

Fourth Quarter 2000 - Earnings Release

CDW COMPUTER CENTERS, INC. REPORTS 40 PERCENT GROWTH IN NET INCOME AND 36 PERCENT GROWTH IN SALES FOR FOURTH QUARTER AUTHORIZES SHARE REPURCHASE PROGRAM

Vernon Hills, Illinois, -- January 23, 2001 --- CDW Computer Centers, Inc. (Nasdaq: CDWC) today announced annual sales for 2000 of \$3.8 billion, up 50% from 1999, and fourth quarter sales of \$1.0 billion, up 36% from 1999. Earnings per share for 2000 were \$1.79, up 61% from 1999 and fourth quarter earnings per share were \$0.46, up 39% from 1999. Fourth quarter earnings per share exceeded recently revised expectations. The Company also announced a share repurchase program for up to 5 million shares.

Fourth Quarter Highlights:

- Earnings per share increases 39 percent
- 36 percent growth in net sales
- Direct Web sales increase 132 percent to \$125 million
- Sales account managers grow 49 percent to 1,188
- Achieves registration under ISO 9001:2000

Financial & Operating Data Reflects 2-for-1 stock split paid June 21, 2000	Three Months Ended		% Change	Year Ended		% Change
	12/31/00	12/31/99		12/31/00	12/31/99	
Net Sales (000's)	\$1,007,071	\$741,267	36%	\$3,842,452	\$2,561,239	50%
Income from Operations (000's)	\$66,670	\$48,068	39%	\$259,608	\$157,912	64%
Net Income (000's)	\$41,999	\$29,898	40%	\$162,269	\$98,085	65%
Basic Earnings Per Share	\$0.48	\$0.35	37%	\$1.87	\$1.14	64%
Diluted Earnings Per Share	\$0.46	\$0.33	39%	\$1.79	\$1.11	61%
Operating Data						
Number of Invoices Processed	983,405	806,486	22%	3,810,452	2,934,286	30%
Average Invoice Size	\$1,073	\$963	11%	\$1,054	\$918	15%
Number of Account Managers	1,188	798	11%			
Customers Serviced - Commercial	149,241	132,699	12%	309,471	285,360	8%
% of Sales to Commercial Customers	96.1%	93.5%	3%	96.0%	92.8%	3%
Inventory Turnover	25.5	24.2		28.4	23.5	
Days Sales Outstanding	30.8	28.6		32.1	32.8	

"We completed a year of phenomenal growth, amidst uncertain economic conditions. While our growth rate has recently slowed due to these uncertain economic conditions, we remain confident in the power of our "clicks and people" business model and believe we continue to increase our market share in the small-to-medium business marketplace. Our recent registration under the ISO quality standards underscores our commitment to quality in all that we do for our customers."

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

Net sales for the fourth quarter increased 36 percent to \$1.007 billion from \$741.3 million in the same period of 1999. Net income for the quarter rose 40 percent to \$42.0 million from \$29.9 million in the fourth quarter of 1999. Diluted earnings per share increased 39 percent to \$0.46 in the fourth quarter of 2000 from \$0.33 in the same period of 1999.

Net sales for the year ended December 31, 2000 increased 50 percent to \$3.842 billion from \$2.561 billion in the same period of 1999. Net income rose 65 percent to \$162.3 million from \$98.1 million in the same period of 1999. Diluted earnings per share for 2000 increased 61 percent to \$1.79 from \$1.11 in 1999.

All earnings per share amounts reflect the 2-for-1 stock split effected in the form of a stock dividend, which was paid on June 21, 2000.

"Our performance in the fourth quarter was negatively impacted by economic conditions and apparent reduced IT spending by our core commercial customer base," said Michael P. Krasny, Chairman and Chief Executive Officer. "Despite these uncertain conditions, our fundamentals are strong and we continue to believe that we increased our market share with more than 309,000 active commercial customers."

Input devices, data storage devices, video, printers and networking/communications products were the fastest-growing product categories, all with sales growth rates exceeding 41 percent. Notebook computers, which remained the largest product category at 18 percent of net sales, increased 13 percent in net sales dollars compared to the fourth quarter of 1999. The desktop computer product line, which includes servers, increased 21 percent. "Our diverse product lines have enabled us to grow total sales at rates in excess of our PC product lines," said Gregory Zeman, CDW's president.

Zeman added, "Our account manager base grew to 1,188 as of December 31, 2000. While we still plan to increase the number of account managers to approximately 1,400 by the end of 2001, we are deferring some hires to the later part of the year, and will adjust our hiring numbers based upon future business conditions."

"Our e-business strategy continues to produce impressive results. Fourth quarter direct Web sales were \$125.0 million, a 132 percent increase over the fourth quarter of 1999 and a 4 percent increase over the third quarter of 2000. Our CDW@work™ custom-tailored Web site program had over 59,000 active users in the fourth quarter," said Zeman.

Gross profit margin of 12.6 percent of net sales in the fourth quarter of 2000, was down 0.2 percent from the prior year quarter. The Company's gross profit as a percentage of net sales may vary on a quarterly basis based upon vendor support programs, including inventory price protection policies, 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 levels achieved in the fourth quarter.

Selling and administrative expenses, as a percentage of net sales, decreased to 6.0 percent in the fourth quarter of 2000 from 6.4 percent in the same period of 1999. The primary reasons for the change were decreases in net advertising expense, offset by increased payroll, bad debt and occupancy costs, all as a percentage of net sales. On a forward-looking basis, selling and administrative costs should increase as a percentage of net sales due to investments in new facilities, new sales account managers, marketing initiatives and potentially lower advertising expense reimbursements from vendors, coupled with a slower rate of sales growth.

Working capital as of December 31, 2000 was \$561.7 million, including approximately \$202.6 million in cash, cash equivalents and marketable securities. The Company anticipates spending between \$26 and \$29 million for construction and equipment related to its facilities expansion efforts at its Vernon Hills warehouse, its Mettawa, Illinois office and its Chicago sales office, of which approximately \$12 million has been incurred as of December 31, 2000.

"On a forward looking basis, management believes that cautious assumptions as to the rate of sales growth are appropriate," said Krasny. "We are currently experiencing lower sales volume than anticipated, despite high levels of order activity, due to the impact of reduced IT spending by customers and slightly lower CPU pricing. Based upon our current level of sales per day, we are estimating a net sales growth rate for the first quarter 2001 between 8% and 12%, as compared to the first quarter 2000. The ability to achieve the estimated sales growth rate is clouded by uncertainties related to economic conditions and IT spending levels. Earnings are expected to grow at a slower rate than sales due to a higher expense base primarily related to occupancy and payroll costs. We have initiated actions to reduce marketing

expenditures and the rate of sales and non-sales hiring to align them with reduced sales growth. Although our facility infrastructure investments will negatively impact near term profitability, we are confident that they will provide us with the capacity necessary to increase our market share for the long term. Management believes that our intense focus on customer service, our highly automated business processes, our strong financial position and our low cost operating model will serve us well during these uncertain economic times."

CDW's Board of Directors has authorized the repurchase of up to 5 million shares of its common stock, slightly more than 5% of its total outstanding shares, from time to time in both open market and private transactions, as conditions merit. The repurchase program is expected to remain effective for approximately twenty-four months, unless sooner terminated by the Board of Directors. The Company intends to hold the repurchased shares in treasury for general corporate purposes, including issuances under various employee stock option plans. In connection with the repurchase program, an independent committee of the Board of Directors is currently negotiating with Gregory Zeman, President and Director, and Daniel Kass, Executive Vice President of Sales and Director, regarding a possible acquisition from them, "at market", of up to an aggregate of 2 million shares, which were acquired by them pursuant to the MPK Stock Option Plan.

"Given our strong cash position and the current valuation of CDW's stock, we believe this represents an attractive investment opportunity for the Company," said Krasny. "The share repurchase program expresses our confidence in the Company's core fundamentals and demonstrates management's commitment to enhance long-term shareholder value."

The statements in this release concerning the Company's sales growth, gross margin percentage and selling and administrative costs and other statements of a non-historical basis (including statements regarding implementing strategies for future growth, the ability of the Company to sustain its model of profitable growth, the success of the Company's facilities infrastructure investments and the expected benefits of the Company's e-Business strategy) 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, continuation of key vendor relationships and support programs, changes in economic conditions that affect the rate of IT spending by our customers, changes in CPU pricing by our vendors, the timely completion of our infrastructure improvement projects and the ability of the Company to hire and retain qualified account managers. Additional discussion regarding these and other factors affecting the Company's business and prospects is contained in the company's periodic filings with the Securities and Exchange Commission.

A live Web cast of CDW Management's discussion of the fourth quarter will be available on www.streetevents.com. The Web cast will begin today, January 23, 2001 at 5:00 pm EDT. An audio replay of the call will be available on www.streetevents.com until January 30, 2001.

For more information about CDW:
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**CDW COMPUTER CENTERS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)
(unaudited)

	December 31, 2000	December 31, 1999
ASSETS		
Current Assets:		
Cash, cash equivalents and marketable securities	\$202,621	\$82,975
Accounts receivable, net of allowance for doubtful accounts of \$4,300 and \$3,185, respectively	337,424	230,190
Miscellaneous receivables	13,442	7,589
Merchandise inventory	110,202	126,217

Prepaid expenses and other current assets	3,458	1,375
Deferred income taxes	6,736	6,702
Total current assets	673,883	455,048
Property and equipment, net	61,966	39,429
Investment in and advances to subsidiary	5,804	6,499
Deferred income taxes and other assets	6,784	4,939
Total assets	\$748,437	\$505,915
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$56,081	\$65,657
Accrued expenses and other current liabilities	54,243	47,055
Accrued exit costs	1,862	2,219
Total current liabilities	112,186	114,931
Shareholders' equity	636,251	390,984
Total liabilities and shareholder's equity	\$748,437	\$505,915

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

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

	Three Months Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
Net Sales	\$1,007,071	\$741,267	\$3,842,452	\$2,561,239
Cost of Sales	879,796	645,995	3,352,609	2,237,700
Gross profit	127,275	95,272	489,843	323,539
Selling and administrative expenses	60,605	47,204	230,235	165,627
Income from operations	66,670	48,068	259,608	157,912
Interest income	3,085	1,565	9,739	4,931
Other expense	(220)	(133)	(690)	(450)
Income before income taxes	69,535	49,500	268,657	162,393
Income tax provision	27,536	19,602	106,388	64,308
Net income	\$41,999	\$29,898	\$162,269	\$98,085
Earnings per share				
Basic	\$0.48	\$0.35	\$1.87	\$1.14
Diluted	\$0.46	\$0.33	\$1.79	\$1.11
Weighted average number of common shares outstanding				
Basic	87,252	86,402	86,858	86,270
Diluted	90,945	89,386	90,860	88,304

Traded: Nasdaq: CDWC

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