

Third Quarter 1997

Earnings Release

October 16, 1997

CDW COMPUTER CENTERS, INC. REPORTS RECORD RESULTS

Third Quarter Highlights:

- Seventeenth consecutive quarter of sequential sales growth as a public company
 - 35% growth in net sales
 - Operating income increases 34%
- Completed relocation to new 200,000 square foot facility

Financial & Operating Data*	Three Months		% Change	Nine Months		% Change
	09/30/97	09/30/96		09/30/97	09/30/96	
Net Sales (000's)	\$323,901	\$240,330	35%	\$926,223	\$665,722	39%
Income from Operations (000's)	\$ 20,412	\$ 15,284	34%	\$ 58,399	\$ 36,636	59%
Net Income (000's)	\$ 13,001	\$ 9,679	34%	\$ 37,060	\$ 23,707	56%
Net Income Per Share	0.60	0.44	36%	1.71	1.09	57%
O/S Shares (000's)	21,761	21,832	-.3%	21,703	21,763	-.3%
Pro forma - Excluding Exit Charge						
Income from Operations (000's)				\$ 59,199	\$ 39,836	49%
Net Income (000's)				\$ 37,542	\$ 25,649	46%
Net Income Per Share				\$1.73	\$1.18	47%
Operating Data						
Number of Orders Shipped	440,369	342,247	29%	1,310,296	943,990	39%
Average Order Size	\$ 736	\$ 702	5%	\$ 707	\$ 705	.3%
# account managers, end of period	336	267	26%			
Customers Serviced (000's)	184	158	16%	443	358	24%
Customers Serviced - TTM	542	444	22%			

"We are proud to announce record third quarter results that were achieved despite some unusual challenges during the quarter. We successfully completed the move to our new 200,000 square foot facility, only to be confronted by the challenges of the UPS strike. During the strike, our coworkers were resourceful in finding innovative ways to service our customers despite the delays existing throughout the country. Now that the move and UPS strike are behind, our goal is to expand our sales and marketing efforts and capture additional market share."

--- Michael P. Krasny, Chairman and Chief Executive Officer

Vernon Hills, Illinois, October 16, 1997 --- CDW Computer Centers, Inc. (Nasdaq: CDWC) today announced record sales and earnings for the third quarter and nine months ended September 30, 1997, despite the disruption to its business from both its relocation and the UPS strike. Net sales for the third quarter increased 35% to \$323.9 million from \$240.3 million in the same period of 1996. Net income for the quarter rose 34% to \$13.0 million from \$9.7 million in the third quarter of 1996. Earnings per share for the quarter increased 36% to \$0.60 in the third quarter of 1997 from \$0.44 in the same period of 1996.

Net sales for the nine months ended September 30, 1997 increased 39% to \$926.2 million from \$665.7 million in the same period of 1996. Net income for the nine months ended September 30, 1997 rose 56% to \$37.1 million from \$23.7 million reported in the first nine months of 1996. Earnings per share increased 57% to \$1.71 from \$1.09 in the first nine months of 1996.

Net income in the nine months ended September 30, 1996 was reduced by a pre-tax charge to earnings of \$3.2 million. This charge included a \$4.0 million non-recurring charge for the estimated costs of exiting the Company's now-vacant Buffalo Grove facility, offset by a related \$800,000 reduction in the executive incentive bonus pool. Pro forma net income and earnings per share for the nine months ended September 30, 1997 and 1996, excluding the impact of the exit charge and its related impact on the executive incentive bonus pool in both years, increased 46% and 47%, respectively, to \$37.5 million and \$1.73 per share in 1997 from \$25.6 million and \$1.18 per share in 1996. All earnings per share amounts reflect the 3-for-2 stock split effected in the form of a stock dividend, which was paid on July 15, 1996.

"The UPS strike impacted both our cost structure and sales momentum. On the cost side, we absorbed all incremental shipping and labor costs to minimize disruption to customer service. During the strike, our sales volume decreased by approximately 10% per day as customers modified purchasing patterns due to the uncertainty and shipping delays caused by the strike. Additionally, catalog mailings were delayed due to the constraints placed on the postal service. We estimate that the strike resulted in approximately \$3.0 million to \$5.0 million in lost sales and approximately \$300,000 in direct incremental costs, for a reduction in earnings per share of \$0.01 to \$0.02," said Michael P. Krasny, chairman and chief executive officer.

"Our sales growth in the quarter resulted from the combined impact of increases in the number of customers serviced, number of orders shipped and the average order size. Our sales training and marketing efforts are producing incremental sales to existing customers while also attracting new customers to CDW," said Krasny.



Desktop computers, printers, network products, video products and software were the fastest growing product categories, based on the percentage increase in dollar sales over the third quarter of 1996. Sales of notebook computers remained the largest product category at 26% of net sales in the third quarter. Unit volumes of notebook and desktop computers were strong with growth rates of 67% and 87%, respectively, over the third quarter of 1996.

"As we deepen our relationships with top tier computer manufacturers such as Compaq, Hewlett-Packard, IBM and Toshiba, we believe we are well positioned to take advantage of declining prices, the corporate upgrade cycle, and the increasing utilization of the Internet and corporate networks," said Gregory C. Zeman, CDW's president.

Third quarter gross profit margin was 13.3% of net sales versus 13.1% in the third quarter of 1996 and 13.7% in the second quarter of 1997.

The Company's gross profit as a percentage of net sales may vary on a quarterly basis based upon vendor support programs, product mix, pricing strategies, market conditions and other factors. As a result, there is no certainty that the Company will be able to sustain the gross profit margin at the levels achieved in recent quarters.

Selling and administrative expense as a percentage of net sales increased to 7.0% of net sales in the third quarter of 1997 versus 6.8% in the same quarter of 1996. For the third quarter of 1997, increases, as a percentage of net sales, in net advertising expense and occupancy costs were partially offset by a reduction of the executive incentive bonus pool.

Annualized inventory turnover was approximately 20 times for both the three and nine months ended September 30, 1997 and 1996. Working capital as of September 30, 1997 was \$153.3 million, including approximately \$65.1 million in cash, cash equivalents and marketable securities.

"With the move and strike behind us, we can now focus our efforts on improving the efficiency of our new warehouse, expanding our sales force and refining our marketing activities. We are excited about our vision for the future as faster processing speeds, increasing bandwidth and sophisticated software products from our manufacturers continue to drive the corporate upgrade cycle," said Krasny.

The statements in this release concerning the Company's future prospects are forward-looking statements that involve certain risks and uncertainties. Such risks and uncertainties include the continued acceptance of the Company's distribution channel by vendors and customers, the timely availability and acceptance of new products, in particular, notebook/laptop computers, and continuation of key vendor relationships.

CDW Computer Centers, Inc. (Nasdaq:CDWC) is a leading direct marketer of brand name microcomputer products, primarily to business, government, educational, institutional and home office users in the United States. CDW sells a broad range of brand name microcomputer products, including hardware and peripherals, software, networking products and accessories through knowledgeable telemarketing account managers. Sales of products that utilize, or are compatible with, the Microsoft Windows 95/Windows/Windows NT/MS-DOS operating platforms account for substantially all of the Company's net sales. Customers can place orders and obtain product information by calling a CDW account manager at 1-800-800-4CDW, or by visiting CDW on the Internet at <http://www.cdw.com>.

For more information about CDW:

Via fax dial 1- 800-PRO-INFO and enter the ticker symbol -- CDWC.

Visit CDW on the Internet at <http://www.cdw.com>

Contact CDW Investor Relations via the Internet at shserv@admin.cdw.com

Or by telephone at 847 419-8234.

**CDW COMPUTER CENTERS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS**

*(in thousands)
(unaudited)*

September 30, 1997 December 31, 1996

ASSETS

Cash, cash equivalents and marketable securities	\$65,104	\$74,952
Accounts receivable, net of allowance for doubtful accounts of \$1,750 and \$1,100, respectively	85,089	57,396
Miscellaneous receivables	2,979	3,931
Merchandise inventory	63,413	41,462
Prepaid expenses and other current assets	757	823
Deferred income taxes	<u>2,374</u>	<u>2,258</u>
Total current assets	219,716	180,822
Property and equipment, net	25,814	3,636
Construction in progress	464	8,659
Deferred income taxes and other assets	<u>5,413</u>	<u>5,713</u>
Total assets	\$251,407	\$198,830

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities

Accounts payable	\$48,463	36,642
Accrued expenses and other current liabilities	14,393	16,579
Accrued exit costs	<u>3,569</u>	<u>3,987</u>
Total current liabilities	66,425	57,208
Shareholder's equity	<u>184,982</u>	<u>141,622</u>
Total liabilities and shareholder's equity	\$251,407	\$198,830

**CDW COMPUTER CENTERS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

*(in thousands, except per share data)
(unaudited)*

**Three Months
Ended September 30**

	1997	1996
Net Sales	\$323,901	\$240,330
Cost of Sales	<u>280,921</u>	<u>208,744</u>
Gross profit	42,980	31,586
Selling and administrative expenses	22,568	16,302
Exit charge	-	-
Income from operations	20,412	15,284
Interest income	1,194	896
Other expense	<u>(63)</u>	<u>(48)</u>
Income before income taxes	21,543	16,132
Income tax provision	<u>8,542</u>	<u>6,453</u>
Net income	\$13,001	\$9,679
Net income per share*	\$0.60	\$0.44
Weighted average number of common and common equivalent shares outstanding*	21,761	21,832

*All amounts reflect a three-for-two stock split effected in the form of a stock dividend paid on July 15, 1996.

**Nine Months
Ended September 30**

	1997	1996
Net Sales	\$926,223	\$665,722
Cost of Sales	<u>801,643</u>	<u>577,873</u>
Gross profit	124,580	87,849
Selling and administrative expenses	66,181	47,213
Exit charge	-	4,000

Income from operations	58,399	36,636
Interest income	3,183	2,573
Other expense	(174)	(146)
Income before income taxes	61,408	39,063
Income tax provision	<u>24,348</u>	<u>15,356</u>
Net income	\$37,060	\$23,707
Net income per share*	\$1.71	\$1.09
Weighted average number of common and common equivalent shares outstanding*	21,703	21,763

*All amounts reflect a three-for-two stock split effected in the form of a stock dividend paid on July 15, 1996.

CDW Computer Centers, Inc.

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