FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
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FILER

CDW COMPUTER CENTERS INC

CIK:**899171**| IRS No.: **363310735** | State of Incorp.:**IL** | Fiscal Year End: **1231**
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SIC: **5961** Catalog & mail-order houses

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001 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 0-21796

CDW Computer Centers, Inc.
(Exact name of registrant as specified in its charter)

Illinois	36-3310735
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 N. Milwaukee Ave. Vernon Hills, Illinois	60061
(Address of principal executive offices)	(Zip Code)

(847) 465-6000
(Registrant's telephone number, including area code)

____
(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 X No

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

Applicable only to corporate issuers:
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
As of August 3, 2001, 88,034,304 common shares were issued and 85,906,804 were outstanding.

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PART I. FINANCIAL INFORMATION
ITEM I. FINANCIAL STATEMENTS

<TABLE>
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CDW COMPUTER CENTERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	June 30, 2001	December 31, 2000
Assets		
Current assets :		
<S>	<C>	<C>
Cash and cash equivalents	$ 44,257	$ 43,664
Marketable securities	235,275	158,957
Accounts receivable, net of allowance for doubtful accounts of $8,750 and $7,000, respectively	315,610	337,424
Merchandise inventory	120,767	110,202
Miscellaneous receivables	10,709	13,442
Deferred income taxes	6,736	6,736
Prepaid expenses	3,000	3,458
Total current assets	736,354	673,883
Property and equipment, net	66,803	61,966
Investment in and advances to joint venture	7,965	5,804
Deferred income taxes and other assets	6,550	6,784
Total assets	$ 817,672	$ 748,437
Liabilities and Shareholders' Equity		
Current liabilities :		
Accounts payable	$ 100,694	$ 56,081
Accrued expenses :		
Compensation	27,111	26,645
Income taxes	16,475	17,868
Other	13,354	9,730
Exit costs	1,593	1,862
Total current liabilities	159,227	112,186
Commitments and contingencies		
Shareholders' equity :		
Preferred shares, $1.00 par value; 5,000 shares authorized; none issued	-	-
Common shares, $0.01 par value; 500,000 shares authorized; 87,895 and 87,465 shares issued, respectively	879	875
Paid-in capital	199,118	185,054
Retained earnings	536,119	452,613
Unearned compensation	(2,976)	(202)
	733,140	638,340
Less cost of common shares in treasury, 2,128 shares and 200 shares, respectively	(74,695)	(2,089)

Total shareholders' equity	658,445	636,251
Total liabilities and shareholders' equity	$ 817,672	$ 748,437

<FN>
The accompanying notes are an integral part of the consolidated financial statements.
</FN>
</TABLE>

<TABLE>
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CDW COMPUTER CENTERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net sales	$ 995,045	$ 943,342	$ 1,982,290	$ 1,807,330
Cost of sales	862,422	821,121	1,719,548	1,575,896
Gross profit	132,623	122,221	262,742	231,434
Selling and administrative expenses	62,532	53,444	126,375	101,657
Net advertising expense	1,592	4,463	4,405	8,615
Income from operations	68,499	64,314	131,962	121,162
Interest income	3,119	2,165	6,943	3,920
Other expense, net	(200)	(172)	(306)	(347)
Income before income taxes	71,418	66,307	138,599	124,735
Income tax provision	28,388	26,258	55,093	49,395
Net income	$ 43,030	$ 40,049	$ 83,506	$ 75,340
Earnings per share				
Basic	$ 0.50	$ 0.46	$ 0.97	$ 0.87
Diluted	$ 0.48	$ 0.44	$ 0.94	$ 0.83
Weighted average number of common shares outstanding				
Basic	85,598	86,951	85,896	86,763
Diluted	88,889	91,154	88,989	90,312

<FN>
The accompanying notes are an integral part of the consolidated financial statements.
</FN>
</TABLE>

<TABLE>
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CDW COMPUTER CENTERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Shares					Treasury Shares		Total
	Shares	Amount	Paid-in Capital	Retained Earnings	Unearned Compensation	Shares	Amount	Shareholders' Equity
<S> <C> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 2000	87,465	$ 875	$ 185,054	$452,613	$ (202)	200	$(2,089)	$ 636,251
MPK Restricted Stock Plan forfeitures			(2)		2			-
Amortization of unearned compensation					887			887
Compensatory stock option grants			106					106
Compensatory restricted stock grants	100	1	3,662		(3,663)			-
Exercise of stock options	330	3	3,071					3,074
Tax benefit from stock option and restricted stock transactions			7,227					7,227
Purchase of treasury shares						1,928	(72,606)	(72,606)
Net income				83,506				83,506
Balance at June 30, 2001	87,895	879	$ 199,118	$536,119	$ (2,976)	2,128	$(74,695)	$ 658,445

<FN>
The accompanying notes are an integral part of the consolidated financial statements.
</FN>
</TABLE>

<TABLE>
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CDW COMPUTER CENTERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
Cash flows from operating activities:		
<S>	<C>	<C>
Net income	$ 83,506	$ 75,340
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,079	4,529
Accretion of marketable securities	(286)	(1,495)
Stock-based compensation expense	993	149
Allowance for doubtful accounts	1,750	700
Deferred income taxes	380	1,020
Tax benefit from stock option and restricted stock transactions	7,227	63,072
Changes in assets and liabilities:		
Accounts receivable	20,064	(75,256)
Miscellaneous receivables and other assets	2,627	(2,270)
Merchandise inventory	(10,565)	(26,532)
Prepaid expenses	312	(851)
Prepaid income taxes	-	(16,386)
Accounts payable	44,613	57,434
Accrued compensation	466	1,734
Accrued income taxes and other expenses	2,231	(10,932)
Accrued exit costs	(269)	(83)
Net cash provided by operating activities	160,128	70,173
Cash flows from investing activities:		
Purchases of available-for-sale securities	(943,440)	(26,610)
Redemptions of available-for-sale securities	799,180	29,900
Purchases of held-to-maturity securities	-	(91,237)
Redemptions of held-to-maturity securities	68,228	48,991
Investment in and advances to joint venture	(11,929)	(9,460)
Repayment of advances from joint venture	9,874	3,300
Purchase of property and equipment	(11,916)	(10,608)
Net cash used in investing activities	(90,003)	(55,724)
Cash flows from financing activities:		
Purchase of treasury shares	(72,606)	-
Proceeds from exercise of stock options	3,074	6,792
Net cash (used in) /provided by financing activities	(69,532)	6,792
Net increase in cash	593	21,241
Cash and cash equivalents - beginning of period	43,664	19,747
Cash and cash equivalents - end of period	$ 44,257	$ 40,988

<FN>
The accompanying notes are an integral part of the consolidated financial statements.
</FN>
</TABLE>

CDW COMPUTER CENTERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Description of Business

CDW Computer Centers, Inc. and its subsidiaries (collectively the "Company") are engaged in the sale of multi-brand computers and related technology products primarily through direct marketing to end users within the United States. The Company's primary business is conducted from a corporate office, distribution center and showroom facility located in Vernon Hills, Illinois and through www.cdw.com, its Internet site. The Company also operates sales offices in Buffalo Grove, Mettawa and Chicago, Illinois, a retail showroom in Chicago, Illinois and a government sales office in Lansdowne, Virginia.

The Company extends credit to business, government, education and institutional customers under certain circumstances based upon the financial strength of the customer. Such customers are typically granted net 30 day credit terms. The balance of the Company's sales are made to customers using third party credit cards and for cash-on-delivery.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States. Such principles were applied on a basis consistent with those reflected in the 2000 Annual Report on Form 10-K and documents incorporated therein as filed with the Securities and Exchange Commission. The accompanying financial data should be read in conjunction with the notes to consolidated financial statements contained in the 2000 Annual Report on Form 10-K and documents incorporated therein. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting solely of normal recurring accruals) necessary to present fairly the financial position of the Company as of June 30, 2001 and December 31, 2000, the results of operations for the three and six months ended June 30, 2001 and 2000, the changes in shareholders' equity for the six months ended June 30, 2001 and cash flows for the six months ended June 30, 2001 and 2000. The unaudited condensed consolidated statements of income for such interim periods are not necessarily indicative of results for the full year.

The Company has adopted Statements of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", and has determined that the Statement had no, nor will have any, significant impact on its financial statements for the three and six months ended June 30, 2001 or for the year ended December 31, 2001.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Additionally, such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Earnings Per Share

A reconciliation of basic and diluted earnings per share computations in accordance with Financial Accounting Standards No. 128, "Earnings Per Share", (SFAS 128) is included in Note 5 to the financial statements.

3. Marketable Securities

The amortized cost and estimated fair values of the Company's investments in marketable securities at June 30, 2001, were (in thousands):

<TABLE>
<CAPTION>

	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding (Losses)	Amortized Cost
Security Type				
Available-for-sale:				
<S>	<C>	<C>	<C>	<C>
U.S. Government and Government Agency Securities	$ 231,277	$ 2	$ -	$ 231,275
Total available-for-sale	231,277	2	-	231,275
Held to maturity:				
U.S. Government and Government Agency Securities	4,000	-	-	4,000

Total held-to-maturity	4,000	-	-	4,000
Total marketable securities	$ 235,277	$ 2	$ -	$ 235,275

</TABLE>

Estimated fair values of marketable securities are based on quoted market prices. The amortized cost and estimated fair value of the Company's investments in marketable securities at June 30, 2001 by contractual maturity were (in thousands):

<TABLE>
<CAPTION>

<S>	Estimated Fair Value <C>	Amortized Cost <C>
Due in one year or less	$ 228,295	$ 228,268
Due in greater than one year	6,982	7,007
Total investments in marketable securities	$ 235,277	$ 235,275

</TABLE>

All of the marketable securities that were due in greater than one year have maturity dates prior to July 31, 2002.

4. Financing Arrangements

The Company has an aggregate $50 million available pursuant to two $25 million unsecured lines of credit with two financial institutions. One line of credit expires in June 2002, at which time the Company intends to renew the line, and the other does not have a fixed expiration date. Borrowings under the first credit facility bear interest at the prime rate less 2 1/2%, LIBOR plus 1/2% or the federal funds rate plus 1/2%, as determined by the Company. Borrowings under the second credit facility bear interest at the prime rate less 2 1/2%, LIBOR plus .45% or the federal funds rate plus .45%, as determined by the Company. At June 30, 2001, there were no borrowings under either of the credit facilities.

The Company has entered into security agreements with certain financial institutions ("Flooring Companies") in order to facilitate the purchase of inventory from various suppliers under certain terms and conditions. The agreements allow for a maximum credit line of $89.0 million as of June 30, 2001, collateralized by inventory purchases financed by the Flooring Companies. At June 30, 2001, all amounts owed the Flooring Companies are included in trade accounts payable.

5. Earnings Per Share

At June 30, 2001, the Company had outstanding common shares totaling approximately 85,768,000. The Company has also granted options to purchase common shares to the directors and coworkers of the Company under several stock option plans. These options have a dilutive effect on the calculation of earnings per share. The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations as required by SFAS 128.

<TABLE>
<CAPTION>

	Three Months Ended June 30, (in 000's except per share data)		Six Months Ended June 30, (in 000's except per share data)	
	2001	2000	2001	2000
Basic earnings per share:				
Income available to				
<S>	<C>	<C>	<C>	<C>
common shareholders (numerator)	$ 43,030	$ 40,049	$ 83,506	$ 75,340
Weighted average common shares outstanding (denominator)	85,598	86,951	85,896	86,763
Basic earnings per share	$ 0.50	$ 0.46	$ 0.97	$ 0.87
Diluted earnings per share:				
Income available to				
common shareholders (numerator)	$ 43,030	$ 40,049	$ 83,506	$ 75,340

Weighted average common shares outstanding	85,598	86,951	85,896	86,763
Effect of dilutive securities:				
Options on common stock	3,291	4,203	3,093	3,549
Total common shares and dilutive securities (denominator)	88,889	91,154	88,989	90,312
Diluted earnings per share	$ 0.48	$ 0.44	$ 0.94	$ 0.83

</TABLE>

Additional options to purchase common shares were outstanding during the three and six months ended June 30, 2001 but were not included in the computation of diluted earnings per share as the exercise price of these options was greater than the average market price of common shares during the respective periods. The following table summarizes the weighted average number of options outstanding and the weighted average exercise price of those options which were excluded from the calculation:

	Three Months Ended June 30, 2001	Six Months Ended June 30, 2001
Weighted average number of options	1,538,556	1,549,329
Weighed average exercise price	$40.13	$40.02

The options were all outstanding at June 30, 2001.

6. Share Repurchase Program

In January 2001, the Company's Board of Directors authorized the purchase 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 warrant. The repurchase program is expected to remain effective for approximately twenty-four months, unless sooner completed or 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 program the Company purchased 1,927,500 shares of its common stock during the six months ended June 30, 2001, at a total cost of approximately $72.6 million. These repurchases included 1.5 million shares repurchased on February 2, 2001, at a total cost of $57.6 million ($38.423 per share) from Gregory C. Zeman, Vice Chairman and Director, and Daniel B. Kass, Executive Vice President - Sales and Director.

7. Public Offering of Common Shares

On June 26, 2001, the Company filed a registration on Form S-3 for the sale in a proposed underwritten public offering of 8,750,000 shares of common stock by Michael P. Krasny, the Chairman Emeritus, principal shareholder and a Director of the Company, Gregory C. Zeman, the Vice Chairman and a Director of the Company and Daniel B. Kass, the Executive Vice President - Sales and a Director of the Company, including approximately 6.3 million shares to be sold by Mr. Krasny and entities related to him. The Company filed an amendment to such registration statement on July 20, 2001. Mr. Krasny and Mr. Zeman intend also to provide an over-allotment option to the underwriters for a total of an additional 1,312,500 common shares. The Company will not receive any proceeds from the sale of the shares and the number of outstanding common shares will not be impacted. The shares to be sold by Mr. Zeman and Mr. Kass will be obtained from Mr. Krasny through the exercise of options pursuant to the MPK Stock Option Plan. Assuming a sale price of $40.00 per share, the sale of shares by Mr. Zeman and Mr. Kass will result in the realization by the Company in the period the sale is completed of an income tax benefit of approximately $38.5 million, of which approximately $500,000 was previously recorded to deferred taxes. The incremental tax benefit of $38.0 million will be recorded as an increase to paid-in-capital. Additionally, the Company will record incremental payroll tax expense of approximately $1.4 million, which will reduce diluted earnings per share in the period in which the offering is completed by approximately $0.01 per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's unaudited condensed consolidated financial statements and the notes thereto included elsewhere herein.

Results of Operations

The following table sets forth financial information derived from the Company's statements of income expressed as a percentage of net sales:

<TABLE>
<CAPTION>

Financial Information	Percentage of Net Sales			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	86.7	87.0	86.7	87.2
Gross profit	13.3	13.0	13.3	12.8
Selling and administrative expenses	6.2	5.7	6.4	5.6
Net advertising expense	0.2	0.5	0.2	0.5
Income from operations	6.9	6.8	6.7	6.7
Interest and other income	0.3	0.2	0.3	0.2
Income before income taxes	7.2	7.0	7.0	6.9
Income tax provision	2.9	2.8	2.8	2.7
Net income	4.3 %	4.2 %	4.2 %	4.2 %

</TABLE>

The following table sets forth for the periods indicated a summary of certain of the Company's operating statistics:

<TABLE>
<CAPTION>

Operating Statistics	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Number of invoices processed	1,062,782	925,474	2,154,572	1,845,557
Average invoice size	$997	$1,065	$976	$1,026
Number of account managers, end of period	1,179	853		
Commercial customers served (1)	164,135	135,309	237,705	203,260
Commercial customers served - trailing 12 months	334,281	300,226		
% of sales to commercial customers	97%	96%	97%	96%
Annualized inventory turnover	25.2	22.9	29.8	22.6
Accounts receivable days sales outstanding	28.9	29.4	28.8	30.7
Net sales per coworker (000's) (2)	$ 1,473	$ 1,648	$ 1,448	$ 1,629
Direct web sales (000's)	$152,832	$98,438	$303,416	$170,853
Average daily unique web site users	81,135	76,289	93,012	86,782

<FN>

(1) Commercial customers include business, government, education and institutional customers.
(2) Net sales per coworker is equal to annualized net sales divided by average number of coworkers in the period.
</FN>
</TABLE>

The following table presents net sales by product category as a percentage of total net sales. Product lines are based upon internal product code classifications. Product mix for the three and six months ended June 30, 2000 has been retroactively adjusted for certain changes in individual product categorization.
<TABLE>
<CAPTION>

Analysis of Product Mix	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000

<S>	<C>	<C>	<C>	<C>
Notebook Computers and Accessories	14.6 %	19.0 %	15.0 %	20.2 %
Desktop Computers and Servers	13.3	16.3	13.7	16.0
Subtotal Computer Products	27.9	35.3	28.7	36.2
Software	17.5	12.2	16.5	11.9
Data Storage Devices	14.4	14.0	14.4	13.8
Printers	12.5	11.1	12.7	11.2
Net/Comm Products	9.6	9.2	9.5	9.0
Video	8.5	7.6	8.3	7.5
Add-On Boards/Memory	4.5	6.1	4.8	5.9
Input Devices	2.9	2.5	2.8	2.4
Accessories and Other	2.2	2.0	2.3	2.1
Total	100.0 %	100.0 %	100.0 %	100.0 %

</TABLE>

The following table represents year-over-year sales growth by product categories for each of the periods indicated. Product lines are based upon internal product code classifications. Product growth rates for the three and six months ended June 30, 2000 have been retroactively adjusted for certain changes in individual product categorization.

<TABLE>
<CAPTION>

Analysis of Product Category Growth	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Notebook Computers and Accessories	(19.2)%	57.1 %	(18.9) %	72.9 %
Desktop Computers and Servers	(13.7)	58.2	(6.6)	53.6
Subtotal Computer Products	(16.7)	57.6	(13.4)	63.8
Software	51.7	39.2	52.3	40.8
Data Storage Devices	9.2	62.0	13.8	60.5
Printers	19.2	39.4	24.4	37.3
Net/Comm Products	9.4	75.6	15.5	74.1
Video	18.3	63.7	20.0	70.5
Add-On Boards/Memory	(22.2)	110.5	(12.1)	103.6
Input Devices	26.0	49.2	26.3	53.1
Accessories and Other	6.7	79.5	66.8	18.4
Total	5.5 %	57.9 %	9.7 %	59.0 %

</TABLE>

Three months ended June 30, 2001 compared to three months ended June 30, 2000

Net sales in the second quarter of 2001 increased 5.5% to $995.0 million compared to $943.3 million in the second quarter of 2000. The Company was able to achieve growth by increasing the number of commercial customers served and leveraging the diversity of its product mix, despite a difficult economic environment and decreased levels of IT spending by customers.

The number of commercial customers served increased 21.3% to 164,135 in the second quarter of 2001 from 135,309 in the second quarter of 2000. Net sales to the Company's commercial customers increased 6.1% during the quarter while sales to consumers decreased 11.2% from the second quarter of 2000. Sales to commercial accounts, including business, government, education and institutional customers, increased to 96.9% of net sales in the second quarter of 2001 from 96.3% in the second quarter of 2000, consistent with the Company's focus on growing in the business-to-business marketplace. The Company experienced a positive growth rate in sales to government and education customers for the second quarter, and a slight decline in sales to business customers.

The average selling price of desktop computers decreased 16.2%, server computers decreased 22.5% and notebook computers decreased 11.2% from the second quarter of 2000. The Company believes there may be future decreases in prices for personal computers and related products. Such decreases require the Company to sell more units in order to maintain or increase the level of sales. The Company's sales growth rate and operating results could be adversely affected by future manufacturer price reductions or if the Company's sales and marketing efforts fail to increase the level of unit sales. Sales of Compaq, Hewlett Packard, IBM, Microsoft, Sony and Toshiba products comprise a substantial portion of the Company's sales. The loss of any of these, or any other key vendors, could have an adverse effect on the Company's results from operations. The statements concerning future prices, sales and results from operations are forward-looking statements that involve certain risks and uncertainties such as stated above.

Software sales were strong during the quarter with sales increasing 51.7% over second quarter 2000, due to strength in volume software licensing driven in part by the anti-piracy efforts of some software manufacturers. Demand for certain products and the growth of certain product categories are driven by advances in technology and the development of new products and applications by the industry manufacturers, and acceptance of these new technologies and products by end-users. Any slowdown in the rate of technological advancement and new product development by industry manufacturers, or the lack of acceptance of these technologies and products by end users, could have a material adverse effect on the Company's future sales growth.

The Company relies primarily on its dedicated sales force to serve its customers and also believes its Internet web site, www.cdw.com, is an integral part of its business. Direct web sales are defined as those orders that are entered directly on-line by customers after using the web site and/or talking with a sales account manager to obtain product, pricing and other relevant information. During the second quarter of 2001, direct web sales grew 55.3% to $152.8 million from $98.4 million in the same period of 2000. The number of average daily unique web site users grew 6.4% to 81,135 in the second quarter of 2001 from 76,289 in the same period of 2000.

Gross profit as a percentage of net sales for the three months ended June 30, 2001 increased to 13.3% as compared to 13.0% in the second quarter of 2000. The increase in gross margin as a percentage of sales versus the second quarter of 2000 is primarily due to product mix, vendor incentives and the impact of service contract revenue, partially offset by decreases in margin due to pricing pressure in certain product categories. On a forward-looking basis, the Company's goal is to maintain gross profit as a percentage of net sales between 12.5% and 13.0%. The statement concerning future gross profit is a forward-looking statement that involves certain risks and uncertainties such as the continued participation by vendors in inventory price protection and rebate programs, product mix, market conditions, aggressive competitor pricing and other factors which could result in a fluctuation of gross margins below recent experience. Price protection and rebate programs are at the discretion of the manufacturers, who may make changes that limit the amount of price protection or rebates for which the Company is eligible. Additionally, vendor rebate programs are generally dependent on achieving certain goals and objectives and there is no certainty that the established goals and objectives will be attained.

Selling and administrative expenses increased to 6.2% of net sales in the three months ended June 30, 2001 from 5.7% in the same period of 2000. The increase is primarily the result of increased payroll and occupancy costs as a percentage of net sales. Occupancy expense, including rent and depreciation, increased approximately $3.0 million versus the second quarter of 2000 as a result of our facility expansions. The Company does not plan for any significant incremental occupancy costs for the remainder of the year versus the level incurred in the second quarter. The Company's salesforce increased to approximately 1,179 account managers at June 30, 2001, a 38% increase from the second quarter of 2000. Productivity per account manager decreased 24.9% from the second quarter of 2000 due to slowing economic conditions, reduced IT spending by customers and the higher number of account managers. The Company is currently hiring account managers primarily for the purpose of maintaining the number at current levels and will adjust hiring goals as business conditions dictate.

Net advertising expense decreased as a percentage of net sales to 0.2% for the three months ended June 30, 2001 from 0.5% in the same quarter of the prior year. Gross advertising expense decreased $930,000 to 2.2% of net sales, a decrease from 2.4% of net sales in the second quarter of 2000. Based upon the Company's planned marketing initiatives, future levels of gross advertising expense as a percentage of net sales are likely to be relatively consistent with or higher than the level achieved in the second quarter of 2001. Cooperative advertising reimbursements were 2.0% of net sales in the second quarter of 2001, slightly higher than the second quarter of 2000. Cooperative advertising reimbursements as a percentage of net sales fluctuate based on the level of vendor participation achieved and collection experience. The statements concerning future advertising expense and cooperative advertising reimbursements are forward-looking statements that involve certain risks and uncertainties, including the ability to identify and implement cost-effective incremental advertising and marketing programs, as well as the continued participation of vendors in the cooperative advertising reimbursement program.

Interest income, net of other expenses, increased to $2.9 million in the second quarter of 2001 compared to $2.0 million in the second quarter of 2000 due to higher levels of cash available for investment offsetting a decrease in the average rate of interest earned.

The effective income tax rate, expressed as a percentage of income before income taxes, was 39.75% for the three months ended June 30, 2001, an increase from 39.60% for the second quarter of 2000.

Net income in the second quarter of 2001 was $43.0 million, a 7.4% increase over $40.0 million in the second quarter of 2000. Diluted earnings per share were $0.48 for the three months ended June 30, 2001 and $0.44 in the same period of 2000, an increase of 9.1%.

Six months ended June 30, 2001 compared to six months ended June 30, 2000

Net sales in the first six months of 2001 increased 9.7% to $1.98 billion compared to $1.81 billion in the same period of 2000. The Company was able to achieve growth by increasing the number of commercial customers served and leveraging the diversity of its product mix, despite a difficult economic environment and decreased levels of IT spending by customers.

The number of commercial customers served increased 17.0% to 237,705 in the first six months of 2001 from 203,260 in the first six months of 2000. Net sales to commercial customers increased 11.1% during the first six months while sales to consumers decreased 19.5% from the first six months of 2000. Sales to commercial accounts, including business, government, education and institutional customers, increased to 96.7% of net sales in the first six months of 2001 from 95.5% in the first six months of 2000, consistent with the Company's focus on growing in the business-to-business marketplace. Sales to government and education customers grew at a higher rate for the six months ended June 30, 2001 than sales to business customers.

The average selling price of desktop computers decreased 14.1%, server computers decreased 18.1% and notebook computers decreased 9.8% from the first six months of 2000. The Company believes there may be future decreases in prices for personal computers and related products. Such decreases require the Company to sell more units in order to maintain or increase the level of sales. The Company's sales growth rate and operating results could be adversely affected by future manufacturer price reductions or if the Company's sales and marketing efforts fail to increase the level of unit sales. Sales of Compaq, Hewlett Packard, IBM, Microsoft, Sony and Toshiba products comprise a substantial portion of the Company's sales. The loss of any of these, or any other key vendors, could have an adverse effect on the Company's results from operations. The statements concerning future prices, sales and results from operations are forward-looking statements that involve certain risks and uncertainties such as stated above.

Software sales were strong during the six months ended June 30, 2001 with sales increasing 52.3% over the first six months of 2000, due to strength in volume software licensing driven in part by the anti-piracy efforts of some software manufacturers. Demand for certain products and the growth of certain product categories are driven by advances in technology and the development of new products and applications by the industry manufacturers, and acceptance of these new technologies and products by end-users. Any slowdown in the rate of technological advancement and new product development by industry manufacturers, or the lack of acceptance of these technologies and products by end-users, could have a material adverse effect on the Company's future sales growth.

The Company relies primarily on its dedicated sales force to serve its customers and also believes its Internet web site, www.cdw.com, is an integral part of its business. Direct web sales are defined as those orders that are entered directly on-line by customers after using the web site and/or talking with a sales account manager to obtain product, pricing and other relevant information. During the first six months of 2001, direct web sales grew 77.6% to $303.4 million from $170.9 million in the same period of 2000. The number of average daily unique web site users grew 7.2% to 93,012 in the six months ended June 30, 2001 from 86,782 in the same period of 2000.

Gross profit as a percentage of net sales for the six months ended June 30, 2001 increased to 13.3% as compared to 12.8% same period in 2000. The increase in gross margin as a percentage of sales versus the first six months of 2000 is primarily due to product mix, vendor incentives and the impact of service contract revenue, partially offset by decreases in margin due to pricing pressure in certain product categories. On a forward-looking basis, the Company's goal is to maintain gross profit as a percentage of net sales between 12.5% and 13.0%. The statement concerning future gross profit is a forward-looking statement that involves certain risks and uncertainties such as the continued participation by vendors in inventory price protection and rebate programs, product mix, market conditions, aggressive competitor pricing and other factors which could result in a fluctuation of gross margins below recent experience. Price protection and rebate programs are at the discretion of the manufacturers, who may make changes that limit the amount of price protection or rebates for which the Company is eligible. Additionally, vendor rebate programs are generally dependent on achieving certain goals and objectives and there is no certainty that the established goals and objectives will be attained.

Selling and administrative expenses increased to 6.4% of net sales in the six months ended June 30, 2001 from 5.6% in the same period of 2000. The increase is primarily the result of increased payroll and occupancy costs as a percentage of net sales. Occupancy expense, including rent and depreciation, increased approximately $5.8 million versus the first six months of 2000 as a result of our facility expansions. The Company's salesforce increased to approximately 1,179 account managers at June 30, 2001, representing a 38% increase from June 30, 2000. Productivity per account manager decreased 22.9%

from the first six months of 2000 due to slowing economic conditions, reduced IT spending by customers and the higher number of account managers.

Net advertising expense decreased as a percentage of net sales to 0.2% for the six months ended June 30, 2001 from 0.5% in the first six months of the prior year. Gross advertising expense increased $380,000 but decreased as a percentage of sales to 2.2% from 2.4% of net sales in the first six months of 2000. Based upon the Company's planned marketing initiatives, future levels of gross advertising expense as a percentage of net sales are likely to be relatively consistent with or higher than the level achieved in the first six months of 2001. Cooperative advertising reimbursements were 2.0% of net sales in the first six months of 2001, slightly higher than the first six months of 2000. Cooperative advertising reimbursements as a percentage of net sales fluctuate based on the level of vendor participation achieved and collection experience. The statements concerning future advertising expense and cooperative advertising reimbursements are forward-looking statements that involve certain risks and uncertainties, including the ability to identify and implement cost-effective incremental advertising and marketing programs, as well as the continued participation of vendors in the cooperative advertising reimbursement program.

Interest income, net of other expenses, increased to $6.6 million in the first six months of 2001 compared to $3.6 million in the first six months of 2000 due to higher levels of cash available for investment offsetting the decrease in the average rate of interest earned.

The effective income tax rate, expressed as a percentage of income before income taxes, was 39.75% for the six months ended June 30, 2001, an increase from 39.60% for the first six months of 2000.

Net income in the first six months of 2001 was $83.5 million, a 10.9% increase over $75.3 million in the first six months of 2000. Diluted earnings per share were $0.94 for the six months ended June 30, 2001 and $0.83 in the same period of 2000, an increase of 13.3%.

Seasonality

Although the Company has experienced variability in the rates of sales growth, it has not historically experienced significant seasonality in its business. Sales to government customers in recent periods have increased at a higher rate than sales to other customer types. Further, the buying patterns of government customers typically result in seasonally higher revenues during the third quarter of the year. If sales to these customers continue to increase as a percentage of overall sales, the Company may experience increased seasonality.

Liquidity and Capital Resources

Working Capital

The Company has financed its operations and capital expenditures primarily through cash flow from operations. At June 30, 2001, the Company had cash, cash equivalents and marketable securities of $279.5 million and working capital of $577.1 million, representing an increase of $76.9 million in cash, cash equivalents and marketable securities and an increase of $15.4 million in working capital from December 31, 2000.

The Company has an aggregate $50 million available pursuant to two $25 million unsecured lines of credit with two financial institutions. One line of credit expires in June 2002, at which time the Company intends to renew the line, and the other does not have a fixed expiration date. Borrowings under the first credit facility bear interest at the prime rate less 2 1/2%, LIBOR plus 1/2% or the federal funds rate plus 1/2%, as determined by the Company. Borrowings under the second credit facility bear interest at the prime rate less 2 1/2%, LIBOR plus .45% or the federal funds rate plus .45%, as determined by the Company. At June 30, 2001, there were no borrowings under either of the credit facilities.

The Company's current and anticipated uses of its cash, cash equivalents and marketable securities are to fund working capital requirements, capital expenditures and the stock buyback program discussed below. The Company anticipates additional capital expenditures related primarily to facility expansions through December 31, 2001 to total approximately $4 million. The Company believes that the funds held in cash, cash equivalents and marketable securities, and funds available under the credit facilities will be sufficient to fund the Company's working capital and cash requirements at least through June 30, 2002.

In January 2001, the Company's Board of Directors authorized the purchase of up to 5 million shares of the Company's common stock, slightly more than 5% of its total outstanding shares, from time to time in both open market and private transactions, as conditions warrant. In connection with the program the Company purchased approximately 1,927,500 shares of its common stock during the six months ended June 30, 2001, at a total cost of approximately $72.6 million. These repurchases included 1.5 million shares repurchased on February 2, 2001, at a total cost of $57.6 million ($38.423 per share) from Gregory C. Zeman, Vice Chairman and Director, and Daniel B. Kass, Executive Vice President - Sales and Director.

Cash flows for the six months ended June 30, 2001

Net cash provided by operating activities for the six months ended June 30, 2001 was $160.1 million and relates primarily to net income combined with an increase in accounts payable and a decrease in accounts receivable partially offset by an increase in merchandise inventory. The decline in accounts receivable relates to a reduction in days sales outstanding. Days sales outstanding for the six months ended June 30, 2001 was 28.8 as compared to 30.7 for the six months ended June 30, 2000. Accounts payable increased primarily due to the timing of payments to vendors at the end of the respective periods. Inventory increased during the six month period, partially due to higher levels of inventory in-transit. Annualized inventory turnover of 29.8 times for the six months ended June 30, 2001 has increased from the annualized inventory turnover of 22.6 times for the six months ended June 30, 2000.

Net cash used for investing activities for the six months ended June 30, 2001 was $ 90.0 million, including $76.0 million for purchases of marketable securities and $11.9 million for capital expenditures. At June 30, 2001, the Company has an $8.0 million net investment in and loan to CDW Leasing, LLC ("CDW-L"), a 50/50 joint venture with First Portland Corporation. The Company advanced approximately $12.0 million to CDW-L during the six months ended June 30, 2001 which was offset by repayments of approximately $9.9 million. The Company is committed to loan up to $10.0 million to CDW-L to fund new leases initiated by CDW-L. The terms of the loan provide for monthly interest payments to the Company based on the 90 day LIBOR rate plus 2.2%.

On June 26, 2001, the Company filed a registration on Form S-3 for the sale in a proposed underwritten public offering of 8,750,000 shares of common stock by Michael P. Krasny, the Chairman Emeritus, principal shareholder and a Director of the Company, Gregory C. Zeman, the Vice Chairman and a Director of the Company and Daniel B. Kass, the Executive Vice President - Sales and a Director of the Company, including approximately 6.3 million shares to be sold by Mr. Krasny and entities related to him. The Company filed an amendment to such registration statement on July 20, 2001. Mr. Krasny and Mr. Zeman intend also to provide an over-allotment option to the underwriters for a total of an additional 1,312,500 common shares. The Company will not receive any proceeds from the sale of the shares and the number of outstanding common shares will not be impacted. The shares to be sold by Mr. Zeman and Mr. Kass will be obtained from Mr. Krasny through the exercise of options pursuant to the MPK Stock Option Plan. Assuming a sale price of $40.00 per share, the sale of shares by Mr. Zeman and Mr. Kass will result in the realization by the Company in the period the sale is completed of an income tax benefit of approximately $38.5 million, of which approximately $500,000 was previously recorded to deferred taxes. The incremental tax benefit of $38.0 million will be recorded as an increase to paid-in-capital. Additionally, the Company will record incremental payroll tax expense of approximately $1.4 million, which will reduce diluted earnings per share in the period in which the offering is completed by approximately $0.01 per share.

Certain statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations concerning the Company's sales growth, gross profit as a percentage of sales, advertising expense and cooperative advertising reimbursements are forward-looking statements that involve certain risks and uncertainties, as specified herein and in the Company's Amendment No. 1 to the Form S-3 Registration Statement filed with the Securities and Exchange Commission on July 20, 2001.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change from the information provided in Item 7a of the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

Part II Other Information

Item 1. Legal Proceedings

The Company is currently not a party to any material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Company held its annual meeting of Shareholders on May 23, 2001.

(b) Two matters were voted upon and approved by the Shareholders. The presentation below briefly describes the matters voted upon and results of Shareholders' votes.

1. Election of Directors

By Nominee	Votes For	Votes Withheld	Non-Votes
- Michael P. Krasny	81,872,142	267,284	-
- John A. Edwardson	81,872,142	267,284	-
- Gregory C. Zeman	81,872,142	267,284	-
- Daniel B. Kass	81,872,142	267,284	-
- Michelle L. Collins	81,872,142	267,284	-
- Casey G. Cowell	81,872,142	267,284	-
- Donald P. Jacobs	81,790,261	349,165	-
- Terry L. Lengfelder	81,872,142	267,284	-
- Brian E. Williams	81,872,142	267,284	-

2. Ratification of Selection of Independent Accountants

The selection of PricewaterhouseCoopers LLP, independent public accountants, as auditors of the Company for the year ended December 31, 2001.

Votes For	Votes Against	Abstentions	Non-Votes
81,668,950	454,733	15,743	-

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

10 (oo)	Revolving Note between the Company and LaSalle National Bank dated June 28, 2001
10 (pp)	Second Lease Amendment dated April 15, 2001 between the Company as Lessee and IJM Management Limited Partnership as Lessor relating to the retail sales space located at 317 West Grand Avenue, Chicago, Illinois

(b) Reports on Form 8-K:

The Company filed a Current Report on Form 8-K on July 20, 2001 in conjunction with the release of earnings for the quarter ended June 30, 2001.

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 Computer Centers, Inc.
(Registrant)

Date August 3, 2001

/s/ Harry J. Harczak, Jr.

Harry J. Harczak, Jr.
Executive Vice President Corporate Strategy and Chief Financial Officer

(Duly authorized officer and
principal financial officer)

REPLACEMENT REVOLVING NOTE

$25,000,000
Dated as of June 28, 2001
Due: June 28, 2002

On or before June 28, 2002, CDW COMPUTER CENTERS, INC. (the "Undersigned"), for value received, promises to pay to the order of LASALLE BANK NATIONAL ASSOCIATION, a national banking association (hereinafter, together with any holder thereof, called "Bank"), whose address is 135 S. LaSalle Street, Chicago, Illinois 60603, the principal sum of Twenty Five Million Dollars ($25,000,000) or if less, the aggregate unpaid principal amount of all loans made by the Bank to the Undersigned hereunder (this "Note"). The unpaid principal amount hereof shall bear interest at the Undersigned's option of the following:

(i) a fixed rate equal to the greater of (A) the "Prime Rate" (hereinafter defined) minus two and one-half percent (-2 1/2%) per annum, or (B) the "Federal Funds Rate" (hereinafter defined) plus one-half of one percent (+1/2%) per annum, for borrowings not to exceed thirty (30) days, such rate to be fixed at the beginning of the term of such borrowing (the "Fixed Prime Rate"); or

(ii) a floating rate equal to the greater of (A) the Prime Rate minus two and one-half percent (-2 1/2%) per annum, or (B) the Federal Funds Rate plus one-half of one percent (+1/2%) per annum, for borrowings in excess of thirty (30) days (the "Floating Prime Rate"); the Floating Prime Rate and the Fixed Prime Rate are referred to herein collectively as the "Prime Rate"); or

(iii) "Adjusted LIBOR" (hereinafter defined).

1. For purposes hereof the following terms shall have the following definitions:

"Prime Rate" shall mean the rate in effect from time to time as set by the Bank and called its Prime Rate. The effective date of any change in said Prime Rate shall for purposes hereof be the date the rate is changed by the Bank. The Bank shall not be obligated to give notice of any change in the Prime Rate.

"Federal Funds Rate" shall mean, for any day, the daily effective Federal Funds rate for such day as published in the Federal Reserve Statistical Release H.15("H.15") (or, if such Release is not published, the successor thereto or closest approximation thereto, as determined by the Bank) for such day; provided that, the Federal Funds Rate for any day on which the Federal Reserve Bank of New York, (the "New York Fed") is not open for business shall be the Federal Funds

Rate for the next preceding day on which the New York Fed was open for business; and provided, further, that if the Bank determines, in good faith, that it is unable to determine the Federal Funds Rate on the basis of H.15, then the Bank shall determine the Federal Funds Rate based on the quotations of three (3) dealers in Federal Funds in New York City, as reasonably selected by the Bank, and the Bank's determination of such rate shall be binding and conclusive absent manifest error.

"Adjusted LIBOR" means a rate of interest equal to one-half of one percent (1/2%) per annum in excess of the per annum rate of interest at which U.S. dollar deposits in an amount comparable to the amount of the relevant "LIBOR Loan" (hereinafter defined) and for a period equal to the relevant "Interest Period" (hereinafter defined) are offered generally to the Bank (rounded upward, if necessary, to the nearest 1/16 of 1.00%) in the London Interbank Eurodollar market at 11:00 a.m. (London time) two (2) banking days prior to the commencement of each Interest Period, such rate to remain fixed for such Interest Period.

"Interest Period" shall mean successive one, two or three-month periods as selected from time to time by the Undersigned by notice given to the Bank not less than three (3) business days prior to the first day of each respective Interest Period; provided that: (i) each such one, two or three-month period occurring after such initial period shall commence on the day on which the next preceding period expires; (ii) the final Interest Period shall be such that its expiration occurs on or before the stated maturity date of the Note; and (iii) if for any reason the Undersigned shall fail to select timely a period, then it shall be deemed to have selected a LIBOR Loan with a one(1) month Interest Period; provided that, at any time any Interest Period expires less than one (1) month before the maturity of the Note, then, for the period commencing on such expiration date and ending on the maturity date such LIBOR Loan shall convert to a loan bearing interest at the Floating Prime Rate.

2. Interest on that portion of the outstanding principal amount hereof bearing interest at the Prime Rate shall be payable from the date hereof on such aggregate unpaid principal amount on the last day of each month, commencing on June 30, 2001, and at maturity hereof. Interest on LIBOR borrowings shall be payable at the end of each respective Interest Period. Interest after maturity (whether by reason of acceleration or otherwise) shall be paid on the unpaid balance at the rate of the Floating Prime Rate plus two percent (2%) per annum (the "Default Rate"). Interest shall be computed on the basis of a year consisting of 360 days and shall be paid for the actual number of days elapsed, unless otherwise specified herein.

3. Each LIBOR borrowing hereunder (each, a "LIBOR Loan") must equal $100,000 or an integral multiple thereof. Interest on each LIBOR Loan shall be payable on the last banking day of each Interest Period with respect thereto, commencing on the first such date to occur after the date hereof, at maturity,

after maturity on demand, and on the date of any payment hereon on the amount paid. The Undersigned hereby further promises to pay to the order of the Bank, on demand, interest on the unpaid principal amount hereof after maturity (whether by acceleration or otherwise) at the Default Rate.

4. Provisions applicable to LIBOR Loans: (a) The Bank's determination of Adjusted LIBOR as provided above shall be conclusive, absent manifest error. Furthermore, if the Bank determines, in good faith (which determination shall be conclusive, absent manifest error), prior to the commencement of any Interest Period that (a) U.S. dollar deposits of sufficient amount and maturity for funding any LIBOR Loan are not available to the Bank in the London Interbank Eurodollar market in the ordinary course of business, or (b) by reason of circumstances affecting the London Interbank Eurodollar market, adequate and fair means do not exist for ascertaining the rate of interest to be applicable to the relevant LIBOR Loan, the Bank shall promptly notify the Undersigned and such LIBOR Loan shall automatically convert on the last day of its then-current Interest Period to a loan bearing interest at the Floating Prime Rate.

If, after the date hereof, the introduction of, or any change in any applicable law, treaty, rule, regulation or guideline or in the interpretation or administration thereof by any governmental authority or any central bank or other fiscal, monetary or other authority having jurisdiction over the Bank or its lending office (a "Regulatory Change"), shall, in the opinion of counsel to the Bank, makes it unlawful for the Bank to make or maintain any LIBOR Loan evidenced hereby, then the Bank shall promptly notify the Undersigned and such LIBOR Loan shall automatically convert on the last day of its then-current Interest Period to a loan bearing interest at the Floating Prime Rate.

If, for any reason, any LIBOR Loan is paid prior to the last business day of its then-current Interest Period, the Undersigned agrees to indemnify the Bank against any loss (including any loss on redeployment of the funds repaid), cost or expense incurred by the Bank as a result of such prepayment.

If any Regulatory Change (whether or not having the force of law) shall (a) impose, modify or deem applicable any assessment, reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of or loans by, or any other acquisition of funds or disbursements by, the Bank; (b) subject the Bank or any LIBOR Loan to any tax, duty, charge, stamp tax or fee or change the basis of taxation of payments to the Bank of principal or interest due from the Undersigned to the Bank hereunder (other than a change in taxation of the overall net income of the Bank); or (c) impose on the Bank any other condition regarding such LIBOR Loan or the Bank's funding thereof, and the Bank shall determine (which determination shall be conclusive, absent manifest error) that the result of the foregoing is to increase the cost to the Bank of making or maintaining such LIBOR Loan or to reduce the amount of principal or interest received by the Bank hereunder, then the Undersigned shall pay to the Bank, on demand and presentation of satisfactory documentation therefor, such additional amounts as the Bank shall, from time to time, determine are sufficient to compensate and indemnify the Bank for such increased cost or reduced amount.

5. The Undersigned hereby authorizes the Bank to charge any account of the Undersigned for all sums due hereunder. Principal payments submitted in funds not available until collected shall continue to bear interest until collected. If payment hereunder becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the United States or the State of Illinois, the due date thereof shall be extended to the next succeeding business day, and interest shall be payable thereon at the rate specified during such extension.

6. This Note evidences a revolving line of credit under which the Undersigned is indebted to the Bank and evidences the aggregate unpaid principal amount of all advances made or to be made by the Bank to the Undersigned under the Note. All advances and repayments hereunder shall be evidenced by entries on the books and records of the Bank which shall be presumptive evidence of the principal amount and interest owing and unpaid on this Note, or any renewal or extension hereof. The failure to so record any such amount or any error so recording any such amount shall not, however, limit or otherwise affect the obligations of the Undersigned hereunder or under any not to repay the principal amount of the liabilities together with all interest accruing thereon. This Note may be used for direct advances or letters of credit. Each letter of credit requested by the Undersigned shall be subject to the terms and conditions of the Bank's standard letter of credit application, which application is incorporated herein by this reference. The amount available to the Undersigned under this Note shall be reduced by the face amount of all letters of credit issued and outstanding hereunder. All letters of credit issued hereunder shall have an expiry date no later than June 28, 2003. The Undersigned and the Bank agree that each draw under any letter of credit shall constitute, and shall be repaid by, a direct advance under this Note on the date of such draw. Each letter of credit requested by the Undersigned hereunder shall be issued by the Bank only after the Bank has received a fully executed letter of credit application on the Bank's standard form and the Bank's customary fees for issuance of letters of credit.

7. Advances under this Note may be made by the Bank upon the written request of any two (2) authorized officers of the Undersigned whose authority to so act has not been revoked by the Undersigned in writing theretofore received by the Bank at its main office. Any such advances shall be conclusively presumed to have been made by the Bank to or for the benefit of the Undersigned. The Undersigned does hereby irrevocably confirm, ratify and approve all such advances by the Bank and does hereby indemnify the Bank against loss and reasonable expenses (including court costs, attorneys' and paralegals' fees) and shall hold the Bank harmless with respect thereto.

8. The Undersigned shall be in default hereunder if: (a) any amount payable on this and any and all other liabilities or obligations of the Undersigned to the Bank, howsoever created, arising or evidenced, whether now existing or hereafter arising, whether now due or to become due, whether direct, indirect, absolute, contingent, joint, several or joint and several (all such liabilities and obligations, including this Note, are hereinafter referred to as the "Obligations") or on the obligations of any obligor hereunder, it not paid within five (5) days of when due; or (b) the Undersigned shall otherwise fail to perform any of the promises to be performed by the Undersigned hereunder or

under any other security agreement or other agreement with the Bank and the same is not cured within thirty (30) days of notice thereof by the Bank; or (c) the Undersigned, or any other party liable with respect to the Obligations, or any guarantor or accommodation endorser or third party pledgor, shall make any assignment for the benefit of creditors, or there shall be commenced any bankruptcy, receivership, insolvency, reorganization, dissolution or liquidation proceedings by or against, or the entry of any judgment, levy, attachment, garnishment or other process, or the filing of any lien against the Undersigned or any guarantor, or any other party liable with respect to the Obligations, or accommodation endorser or third party pledgor for any of the Obligations which has a material adverse effect on such party; or (d) the determination by the Bank that a material adverse change has occurred in the financial condition of the Undersigned from the condition set forth in the most recent financial statement of the Undersigned furnished to the Bank, or from the financial condition of the Undersigned most recently disclosed to the Bank in any manner and the same is not cured within thirty (30) days of notice thereof by the Bank; or (e) any oral or written warranty, representation, certificate or statement of the Undersigned to the Bank is untrue in any material respect; or (f) failure of the Undersigned, within thirty (30) days after a request by the Bank, to furnish financial information or to permit inspection by the Bank of the Undersigned's books and records; or (g) the occurrence of any material adverse event which causes a change in the financial condition of the Undersigned, or which would have a material adverse effect on the business of the Undersigned and the same is not cured within thirty (30) days notice thereof by the Bank; or (h) the Undersigned fails to have, at the end of each of its fiscal quarters (1) a Tangible Net Worth of at least $100,000,000, or (2) a ratio of Liabilities to Tangible Net Worth of no greater than 2.0:1.0 and a default of either (1) or (2) shall not be cured by the Undersigned within thirty (30) days.

9. For purposes hereof, "Tangible Net Worth" shall mean the sum of shareholders' equity plus debt subordinated to the Undersigned's liabilities to the Bank, minus intangibles, including, but not limited to, goodwill, customer lists, prepaid items, deferred charges, debts owed by officers and other affiliates and such "Other Assets" as set forth on the financial statements of the Undersigned. "Liabilities" shall mean all liabilities of the Undersigned that would be shown on a balance sheet of the Undersigned prepared in accordance with generally accepted accounting principles consistently applied.

10. Whenever the Undersigned shall be in default as aforesaid, without demand or notice of any kind except as set forth herein, the entire unpaid amount of all Obligations shall become immediately due and payable, and the Bank may exercise, from time to time, any and all rights and remedies available to it under the Uniform Commercial Code of Illinois, or otherwise, including those available under any written instrument (in addition to this Note) relating to any of the Obligations and may, without demand or notice of any kind, appropriate and apply toward the payment of such of the Obligations, whether matured or unmatured, including reasonable costs of collection and reasonable attorneys' and paralegals' fees, and in such order of application as the Bank may, from time to time, elect, any balances, credits, deposits, accounts or monies of the Undersigned in possession, control or custody of, or in transit to the Bank.

11. THE UNDERSIGNED WAIVES THE BENEFIT OF ANY LAW THAT WOULD OTHERWISE RESTRICT OR LIMIT THE BANK IN THE EXERCISE OF ITS RIGHTS, WHICH IS HEREBY ACKNOWLEDGED, TO APPROPRIATE WITHOUT NOTICE, AT ANY TIME FOLLOWING DEFAULT (AFTER GIVING EFFECT TO APPLICABLE GRACE OR CURE PERIODS, IF ANY), ANY INDEBTEDNESS MATURED OR UNMATURED, OWING FROM THE BANK TO THE UNDERSIGNED. THE BANK MAY, FROM TIME TO TIME, WITHOUT DEMAND OR NOTICE OF ANY KIND, APPROPRIATE AND APPLY TOWARD THE PAYMENT OF SUCH OF THE OBLIGATIONS, AND IN SUCH ORDER OF APPLICATION, AS THE BANK MAY, FROM TIME TO TIME, ELECT ANY AND ALL SUCH BALANCES, CREDITS, DEPOSITS, ACCOUNTS, MONIES, CASH EQUIVALENTS AND OTHER ASSETS OF OR IN THE NAME OF THE UNDERSIGNED, THEN OR THEREAFTER WITH THE BANK.

12. THE UNDERSIGNED WAIVES EVERY DEFENSE, CAUSE OF ACTION, COUNTERCLAIM OR SET OFF WHICH THE UNDERSIGNED MAY NOT HAVE OR HEREAFTER MAY HAVE TO ANY ACTION BY BANK IN ENFORCING THIS NOTE OR ANY OF THE OTHER OBLIGATIONS, RATIFIES AND CONFIRMS WHATEVER THE BANK MAY DO PURSUANT TO THE TERMS HEREOF AND AGREES THAT BANK SHALL NOT BE LIABLE FOR ANY ERROR OF JUDGMENT OR MISTAKES OF FACT OR LAW EXCEPT FOR THOSE ERRORS OR MISTAKES WHICH RESULT FROM THE BANK'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE BANK AND THE UNDERSIGNED, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE IRREVOCABLY THE RIGHT EITHER MAY HAVE TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OF THE OTHER OBLIGATIONS, OR ANY AGREEMENT, EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH OR ANY COURSE OF CONDUCT OR COURSE OF DEALING IN WHICH THE BANK AND THE UNDERSIGNED ARE ADVERSE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANK GRANTING ANY FINANCIAL ACCOMMODATION TO THE UNDERSIGNED.

13. The Undersigned, and any other party liable with respect to the Obligations, including any guarantors, and any and all endorsers and accommodation parties, and each one of them, waive any and all presentment, demand, notice of dishonor, protest, and all other notices and demands in connection with the enforcement of the Bank's right hereunder, and hereby consent to, and waive notice of release, with or without consideration, of the Undersigned. No default shall be waived by the Bank except in writing. No delay on the part of the Bank in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Bank of any right or remedy shall preclude other or further exercise thereof, or the exercise of any other right or remedy. This Note: (I) is valid, binding and enforceable in accordance with its provisions, and no conditions exist to the legal effectiveness of this Note; (ii) contains the entire agreement between the Undersigned and the Bank; (iii) is the final expression of the intentions of the Undersigned and the Bank; and (iv) supersedes all negotiations, representations, warranties, commitments, offers, contracts (of any kind or nature, whether or al or written) prior to or contemporaneous with the execution hereof. No prior or contemporaneous representation, warranties, understandings, offers or agreements of any kind or nature, whether oral or written, have been made by the Bank or relied upon by the Undersigned in connection with the execution hereof. No modification, discharge, termination or waiver of any of the provisions hereof shall be binding upon the Bank, except as expressly set forth in a writing duly signed and delivered on behalf of the Bank.

14. The Undersigned agrees to pay all reasonable costs, reasonable legal expenses, reasonable attorneys fees and paralegals' fees of every kind, paid or incurred by the Bank in enforcing its rights hereunder, including, but not limited to, litigation or proceedings initiated under the United States Bankruptcy Code, or in respect to any other of the Obligations, or in defending against any defense, cause of action, counterclaim, set off or crossclaim based on any act of commission or omission by the Bank with respect to this Note or any other of the Obligations, promptly on demand of the Bank or other person paying or incurring the same.

15. TO INDUCE THE BANK TO MAKE THE LOAN EVIDENCED BY THIS NOTE, THE UNDERSIGNED IRREVOCABLY AGREES THAT ALL ACTIONS ARISING DIRECTLY OR INDIRECTLY AS A RESULT OR IN CONSEQUENCE OF THIS NOTE OR ANY OTHER AGREEMENT WITH THE BANK SHALL BE INSTITUTED AND LITIGATED ONLY IN COURTS HAVING SITUS IN THE CITY OF CHICAGO, ILLINOIS, AND THE UNDERSIGNED HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT LOCATED AND HAVING ITS SITUS IN SAID CITY, AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS. THE UNDERSIGNED HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS, AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE UNDERSIGNED AT THE ADDRESS INDICATED IN THE BANK'S RECORDS IN THE MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OF OTHERWISE.

16. The loan evidenced hereby has been made and this Note has been delivered at the Bank's main office. This Note shall be governed and construed in accordance with the laws of the State of Illinois, in which state it shall be performed, and shall be binding upon the Undersigned and its successors and assigns. If this Note contains any blanks when executed by the Undersigned, the Bank is hereby authorized, without notice to the Undersigned, to complete any such blanks according to the terms upon which the loan or loans were granted. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or be invalid under such law, such provision shall be severable, and be deemed ineffective to the extent of such prohibition or invalidity without invalidating the remaining provisions of this Note. If more than one party shall execute this Note, the term "Undersigned" as used herein shall mean all parties signing this Note and their respective successors and assigns, and such parties shall, as the case may be, be jointly and severally obligated hereunder.

17. The Undersigned represents and warrants to the Bank that the execution and delivery of this Note has been duly authorized by resolutions heretofore adopted by its Board of Directors and in accordance with law and its bylaws, that said resolutions have not been amended or rescinded, are in full force and effect and that the officer or officers executing and delivering this Note for and on behalf of the Undersigned are duly authorized so to act. The Bank, in extending financial accommodations to the Undersigned, is expressly acting and relying upon the aforesaid representations and warranties.

18. The Undersigned acknowledges and agrees that the lending relationship hereby created with the Bank is and has been conducted on an open

and arm's length basis in which no fiduciary relationship exits and that the Undersigned has not relied and is not relying on any such fiduciary relationship in consummating the loan evidenced by this Note.

19. As used herein, all provisions shall include the masculine, feminine, neuter, singular and plural thereof, wherever the context and facts require such construction and in particular the word "Undersigned" shall be so construed.

20. This Note is in replacement and substitution for, but not a repayment of, that certain $25,000,000 Revolving Note dated as of June 28, 2000 of the Undersigned payable to the order of the Bank and does not and shall not be deemed to constitute a novation therefor.

IN WITNESS WHEREOF, the Undersigned has executed this Note on the date above set forth.

CDW COMPUTER CENTERS, INC.

By: _/s/ John A, Edwardson_________
Name: John A. Edwardson
Title: President & Chief Executive Officer

By: _/s/ Harry J. Harczak Jr.______
Name: Harry J. Harczak, Jr.
Title: Chief Financial Officer

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CDW COMPUTER CENTERS, INC.

SECOND LEASE AMENDMENT

THIS SECOND LEASE AMENDMENT is made as of the 15th day of April, 2001 by and between ORLEANS ILLINOIS VENTURE, an Illinois Limited Partnership, by IJM Management Limited Partnership an Illinois Limited Partnership (hereinafter referred to as "Landlord"), and CDW COMPUTER CENTERS, INC., an Illinois corporation (hereinafter referred to as "Tenant").

WITNESSETH:

A. Landlord and Tenant entered into a lease date January 25, 1995, as amended by Lease Amendment dated June 15, 1996 (hereinafter referred to as the "First Amendment") whereby Landlord leased to Tenant certain premises (hereinafter referred to as the "Premises") in the building located at 317 West Grand Avenue, Chicago Illinois, for a term (hereinafter referred to as the "Term") expiring February 28, 1999 (the aforesaid lease as so amended is hereinafter referred to as the "Lease").

B. Tenant desires to extend the Term and Landlord is willing to extend the term as aforesaid on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein and in the Lease contained, and in consideration of the forgoing recitals which are incorporated herein by this reference, is hereby agreed as follows:

1. Extension of Term. The expiration of the Term is hereby extended from June 30, 2001 to June 30, 2006 (hereinafter referred to as the "Second Extended Term"), subject to paragraph 14 hereof.

2. Monthly Base Rent for New Premises . Commencing on July 1, 2001, (hereinafter referred to as the "New Deal Date") the Annual Base Rent and Monthly Base Rent for the entire Premises during the Second Extended Term shall be set forth in this paragraph 2. Tenant shall pay to Landlord Base Rent for the Second Extended Term without set-off or deduction whatsoever in the amount of One Million Seventy Four Thousand Four Hundred Eighty Seven Dollars and Thirty Six Cents ($1,074,487.36) payable in monthly installments in the amount of the applicable Monthly Base Rent set forth below on the New Deal Date and on the first day of each and every month of the Second Extended Term:

(i) During the period commencing on July 1, 2001 and ending on June 30, 2002 the Annual Base Rent shall be One Hundred Ninety Eight Thousand Three Hundred Seventy Nine Dollars and Fifty Cents ($198,379.50) and the Monthly Base Rent shall be Sixteen Thousand Five Hundred Thirty One Dollars and Sixty Three Cents ($16,531.63).

(ii) During the period commencing on July 1, 2002 and ending on June 30, 2003 the Annual Base Rent shall be Two Hundred Six Thousand Three Hundred Fourteen Dollars and Sixty Eight Cents ($206,314.68) and the Monthly Base Rent shall be Seventeen Thousand One Hundred Ninety Two Dollars and Eighty Nine Cents ($17,192.89).

(iii) During the period commencing on July 1, 2003 and ending on June 30, 2004 the Annual Base Rent shall be Two Hundred Fourteen Thousand Five Hundred Sixty Seven Dollars and Twenty Seven Cents ($214,567.27) and the Monthly Base Rent shall be Seventeen Thousand Eight Hundred Eighty Dollars and Sixty One Cents ($17,880.61).

(iv) During the period commencing on July 1, 2004 and ending on June 30, 2005 the Annual Base Rent shall be Two Hundred Twenty Three Thousand One Hundred Forty Nine Dollars and Ninety Six Cents ($223,149.96) and the Monthly Base Rent shall be Eighteen Thousand Five Hundred Ninety Five Dollars and Eighty Three Cents ($18,595.83).

(v) During the period commencing on July 1, 2005 and ending on June 30, 2006 the Annual Base Rent shall be Two Hundred Thirty Two Thousand Seventy Five Dollars and Ninety Six Cents ($232,075.96), and the Monthly Base Rent shall be Nineteen Thousand Three Hundred Thirty Nine Dollars and Sixty Six Cents ($19,339.66).

3. Gross Rent. Effective on the New Deal Date: (i) paragraph L of Section 1 of the Lease; (ii) Section 2 of the Lease; and (iii) paragraphs 11,12,13 of the Rider attached to the Lease, shall be no force or effect with respect to the Second Extended Term and the Renewal Term (hereinafter defined).

4. Signs. Effective upon full execution hereof, paragraph 7 of the First Amendment shall be deleted and the following shall be inserted in place thereof:

"Tenant may, at its sole cost and expense, affix and maintain: (i) upon the west exterior wall of the building in which the Premises are located, a sign identifying Tenant, containing the logo of Tenant and containing an electronic message board.; and (ii) on the southern wall of the existing fitness center a sign identifying Tenant. Tenant shall maintain such signs in good order and repair during the Term and shall remove such sign at the end of the Term and shall replace and repair any damage caused by any such removal. Any such sign shall be in compliance with all applicable laws, statutes and ordinances and the erection of such sign shall be deemed a portion of the Tenant's Work as described in paragraph 5 hereof and shall comply in all respects with the provisions relating thereto."

5. Termination. In the event that Tenant is not in default under the terms of the Lease, as amended hereby, and no event has occurred which, with the giving of notice or the passage of time, or both, would constitute an event of default, Tenant shall have the right to cancel this Lease, effective on June 30, 2003, June 30, 2004 or June 30, 2005 (each such date is hereinafter referred to as a "Cancellation Date"), which right may only be exercised by Tenant's delivery of written notice (hereinafter referred to as the "Cancellation Notice") to Landlord at least six (6) months prior to the applicable Cancellation Date, which Cancellation Notice shall be accompanied by a certified or cashier's check in the amount of: (i) Thirty Thousand Dollars and No Cents ($30,000.00) if the Lease is canceled effective June 30, 2003; (ii) Twenty Thousand Dollars and No Cents ($20,000.00) if the Lease is canceled effective June 30, 2004; or (iii) Ten Thousand Dollars and No Cents ($10,000.00) if the Lease is canceled effective June 30, 2005, payable to Landlord as a fee for such cancellation. The Cancellation Notice shall provide the applicable Cancellation Date. In the event Tenant timely elects to cancel this Lease, Tenant shall vacate the Premises in the condition required herein and shall pay to Landlord all rent and any other sums that have accrued under the terms of this Lease up to and including the Cancellation Date. The failure of Tenant to timely deliver the Cancellation Notice or to pay the requisite sums in accordance with the terms of this section shall preclude Tenant from exercising its option pursuant to this Paragraph.

6. Allowance. Landlord will provide a refurbishing allowance in the amount of Twenty Thousand Dollars and No Cents ($20,000.00) (hereinafter referred to as the Refurbishing Allowance") at the New Deal Date for the purpose of re-carpeting and painting the Premises. The Refurbishing Allowance shall be paid to Tenant no later than thirty (30) days after receipt by Landlord of all documentation required by Landlord pursuant to Section 8 of the Lease and Paragraph 5 of the First Amendment plus evidence of full payment for such re-carpeting and painting the Premises.

7. Condition. Tenant accepts the Premises in its then as-is condition on the New Deal Date and acknowledges that Landlord has made no representation with respect to and shall not be responsible for the condition of the Premises.

8. Brokers. Tenant and Landlord each represent and warrant to the other that neither Tenant nor Tenant's officers or agents, nor any other person acting on Tenant's behalf, nor Landlord, nor Landlord's officers or agents, nor any other person acting on Landlord's behalf, as the case may be, has dealt with any real estate broker other than CB Richard Ellis, Inc. (hereinafter referred to as "CB") in the negotiation and making of this Amendment. Tenant and Landlord each agree to indemnify and hold each other harmless from the claim or claims of any other broker or brokers (other than CB) to the effect that it or they have

caused Tenant or Landlord, as the case may be, to enter into this Amendment. Landlord shall pay or cause to be paid all commissions, consulting fees and any other compensation, if any, owing to CB in connection with the making of this Amendment in accordance with any separate lease commission or similar agreement heretofore entered into between Landlord and CB.

9. Binding Effect. Except as modified herein, the terms, conditions and covenants of the Lease shall remain in full force and effect during the Second Extended Term, and shall be binding upon and inure to the benefit of Landlord, Tenant and their respective successors and permitted assigns. The paragraph headings herein contained are for convenience and shall not be deemed to govern or control the substance hereof. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged in the Lease as amended by this Second Lease Amendment which alone fully and completely express their agreements, and that neither party is relying upon any statement or representation, not embodied in the Lease as amended hereby, made by the other. Each party expressly acknowledges that, except as expressly provided in the Lease as amended hereby, the other party and the agents and representatives of the other party have not made, and the other party is not liable for or bound in any manner by, any express or implied warranties, guaranties, promises, statements, inducements, representations or information pertaining to the Premises. The preparation of this Second Lease Amendment has been a joint effort of the parties hereto and the resulting documents shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

10. Governing Law. This Second Lease Amendment shall be governed and construed under the laws of the State of Illinois.

11. No Default. Tenant hereby warrants that it is not presently in default under the Lease. Landlord hereby warrants that it is not presently in default under the Lease.

12. Inconsistency. Except as modified herein, the terms, conditions and covenants of the Lease shall remain unchanged and otherwise in full force and effect, and are hereby ratified and reaffirmed. In the event of an inconsistency between this Second Amendment to Lease and the Lease, the terms herein shall control.

13. Representations and Acknowledgments. Tenant hereby acknowledges and agrees that, to the best knowledge of Tenant, as of the date of this Second Lease Amendment: (i) there are no offsets, defenses or counterclaims against Landlord arising out of or in any way relating to the Lease; (ii) neither Landlord nor Tenant is in default under or has breached the Lease; and (ii) the Lease as amended hereby represents the entire agreement between the parties thereto as to the Premises, and Tenant neither has nor claims any right or

interest in or under any contract, option or agreement involving the Premises.

14. Renewal Option. Tenant shall have one (1) option (hereinafter referred to as the "Renewal Option") to extend the Term of the Lease for all of the Premises as of the expiration of the Second Extended Term, for an additional period of five (5) years (hereinafter referred to as the "Renewal Term"), upon the following terms and conditions:

(a) Tenant gives Landlord written notice of its exercise of the Renewal Option at least nine (9) months prior to the expiration of the Second Extended Term.

(b) Tenant is not in default under this Lease either on the date Tenant delivers the notice required under (a) above or at any time thereafter prior to the commencement of the Renewal Term.

(c) All of the terms and provisions of this Lease (except this paragraph 14 and except as otherwise provided in this Second Lease Amendment) shall be applicable to the Renewal Term, except that Annual Base Rent for the Renewal Term shall be equal to the Fair Value (as hereinafter defined). For purposes of this Lease, the "Fair Value" shall mean an annual amount per rentable square foot for a term equivalent to the period for which Fair Value is being determined beginning with the first (1st) day of the subject period that a willing, creditworthy, new non-equity tenant leasing comparable space would pay and a willing, comparable landlord of comparable space in the Chicago, Illinois/River North Area (hereinafter referred to as the "Market") would accept at arm's length, giving appropriate consideration to generally applicable terms and conditions prevailing for such comparable space. Should Tenant notify Landlord of its exercise of the Renewal Option, Landlord shall notify Tenant of Landlord's determination of Fair Value not later than ten (10) months prior to the expiration of the Second Extended Term. Should Tenant not object in writing to the determination of Fair Value made by Landlord within fourteen days of receipt thereof, the determination of Fair Value made by Landlord shall be binding on the parties. Should Tenant object in writing to the determination made by Landlord within said fourteen (14) day period, Fair Value shall be determined by an appraiser mutually agreed upon by the parties hereto, it being further agreed that each of the parties shall pay one-half of the fees of such appraiser; provided, however, that if the parties cannot agree upon an appraiser within ten (10) days following the date on which Tenant objects to the determination of Fair Value by the Landlord, Landlord shall, within seven (7) days after the expiration of said ten (10) day period advise Tenant of the names of three (3) appraisers acceptable to Landlord. Tenant shall within five (5) days of receipt of such list of appraisers choose one of such appraisers who shall be engaged to determine the Fair Value as described herein, it being further agreed that each of the parties shall pay one-half of the fees of such appraiser. In the event that Fair Value has not been determined by the date on which the Renewal Term commences, Tenant shall continue to pay Annual Base Rent in the amount payable immediately prior to the commencement of the Renewal Term and the amount of any difference between that amount and the Fair Value for that part of the Renewal Term for which Annual Base Rent was paid at the former rate shall be paid by or refunded to Tenant promptly following determination of the applicable new rate based on Fair Value. Any appraiser selected hereunder shall be a real estate broker who has at least seven (7) years experience leasing comparable properties in the Market.

(d) Failure to exercise the Renewal Option shall be deemed to be a waiver of Tenant's right to exercise the Renewal Option.

(e) Tenant agrees to accept the Premises to be covered by this Lease during the Renewal Term in an "as is" physical condition and Tenant shall not be entitled to receive any allowance, credit, concession or payment from Landlord for the improvement thereof.

(f) The Renewal Option herein granted shall automatically terminate upon the earliest to occur of (i) the expiration or termination of this Lease, (ii) the termination of Tenant's right to possession of the Premises, (iii) any assignment or subletting by Tenant, or (iv) the failure of Tenant to timely or properly exercise the Renewal Option.

IN WITNESS WHEREOF, this Second Lease Amendment is executed as of the day and year set forth above.

LANDLORD: ORLEANS ILLINOIS VENTURE, an Illinois Limited Partnership, by IJM Management Limited Partnership, an Illinois Limited Partnership

By: _/s/ Irving J. Markih_____

Name: _Irving J. Markih_________
Title: President________________

TENANT: CDW COMPUTER CENTERS, INC., an Illinois corporation

By: __/s/ Doug Eckrote_________

STATE OF ___IL______)
)
COUNTY OF __Cook_____)

I, _Chrystal L. Foss___, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _Irving J. Markih____, as _President_____ of IJM MANAGEMENT LIMITED PARTNERSHIP, the _agent____ of ORLEANS ILLINOIS VENTURE, an Illinois limited partnership, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such _President_____ of said Limited Partnership, appeared before me this day in person and acknowledged that __he__ signed and delivered the said instrument as _his__ own free and voluntary act and as the free and voluntary act of said Limited Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this __7th__ day of __June____, 2001.

/s/ Chrystal L. Foss

Notary Public

STATE OF ___IL_____)
)
COUNTY OF _Cook_____)

I, _Michael Tepper___________, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _Doug Eckrote________, as _SR VP of Purchasing_ of CDW COMPUTER CENTERS, INC., who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such __SR VP___ of said Corporation, appeared before me this day in person and acknowledged that __he__ signed and delivered the said instrument as _his___ own free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this __6th____ day of __June_____, 2001.

/s/ Michael Tepper

Notary Public