

**First Quarter 1995
Report to Stockholders
For the three months ended March 31, 1995
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Company Profile

CDW Computer Centers, Inc. is a direct marketer of brand name microcomputer products at discount prices. Through in-bound telemarketing, CDW offers a broad range of more than 20,000 MS-DOS/Microsoft Windows and Apple Macintosh based microcomputer products, including hardware, peripherals, networking products, software and accessories. Customers can call Computer Discount Warehouse at 1-800-400-4CDW to place orders and obtain product information from CDW's account managers.

CDW uses a multimedia advertising strategy to market its products through catalogs and targeted advertising in national and regional personal computer magazines. The majority of sales are generated from businesses, institutions and home office users. More than 274,000 customers were served in 1994. CDW achieved compound annual growth rates of 51% for sales and 66% for pro forma net income from 1992-1994.

Common Stock and Investor Information

CDW's common stock is traded on the NASDAQ National Market under the symbol CDWC. Contact Investor Relations at 708-419-8234 or via Internet: shserv@admin.cdw.com for additional information regarding CDW Computer Centers, Inc.

To Our Stockholders, Employees and Customers

Continued strength of our operating model and sales growth in all product categories propelled CDW to record sales and earnings in the first quarter. We are delighted that we continue to leverage our sales increases for profitability gains. Our favorable results also reflect further growth of the direct marketing channel.

Financial Results

For the quarter ended March 31, 1995, net sales increased 61% of \$141.4 million from \$87.6 million in the first quarter of 1994. Net income was \$4.2 million, a 95% increase from \$2.1 million in the year-ago period. Earnings per share rose 76% to \$.30 from \$.17. The growth rate of earnings per share reflects the dilution resulting from the 1.1 million additional common shares issued on June 3, 1994, pursuant to our secondary offering.

Sales increased in all product categories in the first quarter. Sales of desktop computers, our fastest-growing category, increased 191% as a result of greater product availability and increasing demand for Pentium and 486 technology as prices continued to decline. Add-on boards/memory products and software generated the next largest percentage increases over the first quarter of 1994.

Sales in our Apple Macintosh division increased 30% in the first quarter over the fourth quarter of 1994. Effective April 1, 1995, we received authorization to direct market substantially all Apple Macintosh notebook and desktop CPUs not previously authorized. We continue to invest in our Apple Macintosh catalog program to expand the number of active customers and generate repeat sales.

Our financial position remains strong at March 31, 1995, with working capital of \$53.7 million, including \$19.2 million in cash, cash equivalents and marketable securities, and no long term debt. Annualized Inventory turnover was 21 for the first quarter of 1995, compared with 19 for the fourth quarter of 1994.

Facility Expansion to Sustain Growth

Based on the continued momentum of our business, we are evaluating both short and long-term facility requirements to enable us to sustain our growth and profitability over the long term. During the second quarter of 1995, we will add a mezzanine over a section of our warehouse to enable us to continue expanding our telemarketing sales force and related operational personnel in 1995 and 1996.

We also are currently investigating alternatives for our long-term facility requirements, including the possible expansion of our current site or the potential acquisition of vacant land in the vicinity of our current location. If we acquire vacant land, we would develop the property and move to a combined office and warehouse facility. If we choose to relocate, CDW may incur non-recurring exit costs relating to its current leased facility. The amount of such exit costs, if any, are not presently determinable and will be primarily dependent upon, among other things, CDW's ability to sublease its current facility. We will continue to evaluate our facility needs and update you on future developments.

Targeted Marketing of PC and Apple Products

First quarter sales benefited from our increased marketing efforts, including the distribution of two issues of our MS-DOS/Microsoft Windows ("PC") catalog (combined circulation of 5.9 million) versus one issue (2.3 million circulation) in the first quarter of 1994. The distribution of our Apple Macintosh catalog grew to 1.5 million in the first quarter of 1995 from 600,000 in the fourth quarter of 1994. Pages of national advertising increased to 118 from 107 in the first quarter of 1994 and 100 in the fourth quarter of 1994.

Despite an increase in net advertising expense, selling and administrative expense as a percent of sales decreased in the first quarter. For the rest of the year, our marketing strategy remains focused on expanding catalog distribution to increase our customer base and generate incremental sales from existing customers.

Expanded Management Team

Paul Kozak was promoted to Vice President-Purchasing in January. Paul joined CDW in 1987 and has been a valuable member of our team as an account manager, Sales Manager and most recently Director of Purchasing.

We are pleased to welcome Chuck Meister, who has been appointed Vice President-Sales, a newly created position. Chuck will direct our in-bound and out-bound telemarketing, retail showrooms and training programs. With his industry experience and broad background in training and managing computer account managers, we expect him to make a significant contribution to the expansion and further development of our sales force this year. Chuck was previously sales manager of the Midwest region at Novell, Inc.

Highlights from Annual Meeting of Stockholders

Our stockholders re-elected our five directors and approved the change of the company's state of domain from Delaware to Illinois at our recent Annual Meeting. The reincorporation reflects CDW's commitment to supporting the Illinois business community and economic growth of the state. In addition, the franchise tax and related fees paid to Delaware will be eliminated, thus saving approximately \$70,000 annually. As a result of the reincorporation, CDW will adopt new Articles of Incorporation and By-laws, which include an increase in the number of authorized common shares to 75 million from 15 million.

Outlook

Strong first quarter results have set the stage for exciting growth this year for CDW. Our tremendous earnings momentum coupled with strong operating model make us optimistic about the prospects for the remainder of the year. We thank you for your continued support.

Sincerely,

Michael P. Krasny
Chairman & Chief Executive Officer
April 27, 1995

CDW Computer Centers, Inc. and Subsidiary
Consolidated Balance Sheets
Unaudited
(in thousands)

| | March 31, 1995 | Dec 31, 1994 |
|--|-------------------|-----------------|
| A s s e t s | | |
| Current Assets: | | |
| Cash and cash equivalents..... | \$133 | \$2,969 |
| Marketable securities..... | 19,046 | 19,595 |
| Accounts receivable, net of allowance for doubtful accounts of \$450,000 and \$400,000 respectively..... | 27,768 | 23,559 |
| Miscellaneous receivables..... | 1,435 | 1,300 |
| Merchandise inventory..... | 23,291 | 23,164 |
| Prepaid expenses..... | 1,129 | 175 |
| Deferred taxes..... | 622 | 641 |
| Total current assets..... | 73,424 | 71,403 |
| Property and equipment, net..... | 2,820 | 2,904 |
| Deferred taxes..... | 3,554 | 3,625 |
| Other assets..... | 92 | 97 |
| Total assets..... | \$79,890 | \$78,029 |
| L i a b i l i t i e s a n d S t o c k h o l d e r s ' E q u i t y | | |
| Current Liabilities: | | |
| Accounts payable..... | \$12,736 | \$16,237 |
| Accrued expenses Payroll, commissions and management incentive compensation..... | 2,757 | 3,588 |
| Income taxes..... | 2,914 | 1,108 |
| Other..... | 1,226 | 1,084 |
| Customer deposits..... | 103 | 169 |
| Total current liabilities..... | 19,736 | 22,186 |
| Stockholders' Equity: | | |
| Preferred stock, \$1.00 par value, 5,000,000 shares authorized, none issued..... | -- | -- |
| Common stock, \$0.01 par value; 15,000,000 shares authorized; 13,800,000 shares issued and outstanding, respectively..... | 138 | 138 |
| Paid-in-capital..... | 36,650 | 36,644 |
| Retained earnings..... | 25,143 | 20,958 |
| Unearned compensation..... | (1,777) | (1,897) |
| Total stockholders' equity..... | 60,154 | 55,843 |
| Total liabilities and stockholders' equity..... | \$79,890 | \$78,029 |

CDW Computer Centers, Inc. and Subsidiary
Consolidated Statements of Income
Unaudited
(in thousands, except per share data)

| | Three months ended March 31, | |
|---|---|----------|
| | 1995 | 1994 |
| Net sales..... | \$141,356 | \$87,630 |
| Cost of sales..... | 123,042 | 76,458 |
| Gross profit..... | 18,314 | 11,172 |
| Selling and administrative expenses..... | 11,718 | 7,627 |
| Income from operations..... | 6,596 | 3,545 |
| Interest income (expense), net..... | 308 | (29) |
| Other income..... | 12 | 42 |
| Income before income taxes..... | 6,916 | 3,558 |
| Income tax provision..... | 2,732 | 1,409 |
| Net income..... | \$4,184 | \$2,149 |
| Net income per share..... | \$ 30 | \$.17 |
| Weighted average number of common and common equivalent shares outstanding..... | 13,807 | 12,700 |

For more information about CDW:
Fax 1 800 PRO-INFO and enter the code -- CDW.
Visit CDW on the Internet at <http://www.cdw.com>
eMail CDW Investor Relations at shserv@admin.cdw.com.
Telephone CDW Corporate Offices at 847 419-8234.

At The Company FINANCIAL RELATIONS BOARD - CHICAGO

| | | | |
|-------------------------|-----------------|-----------------------------------|-----------------------|
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