.6	18.9
Other ⁽³⁾⁽⁴⁾	9.4	2.8	4.3	3.4	118.8
Headquarters ⁽⁵⁾	(29.4)	nm*	(28.2)	nm*	3.9
Total income from operations	\$ 223.5	6.1%	\$ 205.9	6.2%	8.6 %

* Not meaningful

- (1) Segment income from operations includes the segment's direct operating income, allocations for Headquarters' costs, allocations for income and expenses from logistics services, certain inventory adjustments and volume rebates and cooperative advertising from vendors.
- (2) Certain costs related to technology specialists have been reclassified between our Corporate and Public segments. The prior period has been reclassified to conform to the current period presentation.
- (3) Effective January 1, 2016, CDW Advanced Services is included in our Corporate and Public segments and Other is comprised of CDW Canada and CDW UK. The prior period has been reclassified to conform to the current period presentation.
- (4) Includes the financial results for our other operating segments, CDW Canada and CDW UK, which do not meet the reportable segment quantitative thresholds.
- (5) Includes certain Headquarters' function costs that are not allocated to the segments. Certain Headquarters expenses have been allocated to CDW Canada in 2016. The prior period has been reclassified to conform to the current period presentation.

Income from operations was \$224 million for the three months ended June 30, 2016 , an increase of \$18 million , or 8.6% , compared to \$206 million for the three months ended June 30, 2015 . Total operating margin percentage decreased 10 basis points to 6.1% for the three months ended June 30, 2016 , from 6.2% for the three months ended June 30, 2015 . Operating margin percentage was negatively impacted by an increase in Selling and administrative expenses as a percentage of Net sales, primarily due to incremental coworkers hired since the second quarter of 2015, higher costs consistent with increased sales and Gross profit and the inclusion of CDW UK coworker costs.

Corporate segment income from operations was \$135 million for the three months ended June 30, 2016 , a decrease of \$4 million , or 2.6% , compared to \$139 million for the three months ended June 30, 2015 . Corporate segment operating margin percentage decreased 10 basis points to 7.6% for the three months ended June 30, 2016 , from 7.7% for the three months ended June 30, 2015 . This decrease was primarily due to an increase in selling and administrative expenses as a percentage of Net sales, due to higher costs related to incremental coworkers hired since the second quarter of 2015.

Public segment income from operations was \$108 million for the three months ended June 30, 2016 , an increase of \$17 million , or 18.9% , compared to \$91 million for the three months ended June 30, 2015 . Public segment operating margin percentage was 7.0 % and 6.6% for the three months ended June 30, 2016 and 2015, respectively. The 40 basis point increase in operating margin percentage was driven by a higher mix of net service contract revenue.

Other income from operations was \$9 million for the three months ended June 30, 2016 , an increase of \$5 million , or 118.8% , compared to \$4 million for the three months ended June 30, 2015. This was primarily due to the inclusion of CDW UK income from operations. Other operating margin percentage decreased 60 basis points to 2.8% for the three months ended June 30, 2016 , from 3.4% for the three months ended June 30, 2015 . This decrease was primarily due to an increase in selling and administrative expenses as a percentage of Net sales, driven by higher intangibles amortization expense from our acquisition of CDW UK.

Income tax expense

Income tax expense was \$70 million for the three months ended June 30, 2016, compared to \$64 million for the same period of the prior year. The effective income tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 37.3% for the three months ended June 30, 2016, compared to 37.1% for the same period of the prior year and differed in both periods from the US federal statutory rate primarily due to state and local income taxes.

Non-GAAP Financial Measure Reconciliations

We have included reconciliations of Non-GAAP net income, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Organic net sales growth and Organic net sales growth on a constant currency basis for the three months ended June 30, 2016 and 2015 below.

EBITDA is defined as consolidated net income before interest expense, income tax expense, depreciation and amortization. Adjusted EBITDA, which is a measure defined in our credit agreements, means EBITDA adjusted for certain items which are described in the table below. Non-GAAP net income excludes, among other things, charges related to the amortization of acquisition-related intangible assets, non-cash equity-based compensation, acquisition and integration expenses, and gains and losses from the extinguishment of long-term debt. Organic net sales growth is defined as net sales growth excluding the impact of acquisitions within the last twelve months. Organic net sales growth on a constant currency basis is defined as organic net sales growth excluding the impact of foreign currency translation on organic sales compared to the prior period.

EBITDA, Adjusted EBITDA, Non-GAAP net income, Organic net sales and Organic net sales growth 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 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. Additionally, Adjusted EBITDA is a measure in the credit agreement governing our Senior Secured Term Loan Facility ("Term Loan") used to evaluate our ability to make certain investments, incur additional debt, and make restricted payments, such as dividends and share repurchases, as well as whether we are required to make additional principal prepayments on the Term Loan beyond the quarterly amortization payments. For further details regarding the Term Loan, see Note 5 (Long-Term Debt) to the accompanying Consolidated Financial Statements.

Non-GAAP net income

Non-GAAP net income was \$156 million for the three months ended June 30, 2016, an increase of \$17 million, or 11.9%, compared to \$139 million for the three months ended June 30, 2015.

(in millions)	Three Months Ended June 30,	
	2016	2015
Net income	\$ 117.5	\$ 108.2
Amortization of intangibles ⁽¹⁾	47.1	40.2
Non-cash equity-based compensation	9.7	7.5
Acquisition and integration expenses ⁽²⁾	2.2	1.4
Other adjustments	0.3	1.0
Aggregate adjustment for income taxes ⁽³⁾	(21.2)	(19.3)
Non-GAAP net income ⁽⁴⁾	\$ 155.6	\$ 139.0

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

(2) Comprises expenses related to CDW UK.

(3) Based on a normalized effective tax rate of 36.0% and 39.0%, respectively. The decrease in the rate is primarily due to including the incremental impact of CDW UK and differing statutory tax rates in the US and the UK.

(4) Includes the impact of consolidating CDW UK's financial results for the three months ended June 30, 2016.

Adjusted EBITDA

Adjusted EBITDA was \$301 million for the three months ended June 30, 2016 , an increase of \$33 million , or 12.2% , compared to \$268 million for the three months ended June 30, 2015 . As a percentage of Net sales, Adjusted EBITDA was 8.2% for the three months ended June 30, 2016 compared to 8.1% for the three months ended June 30, 2015 .

(in millions)	Three Months Ended June 30,			
	2016	Percentage of Net Sales	2015	Percentage of Net Sales
Net income	\$ 117.5		\$ 108.2	
Depreciation and amortization	63.7		52.6	
Income tax expense	70.0		63.9	
Interest expense, net	36.9		37.8	
EBITDA	288.1	7.9%	262.5	7.9%
Adjustments:				
Non-cash equity-based compensation	9.7		7.5	
Income from equity investments	(0.1)		(4.0)	
Acquisition and integration expenses ⁽¹⁾	2.2		1.4	
Other adjustments ⁽²⁾	0.7		0.6	
Total adjustments	12.5		5.5	
Adjusted EBITDA ⁽³⁾	\$ 300.6	8.2%	\$ 268.0	8.1%

(1) Comprises expenses related to CDW UK.

(2) Primarily includes historical retention costs.

(3) Includes the impact of consolidating CDW UK's financial results for the three months ended June 30, 2016.

Organic net sales growth and organic net sales growth on constant currency basis

Organic net sales, which excludes the impact of the acquisition of CDW UK, increased \$143 million , or 4.3% , to \$3,457 million for the three months ended June 30, 2016 , compared to \$3,314 million for the three months ended June 30, 2015 . Organic net sales on a constant currency basis, which excludes the impact of foreign currency translation, increased \$149 million , or 4.5% , to \$3,457 million for the three months ended June 30, 2016 , compared to \$3,308 million for the three months ended June 30, 2015 .

(in millions)	Three Months Ended June 30,			
	2016	2015	% Change	Average Daily % Change ⁽¹⁾
Net sales, as reported	\$ 3,664.6	\$ 3,314.0	10.6%	10.6%
Impact of acquisition ⁽²⁾	(208.0)	—		
Organic net sales	\$ 3,456.6	\$ 3,314.0	4.3%	4.3%
Foreign currency translation ⁽³⁾	—	(5.8)		
Organic net sales, on a constant currency basis	\$ 3,456.6	\$ 3,308.2	4.5%	4.5%

(1) There were 64 selling days for both the three months ended June 30, 2016 and 2015 .

(2) Represents CDW UK's financial results for the three months ended June 30, 2016 .

(3) Represents the effect of translating the prior year results of CDW Canada at the average exchange rates applicable in the current year.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

Results of operations, in dollars and as a percentage of Net sales, for the six months ended June 30, 2016 and 2015 are as follows:

	Six Months Ended June 30, 2016		Six Months Ended June 30, 2015	
	Dollars in Millions	Percentage of Net Sales	Dollars in Millions	Percentage of Net Sales
Net sales	\$ 6,781.3	100.0 %	\$ 6,069.2	100.0 %
Cost of sales	5,646.3	83.3	5,078.2	83.7
Gross profit	1,135.0	16.7	991.0	16.3
Selling and administrative expenses	674.0	9.9	566.1	9.3
Advertising expense	76.5	1.1	67.4	1.1
Income from operations	384.5	5.7	357.5	5.9
Interest expense, net	(75.0)	(1.1)	(82.6)	(1.4)
Net loss on extinguishments of long-term debt	—	—	(24.3)	(0.4)
Other income, net	1.9	—	8.5	0.1
Income before income taxes	311.4	4.6	259.1	4.3
Income tax expense	(116.1)	(1.7)	(96.2)	(1.6)
Net income	\$ 195.3	2.9 %	\$ 162.9	2.7 %

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 for the six months ended June 30, 2016 and 2015 are as follows:

(dollars in millions)	Six Months Ended June 30,				Dollar Change	Percent Change ⁽²⁾	Average Daily Sales Percent Change ⁽²⁾
	2016		2015				
	Net Sales	Percentage of Total Net Sales	Net Sales ⁽¹⁾	Percentage of Total Net Sales			
Corporate:							
Medium / Large	\$ 2,899.6	42.8%	\$ 2,863.2	47.2%	\$ 36.4	1.3%	0.5%
Small Business	571.8	8.4	545.8	9.0	26.0	4.8	3.9
Total Corporate	3,471.4	51.2	3,409.0	56.2	62.4	1.8	1.0
Public:							
Government	796.5	11.7	685.0	11.3	111.5	16.3	15.4
Education	981.0	14.5	894.3	14.7	86.7	9.7	8.8
Healthcare	839.0	12.4	826.4	13.6	12.6	1.5	0.7
Total Public	2,616.5	38.6	2,405.7	39.6	210.8	8.8	7.9
Other	693.4	10.2	254.5	4.2	438.9	172.5	170.3
Total net sales	\$ 6,781.3	100.0%	\$ 6,069.2	100.0%	\$ 712.1	11.7%	10.9%

(1) Effective January 1, 2016, CDW Advanced Services is included in our Corporate and Public segments and Other is comprised of CDW Canada and CDW UK. Prior periods have been reclassified to conform to the current period presentation.

(2) There were 128 and 127 selling days for the six months ended June 30, 2016 and 2015, respectively.

Total net sales for the six months ended June 30, 2016 increased \$712 million or 11.7%, to \$6,781 million, compared to \$6,069 million for the six months ended June 30, 2015. On an average daily sales basis, total net sales increased 10.9%, reflecting both the impact of consolidating six months of CDW UK net sales and organic net sales growth.

Organic net sales, which excludes the impact of the acquisition of CDW UK, increased \$272 million, or 4.5%, to \$6,341 million for the six months ended June 30, 2016, compared to \$6,069 million for the six months ended June 30, 2015. Organic net sales on a constant currency basis, which excludes the impact of currency translation, for the six months ended June 30, 2016 increased \$289 million, or 4.8%, to \$6,341 million, compared to \$6,052 million for the six months ended June 30, 2015. See "Non-GAAP Financial Measure Reconciliations" below for additional information. On an organic basis, transactional product sales grew faster than our solution-focused products. Growth in transactional products was led by notebooks/mobile devices due to continued innovation in form factors and a new vendor partner. Solutions-focused growth was driven by software, reflecting strong security and application suites growth.

Corporate segment net sales for the six months ended June 30, 2016 increased \$62 million, or 1.8%, compared to the six months ended June 30, 2015. On an average daily sales basis, Corporate segment net sales increased 1.0%. Within our Corporate segment, net sales to medium/large customers increased \$36 million, or 1.3%, between periods, driven by growth in transactional products. This growth was partially offset by declines in solution-focused products, due to the impact of economic volatility which caused many customers to put longer tail projects on hold and to extend decision cycles. Net sales to small business customers increased by \$26 million, or 4.8%, between periods, driven by growth in notebooks/mobile devices.

Public segment net sales for the six months ended June 30, 2016 increased \$211 million, or 8.8% between periods, driven by growth in our government and education customer channels. On an average daily sales basis, Public segment net sales increased 7.9%. Net sales to government customers increased \$111 million, or 16.3% between periods, reflecting growth in both federal and state/local government customers. A continued focus on public safety and the addition of new contracts drove the growth in net sales to state and local government customers. Net sales to federal government customers grew modestly compared to the prior year's strong results as we continued to benefit from strategic changes made to better align with new federal government purchasing.

programs. Net sales to education customers increased \$87 million , or 9.7% , between periods, driven by growth in both our K-12 and higher education customer channels. Growth in our K-12 customer channel was led by increases in notebooks/mobile devices and netcomm products, as a result of the implementation of projects related to the U.S. Federal Communications Commission E-Rate program and schools developing digital testing and curriculum programs. Additionally, we began to see the benefit from programs pointed at select institutions in our higher education channel. Net sales to healthcare customers increased \$13 million , or 1.5% , between periods, reflecting the continuing impact of consolidation in the healthcare industry.

Net sales in Other for the six months ended June 30, 2016 increased \$439 million , or 172.5% , compared to the six months ended June 30, 2015 . Other is comprised of CDW Canada and CDW UK. This increase was driven by the impact of consolidating six months of CDW UK net sales. Net sales of CDW Canada were relatively flat for the six months ended June 30, 2016 , which was impacted by unfavorable foreign currency translation. CDW Canada experienced mid-single digit sales growth in local currency.

Gross profit

Gross profit increased \$144 million , or 14.5% , to \$1,135 million for the six months ended June 30, 2016 , compared to \$991 million for the six months ended June 30, 2015 . As a percentage of total net sales, gross profit increased 40 basis points to 16.7% for the six months ended June 30, 2016 , up from 16.3% for the six months ended June 30, 2015 .

Our continuing mix into net service contract revenue, including items such as third-party services, warranties and SaaS, contributed a positive impact of 30 basis points to gross profit margin as our cost paid to the vendor or third-party service provider is recorded as a reduction to net sales, resulting in net sales being equal to the gross profit on the transaction. We experienced a favorable impact of 30 basis points from vendor partner funding. Vendor partner funding includes purchase discounts, volume rebates and cooperative advertising. These increases were partially offset by 20 basis points of unfavorable price/mix changes as we mixed into transactional product categories such as notebooks/mobile devices.

The gross profit margin may fluctuate based on various factors, including vendor incentive and inventory price protection programs, cooperative advertising funds classified as a reduction of cost of sales, product mix, net service contract revenue, commission revenue, pricing strategies, market conditions and other factors.

Selling and administrative expenses

Selling and administrative expenses increased \$108 million , or 19.1% , to \$674 million for the six months ended June 30, 2016 , compared to \$566 million for the six months ended June 30, 2015 . As a percentage of total net sales, selling and administrative expenses increased 60 basis points to 9.9% in the six months ended June 30, 2016 , up from 9.3% in the comparable prior year period. Sales payroll costs increased \$66 million, or 18.8%, between years, primarily due to incremental coworkers hired since the second quarter of 2015, higher costs consistent with increased sales and Gross profit and the inclusion of CDW UK coworker costs. Total coworker count was 8,712 , up 1,434 from 7,278 at June 30, 2015 . Total coworker count was 8,465 at December 31, 2015 . Amortization expense related to intangibles increased \$16 million, or 17.7%, during the six months ended June 30, 2016 compared to the prior year period primarily due to incremental amortization expense related to the intangible assets arising from our acquisition of CDW UK. Non-cash equity-based compensation expense increased \$6 million, or 43.8%, during the six months ended June 30, 2016 compared to the prior year period primarily due to annual equity awards granted under our 2013 Long-Term Incentive Plan in 2015 and equity awards granted in connection with our acquisition of CDW UK.

Income from operations

Income from operations by segment, in dollars and as a percentage of net sales, and the year-over-year percentage change in income from operations for the six months ended June 30, 2016 and 2015 is as follows:

	Six Months Ended June 30,				
	2016		2015		Percent Change in Income (Loss) from Operations
	Dollars in Millions	Operating Margin Percentage	Dollars in Millions	Operating Margin Percentage	
Segments: ⁽¹⁾					
Corporate ⁽²⁾	\$ 253.4	7.3%	257.4	7.6%	(1.6)%
Public ⁽²⁾	166.7	6.4	146.4	6.1	13.9
Other ⁽³⁾⁽⁴⁾	17.5	2.5	9.2	3.6	89.6
Headquarters ⁽⁵⁾	(53.1)	nm*	(55.5)	nm*	(4.4)
Total income from operations	\$ 384.5	5.7%	357.5	5.9%	7.6 %

* Not meaningful

- (1) Segment income from operations includes the segment's direct operating income and allocations for Headquarters' costs, allocations for logistics services, certain inventory adjustments and volume rebates and cooperative advertising from vendors.
- (2) Certain costs related to technology specialists have been reclassified between our Corporate and Public segments. The prior period has been reclassified to conform to the current period presentation.
- (3) Effective January 1, 2016, CDW Advanced Services is included in our Corporate and Public segments and Other is comprised of CDW Canada and CDW UK. The prior period has been reclassified to conform to the current period presentation.
- (4) Includes the financial results for our other operating segments, CDW Canada and CDW UK, which do not meet the reportable segment quantitative thresholds.
- (5) Includes certain Headquarters' function costs that are not allocated to the segments. Certain Headquarters expenses have been allocated to CDW Canada in 2016. The prior period has been reclassified to conform to the current period presentation.

Income from operations was \$ 385 million for the six months ended June 30, 2016 , an increase of \$27 million , or 7.6% , compared to \$358 million for the six months ended June 30, 2015 . Total operating margin percentage decreased 20 basis points to 5.7% for the six months ended June 30, 2016 , from 5.9% for the six months ended June 30, 2015 . Operating margin percentage was negatively impacted by an increase in Selling and administrative expenses as a percentage of Net sales, primarily due to incremental coworkers hired since the second quarter of 2015, higher costs consistent with increased sales and Gross profit and the inclusion of CDW UK coworker costs.

Corporate segment income from operations was \$253 million for the six months ended June 30, 2016 , a decrease of \$4 million , or 1.6% , compared to \$257 million for the six months ended June 30, 2015 . Corporate segment operating margin percentage decreased 30 basis points to 7.3% for the six months ended June 30, 2016 , from 7.6% for the six months ended June 30, 2015 . This decrease was primarily due to an increase in selling and administrative expenses as a percentage of Net sales, due to higher costs related to incremental coworkers hired since the second quarter of 2015.

Public segment income from operations was \$167 million for the six months ended June 30, 2016 , an increase of \$20 million , or 13.9% , compared to \$146 million for the six months ended June 30, 2015 . Public segment operating margin percentage increased 30 basis points to 6.4% for the six months ended June 30, 2016 , from 6.1% for the six months ended June 30, 2015 . This increase was driven by operating margin percentage was driven by a higher mix of net service contract revenue.

Other income from operations was \$18 million for the six months ended June 30, 2016 , an increase \$8 million , or 89.6% , compared to \$9 million for the six months ended June 30, 2015. This increase was primarily due to the inclusion of CDW UK income from operations. Other operating margin percentage decreased 110 basis points to 2.5% for the three months ended June 30, 2016 , from 3.6% for the three months ended June 30, 2015 . This decrease was primarily due to an increase in selling and administrative expenses as a percentage of Net sales, driven by higher intangibles amortization expense from our acquisition of CDW UK.

Interest expense, net

At June 30, 2016, our outstanding debt totaled \$3,240 million compared to \$3,178 million at June 30, 2015. Net interest expense for the six months ended June 30, 2016 was \$75 million, a decrease of \$8 million compared to \$83 million for the six months ended June 30, 2015. This decrease was primarily due to lower effective interest rates as of June 30, 2016 compared to June 30, 2015 as a result of redemptions and refinancing activities completed during 2015.

Net loss on extinguishments of long-term debt

For information regarding our debt, see Note 5 (Long-Term Debt) to the accompanying Consolidated Financial Statements. During the six months ended June 30, 2016, there was no net loss on extinguishments of long-term debt, compared to \$24.3 million recorded for the same period of 2015. Net loss on extinguishments of long-term debt for the six months ended June 30, 2015 was as follows:

Month of Extinguishment	Debt Instrument	(in millions)	
		Amount Extinguished	Loss Recognized
March 2015	2019 Senior Notes	\$ 503.9	\$ (24.3) ⁽¹⁾
Total Loss Recognized			\$ (24.3)

- (1) We redeemed all of the remaining aggregate principal amount outstanding. The loss recognized represents the difference between the redemption price and the net carrying amount of the purchased debt, adjusted for the remaining unamortized deferred financing costs and premium.

Income tax expense

Income tax expense was \$116 million for the six months ended June 30, 2016, compared to \$96 million for the same period of the prior year. The effective income tax rate, expressed by calculating the income tax expense as a percentage of Income before income taxes, was 37.3% for the six months ended June 30, 2016, compared to 37.1% for the same period of the prior year and differed in both periods from the US federal statutory rate primarily due to state and local income taxes.

Non-GAAP Financial Measure Reconciliations

We have included reconciliations of Non-GAAP net income, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Organic net sales growth and Organic net sales growth on a constant currency basis for the six months ended June 30, 2016 and 2015 below.

EBITDA is defined as consolidated net income before interest expense, income tax expense, depreciation and amortization. Adjusted EBITDA, which is a measure defined in our credit agreements, means EBITDA adjusted for certain items which are described in the table below. Non-GAAP net income excludes, among other things, charges related to the amortization of acquisition-related intangible assets, non-cash equity-based compensation, acquisition and integration expenses, and gains and losses from the extinguishment of long-term debt. Organic net sales growth is defined as net sales growth excluding the impact of acquisitions within the last twelve months. Organic net sales growth on a constant currency basis is defined as organic net sales growth excluding the impact of foreign currency translation on organic sales compared to the prior period.

EBITDA, Adjusted EBITDA, Non-GAAP net income, Organic net sales and Organic net sales growth 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 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. Additionally, Adjusted EBITDA is a measure in the credit agreement governing our Senior Secured Term Loan Facility ("Term Loan") used to evaluate our ability to make certain investments, incur additional debt, and make restricted payments, such as dividends and share repurchases, as well as whether we are required to make additional principal prepayments on the Term Loan beyond the quarterly amortization payments. For further details regarding the Term Loan, see Note 5 (Long-Term Debt) to the accompanying Consolidated Financial Statements.

Non-GAAP net income

Non-GAAP net income was \$268 million for the six months ended June 30, 2016 , an increase of \$31 million , or 13.4% , compared to \$237 million for the six months ended June 30, 2015 .

(in millions)	Six Months Ended June 30,			
	2016		2015	
Net income	\$	195.3	\$	162.9
Amortization of intangibles ⁽¹⁾		94.6		80.5
Non-cash equity-based compensation		18.1		12.2
Net loss on extinguishments of long-term debt		—		24.3
Acquisition and integration expenses ⁽²⁾		3.8		1.7
Other adjustments ⁽³⁾		(2.8)		1.6
Aggregate adjustment for income taxes ⁽⁴⁾		(40.7)		(46.6)
Non-GAAP net income ⁽⁵⁾	\$	268.3	\$	236.6

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

(2) Comprises expenses related to CDW UK.

(3) Primarily includes the favorable resolution of a local sales tax matter in the six months ended June 30, 2016, partially offset by expenses related to the consolidation of office locations north of Chicago.

(4) Based on a normalized effective tax rate of 36.0% and 39.0%, respectively. The decrease in the rate is primarily due to including the incremental impact of CDW UK and differing statutory tax rates in the US and the UK.

(5) Includes the impact of consolidating CDW UK's financial results for the six months ended June 30, 2016.

Adjusted EBITDA

Adjusted EBITDA was \$533 million for the six months ended June 30, 2016 , an increase of \$54 million , or 11.4% , compared to \$479 million for the six months ended June 30, 2015 . As a percentage of Net sales, Adjusted EBITDA was 7.9% for both the six months ended June 30, 2016 and 2015.

(in millions)	Six Months Ended June 30,			
	2016	Percentage of Net Sales	2015	Percentage of Net Sales
Net income	\$ 195.3		\$ 162.9	
Depreciation and amortization	127.7		105.1	
Income tax expense	116.1		96.2	
Interest expense, net	75.0		82.6	
EBITDA	514.1	7.6%	446.8	7.4%
Adjustments:				
Non-cash equity-based compensation	18.1		12.2	
Net loss on extinguishments of long-term debt	—		24.3	
Income from equity investments	(0.7)		(8.5)	
Acquisition and integration expenses ⁽¹⁾	3.8		1.7	
Other adjustments ⁽²⁾	(2.0)		2.3	
Total adjustments	19.2		32.0	
Adjusted EBITDA ⁽³⁾	\$ 533.3	7.9%	\$ 478.8	7.9%

(1) Comprises expenses related to CDW UK.

(2) Primarily includes the favorable resolution of a local sales tax matter, partially offset by expenses related to the consolidation of office locations north of Chicago and historical retention costs.

(3) Includes the impact of consolidating CDW UK's financial results for the six months ended June 30, 2016.

Organic net sales growth and organic net sales growth on constant currency basis

Organic net sales, which excludes the impact of the acquisition of CDW UK, increased \$272 million , or 4.5% , to \$6,341 million for the six months ended June 30, 2016 , compared to \$6,069 million for the six months ended June 30, 2015 . Organic net sales on a constant currency basis, which excludes the impact of foreign currency translation, increased \$289 million , or 4.8% , to \$6,341 million for the six months ended June 30, 2016 , compared to \$6,052 million for the six months ended June 30, 2015 .

(in millions)	Six Months Ended June 30,			Average Daily % Change ⁽¹⁾
	2016	2015	% Change	
Net sales, as reported	\$ 6,781.3	\$ 6,069.2	11.7%	10.9%
Impact of acquisition ⁽²⁾	(440.1)	—		
Organic net sales	\$ 6,341.2	\$ 6,069.2	4.5%	3.7%
Foreign currency translation ⁽³⁾	—	(17.5)		
Organic net sales, on a constant currency basis	\$ 6,341.2	\$ 6,051.7	4.8%	4.0%

(1) There were 128 and 127 selling days for the six months ended June 30, 2016 and 2015 , respectively.

(2) Represents CDW UK's financial results for the six months ended June 30, 2016 .

(3) Represents the effect of translating the prior year results of 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 private sector business customers, 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.

Liquidity and Capital Resources

Overview

We finance our operations and capital expenditures with internally generated cash from operations. We also have \$778 million of availability for borrowings under our senior secured asset-based revolving credit facility and an additional £50 million (\$67 million) under the CDW UK 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 at least for 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 and general economic conditions.

Share Repurchase Program

During the six months ended June 30, 2016 , we repurchased 5.5 million shares of our common stock for \$223 million under the previously announced \$500 million share repurchase program. On May 4, 2016, we announced that our Board of Directors authorized a \$750 million increase to our share repurchase program under which we may repurchase shares of our common stock in the open market or through privately negotiated or other transactions, depending on share price, market conditions and other factors. For more information on our share repurchase program, See Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds.

Dividends

A summary of 2016 dividend activity for our common stock is as follows:

Dividend Amount	Declaration Date	Record Date	Payment Date
\$0.1075	February 9, 2016	February 25, 2016	March 10, 2016
\$0.1075	May 4, 2016	May 25, 2016	June 10, 2016

On August 3, 2016, we announced that our Board of Directors declared a quarterly cash dividend of \$0.1075 per common share. The dividend will be paid on September 12, 2016 to all stockholders of record as of the close of business on August 25, 2016.

Cash Flows

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

(in millions)	Six Months Ended June 30,	
	2016	2015
Net cash provided by (used in):		
Operating activities	\$ 313.1	\$ 99.1
Investing activities	(25.7)	(23.4)
Net change in accounts payable-inventory financing	71.3	41.2
Other financing activities	(264.0)	(124.3)
Financing activities	(192.7)	(83.1)
Effect of exchange rate changes on cash and cash equivalents	(2.9)	(1.4)
Net increase (decrease) in cash and cash equivalents	\$ 91.8	\$ (8.8)

Operating Activities

(in millions)	Six Months Ended June 30,		
	2016	2015	Dollar Change
Net income	\$ 195.3	\$ 162.9	\$ 32.4
Adjustments for the impact of non-cash items ⁽¹⁾	99.2	94.0	5.2
Net income adjusted for the impact of non-cash items ⁽²⁾	294.5	256.9	37.6
Changes in assets and liabilities:			—
Accounts receivable ⁽³⁾	(74.9)	(157.7)	82.8
Merchandise inventory	(99.0)	(98.9)	(0.1)
Accounts payable-trade ⁽⁴⁾	219.3	151.9	67.4
Other	(26.8)	(53.1)	26.3
Net cash provided by operating activities	\$ 313.1	\$ 99.1	\$ 214.0

- (1) Includes items such as Deferred income taxes, Depreciation and amortization, Equity-based compensation expense, Income from equity method investment and Net loss on extinguishments of long-term debt.
- (2) The increase in cash flows reflected stronger operating results driven by the impact of consolidating six months of CDW UK's financial results, organic sales growth and lower interest expense, partially offset by higher income tax expense.
- (3) The increase in cash flow was primarily due to an increase in collections during 2016 due to the higher accounts receivable balance as of December 31, 2015 driven by higher sales in our Public segment where customers generally take longer to pay than customers in our Corporate segment.
- (4) The increase in cash flows was primarily due to the timing of payments to vendors during the current period and longer payment terms with certain vendors.

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,	
	2016	2015
Days of sales outstanding (DSO) ⁽¹⁾	44	41
Days of supply in inventory (DIO) ⁽²⁾	13	13
Days of purchases outstanding (DPO) ⁽³⁾	(40)	(35)
Cash conversion cycle	17	19

- (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 17 days at June 30, 2016 compared to 19 days at June 30, 2015. The increase in DSO was primarily due to higher net sales and receivables for third-party services such as software assurance and warranties. These services have an unfavorable impact on DSO as the receivable is recognized on the Consolidated Balance Sheet on a gross basis while the corresponding sales amount in the Statement of Operations is recorded on a net basis. These services have a favorable impact on DPO as the payable is recognized on the Consolidated Balance Sheet without a corresponding Cost of sales in the Statement of Operations because the cost paid to the vendor or third-party service provider is recorded as a reduction to Net sales. In addition, DPO also increased due to the mix of payables with certain vendors that have longer payment terms.

Investing Activities

Net cash used in investing activities increased by \$2 million in the six months ended June 30, 2016 compared to the same period of the prior year. Capital expenditures were \$26 million and \$23 million for the six months ended June 30, 2016 and 2015, respectively, and primarily related to improvements to our information technology systems during both periods.

Financing Activities

Net cash used in financing activities increased by \$110 million in the six months ended June 30, 2016 compared to the same period of the prior year. The increase was primarily driven by share repurchases during the six months ended June 30, 2016 which resulted in an increase in cash used by financing activities of \$131 million, partially offset by the changes in Accounts payable-inventory financing, which resulted in an increase in cash provided for financing activities of \$30 million. For more information on our share repurchase program, see Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds. The increase in cash provided by Accounts payable-inventory financing was primarily driven by the increase in the accounts payable-inventory financing balance as of June 30, 2016, driven by a new vendor addition to our previously existing inventory financing agreement at December 31, 2015.

Long-Term Debt and Financing Arrangements

As of June 30, 2016, we had total indebtedness of \$3,240 million, of which \$1,565 million was secured indebtedness. At June 30, 2016, we were in compliance with the covenants under our various credit agreements and indentures. The amount of CDW's restricted payment capacity under the Senior Secured Term Loan Facility was \$680 million at June 30, 2016. The amount of restricted net assets for the CDW UK Term Loan was \$410 million, which was primarily comprised of goodwill and intangible assets.

For additional details regarding our debt, refer to Note 8 (Long-Term Debt) to the Consolidated Financial Statements contained in the December 31, 2015 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 further details, see Note 4 (Inventory Financing Agreements) to the accompanying Consolidated Financial Statements.

Contractual Obligations

There have been no material changes to our contractual obligations from those reported in our Annual Report on Form 10-K for the year ended December 31, 2015.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Commitments and Contingencies

The information set forth in Note 7 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q 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, 2015 .

Recent Accounting Pronouncements

The information set forth in Note 2 (Recent Accounting Pronouncements) to the accompanying Consolidated Financial Statements included in Part I, Item 1 “Financial Statements”, of this Form 10-Q 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 included in this report are forward-looking statements. These statements relate to analysis and other information, which are based on forecasts of future results 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,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” and similar terms and phrases, including references to assumptions. However, these words are not the exclusive means of identifying such statements. Although we believe that our plans, intentions and 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 to differ materially from those that we expected.

Important factors that could cause actual results 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, 2015 and from time to time in our subsequent Quarterly Reports on Form 10-Q and our other SEC filings. 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” included in our Annual Report on Form 10-K for the year ended December 31, 2015 and elsewhere in this report 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 contain all of the factors that are important to you. 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, 2015 . As of June 30, 2016 , 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 quarter ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in Note 7 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements included in Part I, Item 1 "Financial Statements", of this Form 10-Q 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, 2015. The disclosure below reflects an update to the risk factors previously disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2015.

General economic conditions may have an adverse impact on our business, results of operations or cash flows.

Weak economic conditions generally, sustained uncertainty about global economic conditions, government spending cuts and the impact of new government programs, or a tightening of credit markets, could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on our business, results of operations or cash flows. For example, there is substantial uncertainty regarding the impact of the Referendum of the United Kingdom's ("UK") Membership of the European Union ("EU") (referred to as "Brexit"), advising for the exit of the UK from the EU. Potential adverse consequences of Brexit such as global market uncertainty, volatility in currency exchange rates, greater restrictions on imports and exports between UK and EU countries and increased regulatory complexities could have a negative impact on our business, financial condition and results of operations.

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

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

Information relating to the Company's purchases of its common stock during the quarter ended June 30, 2016 is as follows:

Period	Total Number of Shares Purchased (in millions)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (in millions)	Maximum Dollar Value of Shares that May Yet be Purchased Under the Program ⁽¹⁾ (in millions)
April 1 through April 30, 2016	—	\$ —	—	\$ 140.5
May 1 through May 31, 2016	0.4	\$ 41.95	0.4	\$ 872.2
June 1 through June 30, 2016	2.1	\$ 42.00	2.1	\$ 785.5
Total	2.5		2.5	

- (1) On November 6, 2014, the Company announced that the Board of Directors approved a \$500 million share repurchase program, which became effective immediately, under which the Company may repurchase shares of its common stock in the open market or through privately negotiated or other transactions, depending on share price, market conditions and other factors. The share repurchase program does not obligate the Company to repurchase any dollar amount or number of shares, and repurchases may be commenced or suspended from time to time without prior notice. On May 4, 2016, the Company announced that its Board of Directors authorized a \$750 million increase to the Company's share repurchase program, which became effective immediately.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The information required by this Item is set forth on the exhibit index that follows the signature page of this report.

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 3, 2016

By: /s/ Ann E. Ziegler

Ann E. Ziegler

Senior Vice President and Chief Financial Officer

(Duly authorized officer and principal financial officer)

EXHIBIT INDEX

Exhibit	Description
3.1	Fifth Amended and Restated Certificate of Incorporation of CDW Corporation, previously filed as Exhibit 3.1 with CDW Corporation's Amendment No. 2 to Form S-1 filed on June 14, 2013 (Reg. No. 333-187472) and incorporated herein by reference.
3.1.1	Certificate of Amendment to Fifth Amended and Restated Certificate of Incorporation of CDW Corporation, previously filed as Exhibit 3.1 with CDW Corporation's Form 8-K filed on May 19, 2016 and incorporated herein by reference.
3.2*	Amended and Restated By-Laws of CDW Corporation.
10.1§	Amended and Restated 2013 Long-Term Incentive Plan of CDW Corporation, previously filed as Exhibit 10.1 with CDW Corporation's Form 8-K filed on May 19, 2016 and incorporated herein by reference.
31.1*	Certification of Chief Executive Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 15d-14(a) under the Securities Exchange Act of 1934.
32.1*, **	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350.
32.2*, **	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
*	Filed herewith
§	A management contract or compensatory arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.
**	These items are furnished and not filed.

AMENDED AND RESTATED BYLAWS

OF

CDW CORPORATION

A Delaware corporation
(Adopted as of May 19, 2016)

Article I

OFFICES

Section 1. Offices. CDW Corporation (the “Corporation”) may have an office or offices other than its registered office at such place or places, either within or outside the State of Delaware, as the Board of Directors of the Corporation (the “Board of Directors”) may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. The Board of Directors may designate a place, if any, either within or outside the State of Delaware, as the place of meeting for any annual meeting or for any special meeting.

Section 2. Annual Meeting. An annual meeting of the stockholders shall be held at such date and time as is specified by resolution of the Board of Directors. At the annual meeting, stockholders shall elect directors to succeed those whose terms expire at such annual meeting and transact such other business as properly may be brought before the annual meeting pursuant to Section 11 of this ARTICLE II. The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

Section 3. Special Meetings. Special meetings of the stockholders may only be called in the manner provided in the Corporation’s certificate of incorporation as then in effect (the “Certificate of Incorporation”). Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. The Board of Directors may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors.

Section 4. Notice of Meetings. Whenever stockholders are required or permitted to take action at a meeting, notice of the meeting shall be given that shall state the place, if any, date, and time of all meetings of the stockholders, the means of remote communications, if any, by which stockholders and proxyholders not physically present may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the

meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given, not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the General Corporation Law of the State of Delaware (the “DGCL”) or the Certificate of Incorporation).

(a) Form of Notice. All such notices shall be delivered in writing or in any other manner permitted by the DGCL. If mailed, such notice shall be deemed given when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. If given by facsimile telecommunication, such notice shall be deemed given when directed to a number at which the stockholder has consented to receive notice by facsimile. Subject to the limitations of Section 4(c) of this ARTICLE II, if given by electronic transmission, such notice shall be deemed to be delivered: (i) by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (ii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (x) such posting and (y) the giving of such separate notice; and (iii) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the secretary or an assistant secretary of the Corporation, the transfer agent of the Corporation or any other agent of the Corporation that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

(b) Waiver of Notice. Whenever notice is required to be given under any provisions of the DGCL, the Certificate of Incorporation or these Bylaws (these “Bylaws”), a written waiver thereof, signed by the stockholder entitled to notice, or a waiver by electronic transmission by the person or entity entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any meeting of the stockholders of the Corporation need be specified in any waiver of notice of such meeting. Attendance of a stockholder of the Corporation at a meeting of such stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

(c) Notice by Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders of the Corporation pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice to stockholders of the Corporation given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder of the Corporation to whom the notice is given. Any such consent shall be deemed revoked if: (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent; and (ii) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent or other person responsible for the giving of notice. However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. For purposes of these Bylaws, except as otherwise limited by applicable law, the term “electronic transmission” means any form

of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such recipient through an automated process.

Section 5. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make available, at least 10 days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, provided, however, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date, arranged in alphabetical order and showing the address of each such stockholder and the number of shares registered in the name of each such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the Corporation. In the event the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place, if any, of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, the list shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 5 or to vote in person or by proxy at any meeting of stockholders.

Section 6. Quorum. The holders of a majority in voting power of the outstanding capital stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by law, by the Certificate of Incorporation or these Bylaws. If a quorum is not present, the chairman of the meeting or the holders of a majority of the voting power present in person or represented by proxy at the meeting and entitled to vote at the meeting may adjourn the meeting to another time and/or place from time to time until a quorum shall be present or represented by proxy. When a specified item of business requires a vote by a class or series (if the Corporation shall then have outstanding shares of more than one class or series) voting as a class or series, the holders of a majority in voting power of the outstanding stock of such class or series shall constitute a quorum (as to such class or series) for the transaction of such item of business.

Section 7. Adjourned Meetings. When a meeting is adjourned, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned

meeting, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and, except as otherwise required by law, shall not be more than 60 days nor less than 10 days before the date of such adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

Section 8. Vote Required. When a quorum is present, all matters other than the election of directors shall be determined by the affirmative vote of the majority of voting power of capital stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter, unless by express provisions of an applicable law, the rules of any stock exchange upon which the Corporation's securities are listed or the Certificate of Incorporation a different vote is required, in which case such express provision shall govern and control the vote required on such matter.

Section 9. Voting Rights. Except as otherwise provided by the DGCL, the Certificate of Incorporation, the certificate of designation relating to any outstanding class or series of preferred stock or these Bylaws, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote in person or by proxy for each share of capital stock held by such stockholder which has voting power upon the matter in question. Voting at meetings of stockholders need not be by written ballot.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

Section 11. Advance Notice of Stockholder Business and Director Nominations.

(a) Business at Annual Meetings of Stockholders.

(i) Only such business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 11(b) of this ARTICLE II) shall be conducted at an annual meeting of the stockholders as shall have been brought before the meeting (A) as specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (B) by or at the direction of the Board of Directors or any committee thereof, or (C) by any stockholder of the Corporation who (1) was a stockholder of record at the time of giving of notice provided for in Section 11(a) of this ARTICLE II and at the time of the meeting, (2) is entitled to vote at the meeting and (3) complies with the notice procedures set forth in Section 11(a) of this ARTICLE II. For the avoidance of doubt, the foregoing clause (C) of this Section 11(a)(i) of ARTICLE II shall be the exclusive means for a stockholder to propose

such business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) before an annual meeting of stockholders.

(ii) For any business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 11(b) of this ARTICLE II) to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form as described in Section 11(a)(iii) of this ARTICLE II to the Secretary; any such proposed business must be a proper matter for stockholder action and the stockholder and the Stockholder Associated Person (as defined in Section 11(e) of this ARTICLE II) must have acted in accordance with the representations set forth in the Solicitation Statement (as defined in Section 11(a)(iii) of this ARTICLE II) required by these Bylaws. To be timely, a stockholder's notice for such business must be received by the Secretary at the principal executive offices of the Corporation in proper written form not less than ninety (90) days and not more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that if and only if the annual meeting is not scheduled to be held within a period that commences thirty (30) days before such anniversary date and ends thirty (30) days after such anniversary date, or if no annual meeting was held in the preceding year, such stockholder's notice must be delivered by the later of (A) the tenth day following the day the Public Announcement (as defined in Section 11(e) of this ARTICLE II) of the date of the annual meeting is first made or (B) the date which is ninety (90) days prior to the date of the annual meeting. In no event shall any adjournment, deferral or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. Notices delivered pursuant to Section 11(a) of this ARTICLE II) will be deemed received on any given day if received prior to the close of business on such day.

(iii) To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter of business the stockholder proposes to bring before the annual meeting (A) a brief description of the business desired to be brought before the annual meeting (including the specific text of any resolutions or actions proposed for consideration and if such business includes a proposal to amend the Certificate of Incorporation or these Bylaws, the specific language of the proposed amendment) and the reasons for conducting such business at the annual meeting, (B) the name and address of the stockholder proposing such business, as they appear on the Corporation's books, the name and address (if different from the Corporation's books) of such proposing stockholder, and the name and address of any Stockholder Associated Person covered by clauses (C), (D), (F) and (G) below, (C) the class or series and number of shares of stock of the Corporation which are directly or indirectly held of record or beneficially owned by such stockholder or by any Stockholder Associated Person, a description of any Derivative Positions (as defined

in Section 11(e) of this ARTICLE II) directly or indirectly held or beneficially owned by the stockholder or any Stockholder Associated Person, and whether and to the extent to which a Hedging Transaction (as defined in Section 11(e) of this ARTICLE II) has been entered into by or on behalf of such stockholder or any Stockholder Associated Person, (D) a description of all arrangements or understandings between such stockholder or any Stockholder Associated Person and any other person or entity (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder, any Stockholder Associated Person or such other person or entity in such business, (E) a representation that such stockholder is a stockholder of record of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the annual meeting to bring such business before the meeting, (F) any other information related to such stockholder or any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies or consents (even if a solicitation is not involved) by such stockholder or Stockholder Associated Person in support of the business proposed to be brought before the meeting pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder and (G) a representation as to whether such stockholder or any Stockholder Associated Person intends or is part of a group which intends to deliver a proxy statement and/or form of proxy to the holders of at least the percentage of the Corporation's outstanding capital stock required to approve the proposal or otherwise to solicit proxies or votes from stockholders in support of the proposal (such representation, a "Solicitation Statement"). In addition, any stockholder who submits a notice pursuant to Section 11(a) of this ARTICLE II is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 11(d) of this ARTICLE II.

(iv) Notwithstanding anything in these Bylaws to the contrary, no business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 11(b) of this ARTICLE II) shall be conducted at an annual meeting except in accordance with the procedures set forth in Section 11(a) of this ARTICLE II.

(b) Nominations at Annual Meetings of Stockholders.

(i) Only persons who are nominated in accordance and compliance with the procedures set forth in this Section 11(b) of ARTICLE II shall be eligible for election to the Board of Directors at an annual meeting of stockholders.

(ii) Nominations of persons for election to the Board of Directors of the Corporation may be made at an annual meeting of stockholders only (A) by or at the direction of the Board of Directors or any committee thereof or (B) by any stockholder of the Corporation who (1) was a stockholder of record at the time of giving of notice provided for in this Section 11(b) of ARTICLE II and at the time of

the annual meeting, (2) is entitled to vote at the meeting and (3) complies with the notice procedures set forth in this Section 11(b) of ARTICLE II. For the avoidance of doubt, clause (B) of this Section 11(b)(ii) of ARTICLE II shall be the exclusive means for a stockholder to make nominations of persons for election to the Board of Directors at an annual meeting of stockholders. For nominations to be properly brought by a stockholder at an annual meeting of stockholders, the stockholder must have given timely notice thereof in proper written form as described in Section 11(b)(iii) of this ARTICLE II to the Secretary and the stockholder and the Stockholder Associated Person must have acted in accordance with the representations set forth in the Nomination Solicitation Statement required by these Bylaws. To be timely, a stockholder's notice for the nomination of persons for election to the Board of Directors must be delivered to the Secretary at the principal executive offices of the Corporation in proper written form not less than ninety (90) days and not more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that if and only if the annual meeting is not scheduled to be held within a period that commences thirty (30) days before such anniversary date and ends thirty (30) days after such anniversary date, or if no annual meeting was held in the preceding year, such stockholder's notice must be delivered by the later of the tenth day following the day the Public Announcement of the date of the annual meeting is first made and the date which is ninety (90) days prior to the date of the annual meeting. In no event shall any adjournment, deferral or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. Notices delivered pursuant to this Section 11(b) of ARTICLE II will be deemed received on any given day if received prior to the close of business on such day.

(iii) To be in proper written form, a stockholder's notice to the Secretary shall set forth (A) as to each person that the stockholder proposes to nominate for election or re-election as a director of the Corporation, (1) the name, age, business address and residence address of the person, (2) the principal occupation or employment of the person, (3) the class or series and number of shares of capital stock of the Corporation which are directly or indirectly owned beneficially or of record by the person, (4) the date such shares were acquired and the investment intent of such acquisition and (5) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies or consents for a contested election of directors (even if an election contest or proxy solicitation is not involved), or is otherwise required, pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee, if applicable, and to serving if elected), (B) as to the stockholder giving the notice, the name and address of such stockholder, as they appear on the Corporation's books, the residence name and address (if different from the Corporation's books) of such proposing stockholder, and the name and address of any Stockholder Associated Person covered by clauses

(C), (D), (F) and (G) below, (C) the class or series and number of shares of stock of the Corporation which are directly or indirectly held of record or beneficially owned by such stockholder or by any Stockholder Associated Person with respect to the Corporation's securities, a description of any Derivative Positions directly or indirectly held or beneficially held by the stockholder or any Stockholder Associated Person, and whether and the extent to which a Hedging Transaction has been entered into by or on behalf of such stockholder or any Stockholder Associated Person, (D) a description of all arrangements or understandings (including financial transactions and direct or indirect compensation) between such stockholder or any Stockholder Associated Person and each proposed nominee and any other person or entity (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (E) a representation that such stockholder is a holder of record of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the persons named in its notice, (F) any other information relating to such stockholder or any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies or consents for a contested election of directors (even if an election contest or proxy solicitation is not involved), or otherwise required, pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder, and (G) a representation as to whether such stockholder or any Stockholder Associated Person intends or is part of a group which intends to deliver a proxy statement and/or form of proxy to the holders of a sufficient number of the Corporation's outstanding shares reasonably believed by the stockholder or any Stockholder Associated Person, as the case may be, to elect each proposed nominee or otherwise to solicit proxies or votes from stockholders in support of the nomination (such representation, a "Nomination Solicitation Statement"). In addition, any stockholder who submits a notice pursuant to this Section 11(b) of ARTICLE II is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 11(d) of this ARTICLE II and shall comply with Section 11(f) of this ARTICLE II.

(iv) Notwithstanding anything in Section 11(b)(ii) of this ARTICLE II to the contrary, if the number of directors to be elected to the Board of Directors is increased and there is no Public Announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 10 days prior to the last day a stockholder may deliver a notice of nomination in accordance with Section 11(b)(ii), a stockholder's notice required by Section 11(b)(ii) of this ARTICLE II shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such Public Announcement is first made by the Corporation.

(c) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the

notice of meeting. Only persons who are nominated in accordance and compliance with the procedures set forth in this Section 11(c) of ARTICLE II shall be eligible for election to the Board of Directors at a special meeting of stockholders at which directors are to be elected. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the notice of meeting only (i) by or at the direction of the Board of Directors or any committee thereof or (ii) provided that the Board of Directors has determined that directors are to be elected at such special meeting, by any stockholder of the Corporation who (A) was a stockholder of record at the time of giving of notice provided for in this Section 11(c) of ARTICLE II and at the time of the special meeting, (B) is entitled to vote at the meeting and (C) complies with the notice procedures provided for in this Section 11(c) of ARTICLE II. For the avoidance of doubt, the foregoing clause (ii) of this Section 11(c) of ARTICLE II shall be the exclusive means for a stockholder to propose nominations of persons for election to the Board of Directors at a special meeting of stockholders at which directors are to be elected, as previously determined by the Board of Directors. For nominations to be properly brought by a stockholder at a special meeting of stockholders, the stockholder must have given timely notice thereof in proper written form as described in this Section 11(c) of ARTICLE II to the Secretary. To be timely, a stockholder's notice for the nomination of persons for election to the Board of Directors must be received by the Secretary at the principal executive offices of the Corporation not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which a Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment, deferral or postponement of a special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. Notices delivered pursuant to this Section 11(c) of ARTICLE II will be deemed received on any given day if received prior to the close of business on such day. To be in proper written form, such stockholder's notice shall set forth all of the information required by, and otherwise be in compliance with, Section 11(b)(iii) of this ARTICLE II. In addition, any stockholder who submits a notice pursuant to this Section 11(c) of ARTICLE II is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 11(d) of this ARTICLE II and shall comply with Section 11(f) of this ARTICLE II.

(d) Update and Supplement of Stockholder's Notice. Any stockholder who submits a notice of proposal for business or nomination for election pursuant to this Section 11 of ARTICLE II is required to update and supplement the information disclosed in such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining the stockholders entitled to notice of the meeting of stockholders and as of the date that is ten (10) business days prior to such meeting of the stockholders or any adjournment or postponement thereof, and such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the fifth business day after the record date for the meeting of stockholders (in the case of the update and supplement required to be made as of the record date), and not later than the close of business on the eighth business day prior to the date for the meeting of stockholders or any adjournment or postponement thereof (in the case of the update and supplement required to be

made as of ten (10) business days prior to the meeting of stockholders or any adjournment or postponement thereof).

(e) Definitions. For purposes of this Section 11 of ARTICLE II, the term:

(i) “Derivative Positions” means, with respect to a stockholder or any Stockholder Associated Person, any derivative positions including, without limitation, any short position, profits interest, option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise and any performance-related fees to which such stockholder or any Stockholder Associated Person is entitled based, directly or indirectly, on any increase or decrease in the value of shares of capital stock of the Corporation;

(ii) “Hedging Transaction” means, with respect to a stockholder or any Stockholder Associated Person, any hedging or other transaction (such as borrowed or loaned shares) or series of transactions, or any other agreement, arrangement or understanding, the effect or intent of which is to increase or decrease the voting power or economic or pecuniary interest of such stockholder or any Stockholder Associated Person with respect to the Corporation’s securities;

(iii) “Public Announcement” means disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act; and

(iv) “Stockholder Associated Person” of any stockholder means (A) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (B) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or (C) any person directly or indirectly controlling, controlled by or under common control with such Stockholder Associated Person.

(f) Submission of Questionnaire, Representation and Agreement. To be qualified to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in the case of a person nominated by a stockholder in accordance with Sections 11(b) or 11(c) of this ARTICLE II, in accordance with the time periods prescribed for delivery of notice under such sections) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become

a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a “ Voting Commitment”) that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the Corporation, with such person’s fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein and (iii) would be in compliance, and if elected as a director of the Corporation will comply, with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation. A signed copy of each of the questionnaire and the written representation and agreement must be delivered to the Corporation within 10 days of the date that the Corporation makes such questionnaire or statement, as applicable, available to the stockholder seeking to make such nomination or to such nominee. The Corporation may also require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve either as a director of the Corporation or as an independent director of the Corporation under applicable Securities and Exchange Commission and stock exchange rules and the Corporation’s publicly disclosed corporate governance guidelines, or that could be material to a reasonable stockholder’s understanding of the qualifications and/or independence, or lack thereof, of such nominee, as determined in the Board of Directors’ sole discretion.

(g) Authority of Chairman; General Provisions. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, the Chairman of the meeting shall have the power and duty to determine whether any nomination or other business proposed to be brought before the meeting was made or brought in accordance with the procedures set forth in these Bylaws and, if any nomination or other business is not made or brought in compliance with these Bylaws, to declare that such nomination or proposal of other business be disregarded and not acted upon. Notwithstanding the foregoing provisions of this Section 11, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 11, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(h) Compliance with Exchange Act. Notwithstanding the foregoing provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in these Bylaws; provided, however, that any references in these Bylaws to the Exchange Act or the

rules and regulations promulgated thereunder are not intended to and shall not limit the requirements applicable to any nomination or other business to be considered pursuant to Section 11 of this ARTICLE II.

(i) Effect on Other Rights. Nothing in these Bylaws shall be deemed to (A) affect any rights of the stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act, (B) confer upon any stockholder a right to have a nominee or any proposed business included in the Corporation's proxy statement, except as set forth in the Certificate of Incorporation or these Bylaws, (C) affect any rights of the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation or (D) limit the exercise, the method or timing of the exercise of, the rights of any person granted by the Corporation to nominate directors, which rights may be exercised without compliance with the provisions of this Section 11 of ARTICLE II.

Section 12. Fixing a Record Date for Stockholder Meetings. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, except as otherwise required by law, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 days nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting in conformity herewith; and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section 12 at the adjourned meeting.

Section 13. Action by Stockholders Without a Meeting. So long as stockholders of the Corporation have the right to act by written consent in accordance with Section 1 of ARTICLE EIGHT of the Certificate of Incorporation, the following provisions shall apply:

(a) Record Date. For the purpose of determining the stockholders entitled to consent to corporate action in writing without a meeting as may be permitted by the Certificate of Incorporation or the certificate of designation relating to any outstanding class or series of preferred stock, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten (10) (or the maximum number permitted by applicable law) days after the date on which the resolution fixing the record date is adopted by the Board of Directors.

Any stockholder of record seeking to have the stockholders authorize or take action by written consent shall, by written notice to the Secretary, request that the Board of Directors fix a record date, which notice shall include the text of any proposed resolutions. If no record date has been fixed by the Board of Directors pursuant to this Section 13(a) or otherwise within ten (10) days of receipt of a valid request by a stockholder, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required pursuant to applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation pursuant to Section 13(b); provided, however, that if prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall in such an event be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(b) Generally. Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless written consents signed by a sufficient number of stockholders to take such action are delivered to the Corporation, in the manner required by this Section 13, within sixty (60) (or the maximum number permitted by applicable law) days of the date of the earliest dated consent delivered to the Corporation in the manner required by this Section 13. The validity of any consent executed by a proxy for a stockholder pursuant to an electronic transmission transmitted to such proxy holder by or upon the authorization of the stockholder shall be determined by or at the direction of the Secretary. A written record of the information upon which the person making such determination relied shall be made and kept in the records of the proceedings of the stockholders. Any such consent shall be inserted in the minute book as if it were the minutes of a meeting of stockholders. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given by the Corporation (at its expense) to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consent signed by a sufficient number of holders to take the action were delivered to the Corporation.

Section 14. Conduct of Meetings.

(a) Generally. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the Chairman's absence or disability by the Chief Executive Officer, or in the Chief Executive Officer's absence or disability, by the President, or in the President's absence or disability, by a Vice President, or in the absence or disability of the foregoing persons by a chairperson designated by the Board of Directors, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in the Secretary's absence or disability the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) Rules, Regulations and Procedures. The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the Corporation as it shall deem appropriate including, without limitation, such guidelines and

procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as shall be determined; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The chairman of the meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a nomination or matter or business was not properly brought before the meeting and if such chairman should so determine, such chairman shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The chairman of the meeting shall announce at the meeting when the polls for each matter to be voted upon at the meeting will be opened and closed. After the polls close, no ballots, proxies or votes or any revocations or changes thereto may be accepted. The chairman of the meeting shall have the power, for any reason, to recess and/or adjourn any meeting of stockholders to another place, if any, date and time.

(c) Inspectors of Elections. The Corporation may, and to the extent required by law shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the Corporation. No person who is a candidate for an office at an election may serve as an inspector at such election. Each inspector, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law. Every vote taken by ballots shall be counted by a duly appointed inspector or duly appointed inspectors.

ARTICLE III

DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to such powers as are herein and in the Certificate of Incorporation expressly conferred upon it, the Board of Directors shall have and may exercise all the powers of the Corporation, subject to the provisions of the laws of the State of Delaware, the Certificate of Incorporation and these Bylaws.

Section 2. Election. The directors shall be elected in accordance with the Certificate of Incorporation.

Section 3. Annual Meetings. The annual meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of stockholders.

Section 4. Regular Meetings and Special Meetings. Regular meetings, other than the annual meeting, of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board, if any, or by two or more directors then in office, and shall be held at the place, if any, on the date and at the time as he, she or they shall fix. Any and all business may be transacted at a special meeting of the Board of Directors.

Section 5. Notice of Meetings. Notice of regular meetings of the Board of Directors need not be given except as otherwise required by law or these Bylaws. Notice of each special meeting of the Board of Directors, and of each regular and annual meeting of the Board of Directors for which notice is required, shall be given by the Secretary as hereinafter provided in this Section 5. Such notice shall state the date, time and place, if any, of the meeting. Notice of any special meeting, and of any regular or annual meeting for which notice is required, shall be given to each director at least (a) twenty-four (24) hours before the meeting if by telephone or by being personally delivered or sent by telex, telecopy, email or similar means or (b) five (5) days before the meeting if delivered by mail to the director's residence or usual place of business. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage prepaid, or when transmitted if sent by telex, telecopy, email or similar means. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Waiver of Notice. Any director may waive notice of any meeting of directors by a writing signed by the director or by electronic transmission. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 7. Chairman of the Board, Quorum, Required Vote and Adjournment. The Board of Directors may elect, by the affirmative vote of a majority of the directors then in office, a Chairman of the Board. The Chairman of the Board must be a director and may be an officer of the Corporation. Subject to the provisions of these Bylaws and the direction of the Board of Directors, he or she shall perform all duties and have all powers which are commonly incident to the position of Chairman of the Board or which are delegated to him or her by the Board of Directors, preside at all meetings of the stockholders and Board of Directors at which he or she is present and have such powers and perform such duties as the Board of Directors may from time to time prescribe. If the Chairman of the Board is not present at a meeting of the Board of Directors, the Chief Executive Officer (if the Chief Executive Officer is a director and is not also the Chairman of the Board) shall preside at such meeting, and, if the Chief Executive Officer is not present at such meeting, a majority of the directors present at such meeting shall elect one of the directors present at the meeting to so preside. A majority of the directors then in office shall constitute a quorum for the transaction of business. Unless by express provision of an applicable law, the Certificate of Incorporation or these Bylaws a different vote is required, the vote of a majority of directors present at a meeting at which a quorum is present at the time such matter is acted upon shall be the act of the Board of Directors. At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may, to the fullest extent permitted by law, adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Committees.

(a) The Board of Directors (i) may designate one or more committees, including an executive committee, consisting of one or more of the directors of the Corporation, and any committees required by the rules and regulations of such exchange as any securities of the Corporation are listed. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Except to the extent restricted by applicable law or the Certificate of Incorporation, each such committee, to the extent provided by the DGCL and in the resolution creating it, shall have and may exercise all the powers and authority of the Board of Directors. Each such committee shall serve at the pleasure of the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors upon request.

(b) Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. All matters shall be determined by a majority vote of the members present at a meeting at which a quorum is present. Unless otherwise provided in such a resolution, in the event that a member and that member's alternate, if alternates are designated by the Board of Directors, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute

a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

(c) Nothing in this Section 8 of ARTICLE III shall in any way limit the exercise, method or timing of the exercise of, the rights of any person granted by the Corporation with respect to the exercise, duties, composition or conduct of any committee of the Board of Directors.

Section 9. Action by Written Consent. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 10. Compensation. The Board of Directors shall have the authority to fix the compensation, including fees, reimbursement of expenses and equity compensation, of directors for services to the Corporation in any capacity, including for attendance of meetings of the Board of Directors or participation on any committees. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 11. Reliance on Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of such member's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 12. Telephonic and Other Meetings. Unless restricted by the Certificate of Incorporation, any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Corporation shall be elected by the Board of Directors and shall consist of a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary, a Chief Financial Officer and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same

person. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected by the Board of Directors. The Chairman of the Board, if any, shall be elected by the Board of Directors. Vacancies may be filled or new offices created and filled by the Board of Directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the Board of Directors may be removed with or without cause by the Board of Directors, a duly authorized committee thereof or by such officers as may be designated by a resolution of the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors.

Section 5. Compensation. Compensation of all executive officers shall be approved by the Board of Directors or a duly authorized committee thereof, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the Corporation.

Section 6. Chief Executive Officer. The Chief Executive Officer shall have the powers and perform the duties incident to that position. The Chief Executive Officer shall, in the absence of the Chairman of the Board, or if a Chairman of the Board shall not have been elected, preside at each meeting of (a) the Board of Directors if the Chief Executive Officer is a director or (b) the stockholders. Subject to the powers of the Board of Directors and the Chairman of the Board, the Chief Executive Officer shall be in general and active charge of the entire business and affairs of the Corporation, and shall be its chief policy making officer. The Chief Executive Officer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or provided in these Bylaws. The Chief Executive Officer is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. Whenever the President is unable to serve, by reason of sickness, absence or otherwise, the Chief Executive Officer shall perform all the duties and responsibilities and exercise all the powers of the President.

Section 7. The President. The President of the Corporation shall, subject to the powers of the Board of Directors, the Chairman of the Board and the Chief Executive Officer, have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees. The President shall see that all orders and resolutions of the Board of Directors are carried into effect. The President is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The President shall have such other powers and perform such other duties as may be prescribed by the Chairman

of the Board, the Chief Executive Officer, the Board of Directors or as may be provided in these Bylaws.

Section 8. Vice Presidents. The Vice President, or if there shall be more than one, the Vice Presidents, in the order determined by the Board of Directors or the Chairman of the Board, shall, in the absence or disability of the President, act with all of the powers and be subject to all the restrictions of the President. The Vice Presidents shall also perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or these Bylaws may, from time to time, prescribe. The Vice Presidents may also be designated as Executive Vice Presidents or Senior Vice Presidents, as the Board of Directors may from time to time prescribe.

Section 9. The Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors (other than executive sessions thereof) and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose or shall ensure that his or her designee attends each such meeting to act in such capacity. Under the Board of Directors' supervision, the Secretary shall give, or cause to be given, all notices required to be given by these Bylaws or by law; shall have such powers and perform such duties as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or these Bylaws may, from time to time, prescribe; and shall have custody of the corporate seal of the Corporation. The Secretary, or an Assistant Secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The Assistant Secretary, or if there be more than one, any of the assistant secretaries, shall in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President, or Secretary may, from time to time, prescribe.

Section 10. The Chief Financial Officer. The Chief Financial Officer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation as shall be necessary or desirable in accordance with applicable law or generally accepted accounting principles; shall deposit all monies and other valuable effects in the name and to the credit of the Corporation as may be ordered by the Chairman of the Board or the Board of Directors; shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the Corporation; shall have such powers and perform such duties as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or these Bylaws may, from time to time, prescribe.

Section 11. Appointed Officers. In addition to officers designated by the Board in accordance with this ARTICLE IV, the Chief Executive Officer may appoint other officers below

the level of Board-appointed Vice President as the Chief Executive Officer may from time to time deem expedient and may designate for such officers titles that appropriately reflect their positions and responsibilities. Such appointed officers shall have such powers and shall perform such duties as may be assigned to them by the Chief Executive Officer or the senior officer to whom they report, consistent with corporate policies. An appointed officer shall serve until the earlier of such officer's resignation or such officer's removal by the Chief Executive Officer at any time, either with or without cause.

Section 12. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these Bylaws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors.

Section 13. Officers' Bonds or Other Security. If required by the Board of Directors, any officer of the Corporation shall give a bond or other security for the faithful performance of his duties, in such amount and with such surety as the Board of Directors may require.

Section 14. Delegation of Authority. The Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person whom it may select.

ARTICLE V

CERTIFICATES OF STOCK

Section 1. Form. The shares of stock of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. If shares are represented by certificates, the certificates shall be in such form as required by applicable law and as determined by the Board of Directors. Each certificate shall certify the number of shares owned by such holder in the Corporation and shall be signed by, or in the name of the Corporation by (i) the Chairman of the Board, the President or a Vice President and (ii) the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Corporation designated by the Board of Directors. Any or all signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer, transfer agent or registrar of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been issued by the Corporation, such certificate or certificates may nevertheless be issued as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer, transfer agent or registrar of the Corporation at the date of issue. All certificates for shares shall be consecutively numbered or otherwise identified. The Board of Directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the Corporation. The

Corporation, or its designated transfer agent or other agent, shall keep a book or set of books to be known as the stock transfer books of the Corporation, containing the name of each holder of record, together with such holder's address and the number and class or series of shares held by such holder and the date of issue. When shares are represented by certificates, the Corporation shall issue and deliver to each holder to whom such shares have been issued or transferred, certificates representing the shares owned by such holder, and shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation or its designated transfer agent or other agent of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates and record the transaction on its books. When shares are not represented by certificates, shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, with such evidence of the authenticity of such transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps, and within a reasonable time after the issuance or transfer of such shares, the Corporation shall send the holder to whom such shares have been issued or transferred a written statement of the information required by applicable law. Unless otherwise provided by applicable law, the Certificate of Incorporation, Bylaws or any other instrument, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 2. Lost Certificates. The Corporation may issue or direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the owner of the lost, stolen or destroyed certificate. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond in such sum as it may direct, sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 3. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner. The Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by applicable law.

Section 4. Fixing a Record Date for Purposes Other Than Stockholder Meetings or Actions by Written Consent. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders

entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action (other than stockholder meetings and stockholder written consents which are expressly governed by Sections 12 and 13 of ARTICLE II hereof), the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Dividends. Subject to the Certificate of Incorporation, dividends upon the shares of capital stock of the Corporation may be declared and paid by the Board of Directors, in accordance with applicable law. Dividends may be paid in cash, in property or in shares of the Corporation's theretofore unissued capital stock, subject to the provisions of applicable law and the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends a reserve or reserves for any proper purpose. The Board of Directors may modify or abolish any such reserves in the manner in which they were created.

Section 2. Checks, Notes, Drafts, Etc. All checks, notes, drafts or other orders for the payment of money of the Corporation shall be signed, endorsed or accepted in the name of the Corporation by such officer, officers, person or persons as from time to time may be authorized by the Board of Directors or by an officer or officers authorized by the Board of Directors to make such designation.

Section 3. Contracts. In addition to the powers otherwise granted to officers pursuant to ARTICLE IV hereof, the Board of Directors may authorize any officer or officers, or any agent or agents, in the name and on behalf of the Corporation to enter into or execute and deliver any and all deeds, bonds, mortgages, contracts and other obligations or instruments, and such authority may be general or confined to specific instances.

Section 4. Loans. Subject to compliance with applicable law (including Section 13(k) of the Securities Exchange Act of 1934), the Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiaries, including any officer or employee who is a director of the Corporation or its subsidiaries, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. Corporate Seal. The Board of Directors may provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Notwithstanding the foregoing, no seal shall be required by virtue of this Section.

Section 7. Voting Securities Owned By Corporation. Voting securities in any other Corporation held by the Corporation shall be voted by the Chairman of the Board, Chief Executive Officer, the President or the Chief Financial Officer, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. Subject to applicable law, the Board of Directors shall have power from time to time to determine to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors.

Section 9. Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors.

Section 10. Section Headings. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 11. Inconsistent Provisions. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the DGCL, or any other applicable law, the provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VII

INDEMNIFICATION

Section 1. Right to Indemnification and Advancement. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including involvement, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or

was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an “indemnitee”), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys’ fees and related disbursements, judgments, fines, excise taxes, penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee’s heirs, executors and administrators; provided, however, that, except as provided in this Section 1 of this ARTICLE VII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section 1 of ARTICLE VII shall be a contract right. In addition to the right to indemnification conferred herein, an indemnitee shall also have the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (an “advance of expenses”); provided, however, that if and to the extent that the DGCL requires, an advance of expenses shall be made only upon delivery to the Corporation of an undertaking (an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this Section 1 or otherwise. The Corporation may also, by action of its Board of Directors, provide indemnification and advancement to employees and agents of the Corporation.

Section 2. Procedure for Indemnification. Any indemnification of a director or officer of the Corporation or advance of expenses (including attorneys’ fees, costs and charges) under this Section 2 of ARTICLE VII shall be made promptly, and in any event within forty-five days (or, in the case of an advance of expenses, twenty days, provided that the director or officer has delivered the undertaking contemplated by Section 1 of this ARTICLE VII if required), upon the written request of the director or officer. If the Corporation denies a written request for indemnification or advance of expenses, in whole or in part, or if payment in full pursuant to such request is not made within forty-five days (or, in the case of an advance of expenses, twenty days, provided that the director or officer has delivered the undertaking contemplated by Section 1 of this ARTICLE VII if required), the right to indemnification or advances as granted by this ARTICLE VII shall be enforceable by the director or officer in any court of competent jurisdiction. Such person’s costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation to the fullest extent permitted by applicable law. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of expenses where the undertaking required pursuant to Section 1 of this ARTICLE VII, if any, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall

be on the Corporation to the fullest extent permitted by law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Insurance. The Corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, member, trustee, administrator, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise against any expense, liability or loss asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such expenses, liability or loss under the DGCL.

Section 4. Service for Subsidiaries. Any person serving as a director, officer, partner, member, trustee, administrator, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, at least 50% of whose equity interests are owned by the Corporation (a “subsidiary” for purposes of this ARTICLE VII) shall be conclusively presumed to be serving in such capacity at the request of the Corporation.

Section 5. Reliance. Persons who after the date of the adoption of this provision become or remain directors or officers of the Corporation or who, while a director or officer of the Corporation, become or remain a director, officer, employee or agent of a subsidiary, shall be conclusively presumed to have relied on the rights to indemnity, advance of expenses and other rights contained in this ARTICLE VII in entering into or continuing such service. The rights to indemnification and to the advance of expenses conferred in this ARTICLE VII shall apply to claims made against an indemnitee arising out of acts or omissions which occurred or occur both prior and subsequent to the adoption hereof. Any amendment, alteration or repeal of this ARTICLE VII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

Section 6. Non-Exclusivity of Rights; Continuation of Rights of Indemnification. The rights to indemnification and to the advance of expenses conferred in this ARTICLE VII shall not be exclusive of any other right which any person may have or hereafter acquire under the Certificate of Incorporation or under any statute, by-law, agreement, vote of stockholders or disinterested directors or otherwise. All rights to indemnification under this ARTICLE VII shall be deemed to be a contract between the Corporation and each director or officer of the Corporation who serves or served in such capacity at any time while this ARTICLE VII is in effect. Any repeal or modification of this ARTICLE VII or repeal or modification of relevant provisions of the DGCL or any other

applicable laws shall not in any way diminish any rights to indemnification and advancement of expenses of such director or officer or the obligations of the Corporation arising hereunder with respect to any proceeding arising out of, or relating to, any actions, transactions or facts occurring prior to the final adoption of such repeal or modification.

Section 7. Merger or Consolidation. For purposes of this ARTICLE VII, references to the “Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this ARTICLE VII with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

Section 8. Savings Clause. If this ARTICLE VII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and advance expenses to each person entitled to indemnification under Section 1 of this ARTICLE VII as to all expense, liability and loss (including attorneys’ fees and related disbursements, judgments, fines, excise taxes, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification and advancement of expenses is available to such person pursuant to this ARTICLE VII to the fullest extent permitted by any applicable portion of this ARTICLE VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VIII

AMENDMENTS

These Bylaws may be amended, altered, changed or repealed or new Bylaws adopted only in accordance with Section 1 of ARTICLE ELEVEN of the Certificate of Incorporation.

* * * * *

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

I, Thomas E. Richards, 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/ Thomas E. Richards

Thomas E. Richards

Chairman, President and Chief Executive Officer

CDW Corporation

August 3, 2016

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

I, Ann E. Ziegler, 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/ Ann E. Ziegler

Ann E. Ziegler

Senior Vice President and Chief Financial Officer

CDW Corporation

August 3, 2016

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

I, Thomas E. Richards, 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, 2016 (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/ Thomas E. Richards

Thomas E. Richards

Chairman, President and Chief Executive Officer

CDW Corporation

August 3, 2016

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

I, Ann E. Ziegler, 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, 2016 (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/ Ann E. Ziegler

Ann E. Ziegler

Senior Vice President and Chief Financial Officer

CDW Corporation

August 3, 2016