

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SEP 03 2002

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|-----------------|---|------------------------|
| -----X | : | |
| In re: | : | Chapter 11 |
| | : | |
| COMDISCO, INC., | : | Case No. 01-B-24795 |
| et al., | : | |
| | : | (Jointly Administered) |
| Debtors. | : | |
| -----X | : | |

FINAL APPLICATION OF LAZARD FRÈRES & CO. LLC ("LAZARD") FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES PURSUANT TO SECTIONS 330 AND 331 OF THE BANKRUPTCY CODE

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS

TO: THE HONORABLE RONALD BARLIANT,
UNITED STATES BANKRUPTCY JUDGE:

Lazard Frères & Co. LLC ("Lazard"), investment banker to the Official Committee of Unsecured Creditors (the "Committee") in the above-referenced Chapter 11 case files its Final Application for Allowance of Compensation and Reimbursement of Expenses (the "Final Application") for aggregate monthly fees of **\$2,200,000.00** for financial advisory and investment banking services as well as out-of-pocket expenses totaling **\$117,638.72** incurred during the period from July 27, 2001 though and including June 30, 2002 (the "Final Application Period"). As of the Date of this Final Application, Lazard has received payments in the amount of \$2,080,000.00 for monthly fees and \$104,971.64 for out-of-pocket expenses. As a result, Lazard requests net payment of \$120,000.00 in monthly fees and \$12,667.08 for out-of-pocket expenses. In support of this Motion, Lazard respectively states as follows:

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
AUG 30 2002
KENNETH S. GARDNER, CLERK
TEAM - C

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JURISDICTION

1. This Court has jurisdiction over the subject matter of this Final Application pursuant to the provisions of 28 U.S.C. Sections 1334 and 157, 11 U.S.C. Section 330 and Rule 2016 of the Federal Rules of Bankruptcy Procedure.

CASE INFORMATION AND STATUS

2. On July 16, 2001 (the "Petition Date"), the Debtors filed separate voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for Northern District of Illinois, Eastern Division, thereby commencing the above styled cases.
3. The Debtors continue to operate their businesses and manage their assets as debtors in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108. No trustee or examiner has been appointed.
4. On July 25, 2001, the United States Trustee's Office appointed the Official Unsecured Creditors Committee. On July 27, 2001, the Committee selected Lazard as their financial advisor in these cases.
5. On October 19, 2001, the Committee submitted their Application for an Order Authorizing the Employment and Retention of Lazard Frères & Co. LLC, as Investment Banker to the Official Committee for Unsecured Creditors Effective as of July 7, 2001 (the "Application"). Applicant filed a statement under rule 2014 of the Bankruptcy Rules and affidavit in support of its retention ("Applicant's Affidavit"). A copy of Applicant's Affidavit is attached as Exhibit A.

6. By Order entered January 24, 2002, this Court approved the retention of Applicant as investment banker to the Official Committee of Unsecured Creditors *nunc pro tunc* to the engagement letter and related indemnification agreement dated July 27, 2001. A copy of the Order is attached as Exhibit B.
7. On July 17, 2001, this Court entered an order establishing a procedure for interim compensation and reimbursement of professionals. (the "Interim Fee Order"). A copy of the Interim Fee Order is attached as Exhibit C. This application is submitted pursuant to the terms of the Interim Fee Order.
8. Since July 27, 2001, Lazard has rendered professional services to the Committee as requested and as necessary and appropriate in furtherance of the interests of the Debtors' unsecured creditors. The variety and complexity of these cases and the need to act or respond on an expedited basis in furtherance of the Committee's needs have required the expenditure of substantial time by personnel on an as-needed basis. A more descriptive explanation of services provided and work done is set forth below.
9. Lazard has no agreement of any kind, express or implied, to divide with any other person or entity any portion of the compensation sought or to be received by it in these cases.

EMPLOYMENT INFORMATION

10. The Committee filed an Application for an Order Authorizing and Approving the Employment of Lazard to Provide Investment Banking Services (the "Retention Application") on October 19, 2001. The original Engagement Letter Agreement is attached hereto as Exhibit A.

11. The Committee retained Lazard as their investment banker because of the firm's experience in working with financially troubled companies in financial restructurings in both out-of-court and Chapter 11 reorganizations. Lazard's Restructuring Group consists of an experienced group of professionals dedicated to providing advisory services in the area of debt restructuring, business reorganizations, and mergers and acquisitions. Lazard's Restructuring Group has been involved in over 150 assignments since 1990 including both out-of-court and Chapter 11 restructurings, representing over \$200 billion in restructured debt. Lazard and its current professionals have extensive experience working with financially troubled companies in complex financial restructurings out of court and in chapter 11 cases and have been involved as advisors to debtor, creditor and equity constituencies and government agencies in many chapter 11 cases, including Worldcom, Adelphia Communications, Owens Corning, Armstrong Holdings, Fruit of the Loom, Budget, Safety-Kleen, Loews Cineplex, Boston Chicken, Washington Group International and Sun Healthcare.
12. On January 24, 2002, the Court entered its Order Authorizing and Approving the Employment of Lazard to Provide Investment Banking Services to the Committee (the "Retention Order") thereby approving the retention of Lazard on the terms set forth in the Application, as modified at the Application hearing, *nunc pro tunc* to July 27, 2001.
13. Pursuant to its initial engagement agreement fee request, Lazard had sought to receive a monthly cash fee of \$200,000.00 payable each month during the term of the engagement.
14. In making this fee request, Lazard has taken into account (a) the services outlined in the Engagement Agreement, (b) the time spent in providing these services, and (c) the competitive rate charged in the marketplace by investment banks for these services. The

capital markets knowledge of Lazard cannot be quantified in hours nor can it be provided by any other professional in this case. Our unique value added services are derived from our investment in the investment grade debt, high yield debt and equity and convertible debt markets. Our firm's significant capital commitment in each of these markets allows us to provide financial advice to the estate.

SUMMARY OF SERVICES RENDERED

15. Lazard has devoted substantial resources to perform the services rendered to the Committee.

Lazard's work as financial advisor and investment banker encompassed many services to the Committee. As set forth in the Engagement Agreement filed with the Court on October 19, 2001, Lazard has agreed to provide the Committee the following specific services:

| Services to be provided as per Engagement Agreement |
|---|
| To the extent it deems necessary, appropriate and feasible, review and analyze the business, operations, properties, financial condition and prospects of the Company |
| Evaluate the Company's debt capacity in light of its projected cash flows |
| Assist in the determination of an appropriate capital structure for the Company |
| Determine a range of values for the Company on a going concern basis and on a liquidation basis |
| Advise and attend meetings of the Committee as well as due diligence meetings with the Company |
| Review and provide an analysis of all proposed chapter 11 plans (as the same may be modified from time to time, a "Plan") proposed by any party |
| Review, evaluate and assist, if necessary, the Company's sale efforts for various lines of business |
| In connection therewith, review and provide an analysis of any new securities, other consideration or other inducements to be offered and/or issued under the Plan |
| Assist the Committee and/or participate in negotiations with the Company |
| Assist the Committee in preparing documentation within our area of expertise required in connection with |

| |
|--|
| supporting or opposing the Plan |
| When and as requested by the Committee, render reports to the Committee as the Investment Banker deems appropriate under the circumstances |
| Participate, to the extent necessary, in hearings before the Bankruptcy Court with respect to the matters upon which the Investment Banker has provided advice, including, as relevant, coordinating with the Committee's counsel with respect to testimony in connection therewith. |

16. While it would be impractical and burdensome for the Court if the following summary set forth an exhaustive and detailed list of services rendered to the Committee, the following is intended to highlight some of the more significant services performed by Lazard during the Final Application period:

(a) Due Diligence Process

Lazard performed due diligence of the Debtors' business plan and financial position and continued to monitor the Debtors' financial results on an on-going basis throughout the engagement on behalf of the Committee. Lazard made frequent visits to the Debtor to attend management meetings, creditor committee meetings and conduct due diligence. Lazard met with members of senior management to discuss the Debtors' business plan and finances. Lazard conducted reviews of materials provided by the Debtors and Debtors' counsel and relevant bankruptcy documents and filings. Specifically, Lazard reviewed, analyzed and performed analyses on several iterations of the Debtors' financial and operating projections and assumptions for the next several years relating to the "keep" and "run-off" plans.

(b) Preparation of Financial Model

Lazard prepared an extensive recovery analysis upon receipt of the offers for the leasing businesses. This recovery analysis calculated the net cash provided by the offers,

projected recoveries for properties and equipment not included in the offers, and other potential claims of and/or recoveries to the estate. To prepare this analysis, Lazard worked extensively with the Company's advisors. Lazard presented several iterations of the model to the creditors with a side-by-side analysis of the Debtors' Plan to sale proceeds.

(c) Discussions with Other Interested Parties

Lazard played a key role in orchestrating M & A negotiations/discussions with buyers of the leasing businesses and maintains an ongoing dialogue. Several other potential strategic partners and interested parties and their representatives contacted Lazard. Lazard met and had telephonic conversations with representatives of several interested parties on several occasions and provided those representatives with such non-confidential information about the Debtors as was appropriate. Lazard assisted the Committee in responding to and evaluating these and other inquiries that were received.

(d) Analysis of Business Plan Proposals

Lazard professionals reviewed and analyzed materials prepared by the Debtors and Debtors' advisors concerning potential business plans. In order to evaluate these proposals, Lazard analyzed the context in which the Debtors' business plan would be introduced. This was facilitated by Lazard's regular dialogue with the Debtors' advisors and management team, and the side-by-side comparison of the Debtors' Plan to sale proceeds.

(e) Preparation for and Participation in Meetings and Calls with the Committee and Committee's Counsel

Lazard professionals participated in numerous meetings and calls with the Committee on both a scheduled and as-needed basis. Lazard performed extensive analysis and research in preparation for such meetings and reported findings to the Committee. Lazard had several meetings with the Committee Co-Chairmen outside the realm of the regular meetings. Lazard advised the Committee on such matters as: viability of the Debtors' business plan, ability to finance the new business plan in the capital markets and assessment of various strategic alternatives.

(f) Preparation for and Participation in Meetings with the Debtors and Debtors' Counsel

Lazard professionals attended meetings and assisted in negotiations with the Debtors and Debtors' counsel on matters including management retention and severance, the Debtors' DIP facility, and various other issues.

17. The financial services set forth above were performed primarily by: Eric Hanson, Managing Director; Frank (Terry) Savage, Managing Director; Daniel Aronson, Director; David Schuster, Director; Amer Baig, Associate; Karan Sehgal, Senior Financial Analyst; Joseph Dauenhauer, Financial Analyst; and other professionals, on an "as needed" basis of Lazard. Eric Hanson, the team leader for this assignment, has over 17 years of investment banking experience specializing in advising finance companies, leasing companies and commercial banks, and has been assisted by Daniel Aronson who has over 13 years of restructuring experience. The resumes of each of the primary Lazard professionals are provided in Exhibit E.

REQUEST FOR ALLOWANCE OF COMPENSATION

18. During the Final Application Period, Lazard performed the advisory services outlined in the Engagement Agreement and summarized in paragraph 17 of this application. Lazard's

services were critically important in aiding and assisting the Committee in analyzing the Debtor and its business plan and in evaluating the viability and feasibility of the Debtors' business going forward.

19. Lazard respectfully asks for payment of an aggregate of \$2,200,000.00 in advisory fees for the Final Application Period, based upon (i) the financial advisory and investment banking services rendered to the Committee, (ii) the competitive rate in the market for such financial advisory services and (iii) the number of hours spent by the Lazard professionals on this assignment. As of the Date of this Final Application, Lazard has received payments in the amount of \$2,080,000.00. As a result, Lazard requests net payment of \$120,000.00 in monthly fees.
20. Lazard's monthly fee request is consistent with the fees Lazard and other investment banks are currently receiving in other Chapter 11 cases.

REQUEST FOR REIMBURSEMENT OF EXPENSES

21. Lazard also respectfully requests allowance of its actual and necessary out-of-pocket expenses incurred in connection with its performance of services for the Committee during in the Final Application Period. During this time period, Lazard incurred out-of-pocket expenses totaling \$117,638.72. This amount includes an adjustment regarding an expense inquiry from the Fee Review Committee appointed in this case as detailed in the Summary of Monthly Fees and Expenses attached hereto as Exhibit D. As of the Date of this Final Application, Lazard has received payments in the amount of \$104,971.64 for out-of-pocket expenses. As a result, Lazard is requests net payment of \$12,667.08 for out-of pocket expenses.

ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

22. Lazard respectfully submits that the compensation requested for services rendered to the Committee is fully justified and reasonable based upon (a) the complexity of the issues presented, (b) the time and labor required, (c) the skill necessary to perform the financial advisory services, (d) the preclusion of other employment, (e) the employment of proprietary knowledge and experience with respect to the wireless industry and capital markets and (f) the customary fees charged to clients in bankruptcy and non-bankruptcy situations.
23. Lazard respectfully submits that the services it has rendered to the Committee have been necessary and in the best interest of the Committee and have furthered the goals of all parties in interest. Lazard respectfully submits that under all of the criteria normally examined in Chapter 11 reorganization cases, the compensation requested by Lazard is reasonable in light of the work performed by Lazard in these cases.
24. Lazard respectfully asks for payment of an aggregate of \$2,200,000.00 in advisory fees for the Final Application Period, based upon (i) the financial advisory and investment banking services rendered to the Committee, (ii) the competitive rate in the market for such financial advisory services and (iii) the number of hours spent by the Lazard professionals on this assignment.
25. Lazard respectfully requests allowance of its out-of-pocket expenses incurred in connection with its performance of services for the Final Application Period in the aggregate amount of \$117,638.72.

26. Lazard has had to fund all of the expenses sought hereby before seeking reimbursement. Lazard includes in this application only those items of expense that it customarily charges its client, and which are not otherwise absorbed in Lazard's overhead.
27. With respect to expenses, it should be noted that Lazard has absorbed certain expenses customarily charged by other professionals in bankruptcy cases. For example, Lazard does not allocate office telephonic charges by client and thus these costs are absorbed by Lazard in its overhead and not charged to the Debtors' estate.
28. Lazard respectfully submits that the expenses for which it seeks allowance during the Final Application Period are necessary and reasonable both in scope and amount.
29. No prior application for the relief requested herein has been made.
30. The amount of fees and expenses sought in this application and Lazard's billing processes are consistent with market practices both in and out of a bankruptcy context.
31. All professional services for which Lazard requests compensation were performed on behalf of the Committee during the case and were not rendered on behalf of any other person.
32. Lazard's services were not duplicative of services by other advisors engaged in these proceedings. Further, Lazard provided investment banking capabilities including merger and acquisition and capital markets expertise which were not provided by other professionals in this case.
33. There is no agreement or understanding between Lazard and any other person for the share of compensation received or to be received for services rendered in connection with these proceedings.

CONCLUSION

WHEREFORE, Lazard respectfully requests the Court to:

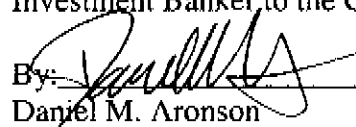
- (a) Approve the allowance and payment of Lazard's fees and expenses for the Final Application Period as follows:

| | |
|--|--------------------------------|
| Total Fees Requested | \$2,200,000.00 |
| Out-of-pocket Expenses Requested | \$117,638.72 |
| Total Amount Requested, Final Application | <u>\$2,317,826.09</u> |
| Less: Total Amounts Paid to Date | <u>(\$2,184,971.64)</u> |
| Net Amount Requested: | <u>\$132,667.08</u> |

- (b) Authorize and direct the Debtors to pay Lazard's approved fees and expenses;
- (c) Grant such other and further relief as this Court deems just and proper.

Dated: New York, New York
August ~~29~~, 2002

LAZARD FRÈRES & CO. LLC
Investment Banker to the Committee

By: 
Daniel M. Aronson
Director

30 Rockefeller Plaza, 61st Floor
New York, New York 10020
Tel:(212) 632-6996
Fax:(212) 332-1748

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

| | | |
|-----------------|---|------------------------|
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| In re: | : | Chapter 11 |
| | : | |
| COMDISCO, INC., | : | Case No. 01-B-24795 |
| <u>et al.</u> , | : | |
| | : | (Jointly Administered) |
| Debtors. | : | |
| -----X | : | |

DECLARATION OF DANIEL M. ARONSON IN SUPPORT FINAL APPLICATION OF LAZARD FRÈRES & CO. LLC ("LAZARD") FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES PURSUANT TO SECTIONS 330 AND 331 OF THE BANKRUPTCY CODE

DANIEL M. ARONSON, being duly sworn, deposes and says:

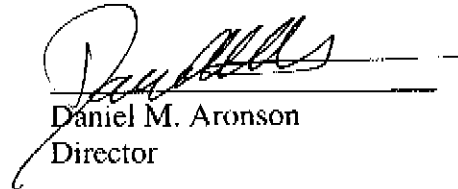
1. I am a Director of the firm Lazard Frères & Co. LLC ("Lazard"), which has offices at 30 Rockefeller Plaza, New York, New York 10020, and nineteen other locations worldwide. Lazard has acted as investment banker to and rendered professional services on behalf of the Official Committee of Unsecured Creditors (the "Committee") in the above-referenced Chapter 11 case.

2. This affidavit is submitted pursuant to Bankruptcy Code Rule 2016 in connection with Lazard's Final Application for an Allowance of Interim Compensation for Services Rendered to the Committee for the period July 27, 2001 to June 30, 2002 in the aggregate amount of \$2,200,000.00 and approval of reimbursement of out-of-pocket expenses incurred from July 27, 2001 through and including June 30, 2002 in the aggregate amount of \$117,638.72.

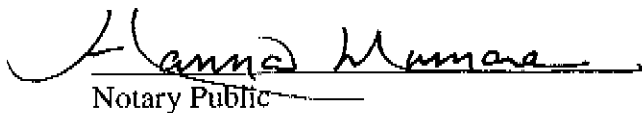
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CLERK OF COURT
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

3. All of the services for which compensation is sought by Lazard were performed for and on behalf of the Committee and not on behalf of any other person.

4. No agreement or understanding exists between Lazard and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these cases.


Daniel M. Aronson
Director

Sworn to before this 29 day of August 2002


Notary Public

HANNA MURNANE
Notary Public, State of New York
No. 41-4729327
Qualified in Queens County
Commission Expires March 30, 2006

**CERTIFICATION PURSUANT TO ADMINISTRATIVE ORDER UNDER 11 U.S.C §§
105 (a) AND 331 ESTABLISHING PROCEDURE FOR INTERIM COMPENSATION
AND REIMBURSEMENT OF EXPENSES FOR PROFESSIONALS**

I have read the Final Application of Lazard Frères & Co. LLC ("Lazard") for Allowance of Final Compensation and Reimbursement of Expenses for the Period from July 27, 2001 to June 30, 2002.

To the best of my knowledge, information and belief, formed after reasonable inquiry, the Application complies substantially with the mandatory guidelines set forth in the Administrative Order 11 U.S.C. §§ 105 (a) and 331 Establishing Procedure For Interim Compensation and Reimbursement Of Expenses For Professionals (the "Procedures").

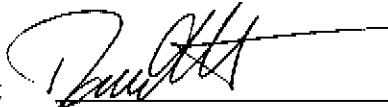
To the best of my knowledge, information and belief, formed after reasonable inquiry, the fees and disbursements sought in the Application fall within the guidelines of the Procedures, except as specifically noted in this certification and in the Application.

To the best of my knowledge, information and belief, formed after reasonable inquiry, the fees and disbursements sought are billed in accordance with the practices customarily employed by Lazard and generally accepted by Lazard's clients.

To the best of my knowledge, information and belief, formed after reasonable inquiry; in providing reimbursable services, Lazard does not make a profit on these services; in charging for a particular service, Lazard does not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment or capital outlay; in seeking

reimbursement for services which Lazard justifiably purchased or contracted from a third party,
Lazard seeks reimbursement only for the amount paid by Lazard to such vendor.

Dated: New York, New York
August __, 2002

By: 

Daniel M. Aronson
Director

EXHIBIT A

Retention Application and Related Documents

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORHTERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
OCT 19 2001
KENNETH S. GARDNER, CLERK
PS REP. - SW

| | | |
|----------------|---|------------------------|
| | | Case No. 01-24795 |
| In re | : | |
| COMDISCO INC., | : | (Jointly Administered) |
| et. al. | : | Chapter 11 |
| | : | |
| Debtors. | : | |
| | : | Hon. Ronald Barliant |

APPLICATION FOR ORDER APPROVING RETENTION OF
LAZARD FRÈRES & CO. LLC
AS INVESTMENT BANKER FOR OFFICIAL
COMMITTEE OF UNSECURED CREDITORS

TO THE HONORABLE RONALD BARLIANT,
UNITED STATES BANKRUPTCY COURT JUDGE:

The Official Committee of Unsecured Creditors (the "Committee") of Comdisco, Inc. et al, (collectively, the "Debtors") hereby applies, pursuant to section 1103 (a) and 328 (a) of the Bankruptcy Code, for an order authorizing the retention and employment of Lazard Frères & Co. LLC ("Lazard") as its investment banker herein, and in support of such application respectfully represents as follows:

Background

1. On July 16, 2001 (the "Petition Date"), the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On July 17, 2001, the Court entered an order consolidating the Debtors' cases for procedural purposes only. The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

ML

2. On July 25, 2001, the United States Trustee appointed the Committee.

The Committee is comprised of the following eight members:

- Wells Fargo Bank Minnesota, N.A., as Indenture Trustee
- Mizuho Trust & Banking (USA)
- PPM America, Inc.
- Bank of America, N.A.
- Citibank, N.A.
- Royal Bank of Scotland Group
- Verizon
- Credit Lyonnais

3. On information and belief, the Debtors have not incurred material secured indebtedness. Accordingly, the Committee represents substantially all of the indebtedness of the Debtors.

4. The Committee voted to retain the investment banking firm of Lazard as of July 27, 2001.

5. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

Relief Requested

6. This Application is made by the Committee for an Order, pursuant to Bankruptcy Code 1103 and 328 and Bankruptcy Rule 2014, authorizing and approving the retention of Lazard as investment banker to the Committee. The Committee has retained Ernst & Young LLP ("EY") as its financial advisor in these chapter 11 proceedings. Lazard and EY will coordinate their efforts to avoid duplication of the services to be provided to the Committee by their respective firms.

7. The Committee respectfully requests that this Court authorize the retention of Lazard as of July 27, 2001, nunc pro tunc, as Lazard commenced work on several matters requiring immediate attention in connection with the Debtors' chapter 11 cases,

including reviewing bids for certain assets of the Debtors and reviewing bid procedures to encourage a competitive auction for those assets.

8. Lazard is an investment banking firm and is a registered broker-dealer and investment adviser with the United States Securities and Exchange Commission. Lazard is also a member of the New York, American and Chicago Stock Exchanges, the National Association of Securities Dealers and the SIPC. Lazard was founded in New Orleans, Louisiana in 1848. Today, Lazard is a private firm, has approximately 1,700 employees and operates out of 25 offices in 16 countries. Lazard maintains U.S. offices in New York, Chicago and San Francisco.

9. Lazard provides a broad range of corporate advisory services to its clients, including services pertaining to: (i) general financial advice, (ii) mergers, acquisitions, and divestitures, (iii) special committee assignments, (iv) takeover defense, and (v) corporate restructuring. Lazard also provides underwriting services for corporations and performs research, sales and trading functions for certain securities including equities, debt and options. Lazard underwrites equity, investment grade debt, high yield debt and convertible debt through both public and private placements. Lazard also structures project finance transactions.

10. The Committee seeks to retain Lazard as their investment banker because, among other things, (i) Lazard and its senior professionals have an excellent reputation for providing high quality investment banking services in bankruptcy reorganizations and other debt restructurings, (ii) Lazard has knowledge of the Debtors' financial and business operations and (iii) Lazard has industry expertise in the financial institutions sector. In addition to Lazard's understanding of the Debtors' financial history and the industry in

which the Debtors operate, Lazard and its senior professionals have extensive experience in the reorganization and restructuring of troubled companies, both out-of-court and in chapter 11 proceedings. The employees of Lazard have advised debtors, creditors, equity constituencies and government agencies in many reorganizations. Since 1990, these professionals have been involved in over 100 restructurings representing over \$150 billion in restructured debt. The professionals of Lazard have been employed as investment bankers in a number of troubled company situations, including, among others, Finova, NextWave, Armstrong Worldwide Industries, Owens Corning, Marvel Entertainment, Boston Chicken, Daewoo Corporation, American Pad & Paper, Safety-Kleen and Stone & Webster. Thus, the Committee believes that Lazard is qualified to perform the work required of it in these chapter 11 cases.

11. If this Application is approved, the professional services, more fully described in the engagement letter dated July 27, 2001, annexed hereto as Exhibit A (the "Lazard Agreement") and incorporated herein, which Lazard will be required to render to the Committee are expected to include, without limitation, the following:

- a) To the extent it deems necessary, appropriate and feasible, review and analyze the business, operations, properties, financial condition and prospects of the Company;
- b) Evaluate the Company's debt capacity in light of its projected cash flows
- c) Assist in the determination of an appropriate capital structure for the Company;
- d) Determine a range of values for the Company on a going concern basis and on a liquidation basis;
- e) Advise and attend meetings of the Committee as well as due diligence meetings with the Company;

- f) Review and provide an analysis of all proposed chapter 11 plans (as the same may be modified from time to time, a "Plan") proposed by any party;
- g) Review, evaluate and assist, if necessary, the Company's sale efforts for various lines of business;
- h) In connection therewith, review and provide an analysis of any new securities, other consideration or other inducements to be offered and/or issued under the Plan;
- i) Assist the Committee and/or participate in negotiations with the Company;
- j) Assist the Committee in preparing documentation within our area of expertise required in connection with supporting or opposing the Plan;
- k) When and as requested by the Committee, render reports to the Committee as the Investment Banker deems appropriate under the circumstances; and
- l) Participate, to the extent necessary, in hearings before the Bankruptcy Court with respect to the matters upon which the Investment Banker has provided advice, including, as relevant, coordinating with the Committee's counsel with respect to testimony in connection therewith.

Lazard is Disinterested

12. To the best of the Committee's knowledge, information, and belief, Lazard has no connection with, and holds no interest adverse to, the Debtors, their creditors, or any other party in interest, or their respective attorneys or accountants, or the Office of the United States Trustee or any person employed in the Office of the United States Trustee, in the matters for which Lazard is proposed to be retained except as disclosed in the Hanson Affidavit.

13. To the best of the Committee's knowledge, Lazard is a "disinterested person", as such term is defined in section 101(14) of the Bankruptcy Code and as required under section 327(a) of the Bankruptcy Code. The Hanson Affidavit, executed

on behalf of Lazard in accordance with section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014, is filed contemporaneously herewith as Exhibit B. The Committee's knowledge, information, and belief regarding the matters set forth in this Application are based on, and are made in reliance upon, the Hanson Affidavit.

14. The Committee submits that the appointment of Lazard on the terms and conditions set forth herein is in the best interests of the Debtor's estates, their creditors and all parties-in-interest.

Terms of Retention

15. As explained below, the Committee has determined that Lazard's compensation should depend directly upon the recoveries achieved by unsecured creditors in these cases.

16. The Committee believes that tying professional compensation directly to the ultimate return to creditors on a present value basis presents the most efficient mechanism to obtain the services needed to maximize that return to creditors. Accordingly, as explained below, the Committee has determined that Lazard's compensation should depend directly upon the recoveries achieved by unsecured creditors in these cases.

17. Lazard will bill for its services at \$200,000 per month (the "Monthly Advisory Fee") plus reimbursement for its actual and necessary expenses. Lazard will also be compensated with a contingent Incentive Fee (the "Incentive Fee") based on the value of the distributions paid to unsecured creditors in these cases.

18. Distributions made in the form of cash present no valuation issue; distributions in the form of securities would be valued based on the average trading price

of those securities for 20 trading days after the Debtors emerge from bankruptcy.

Distributions received from litigation recoveries or other miscellaneous sources will be valued on receipt.

19. No Incentive Fee would be payable if creditor recoveries did not exceed 85%. On the other hand, the maximum Incentive Fee achievable would be \$5.0 million. The maximum Incentive Fee will be earned when creditor recoveries meet or exceed 99% of their total claims. Lazard receives no incremental payment for recoveries surpassing this level. Between those extremes, the Incentive Fee would be computed by interpolating in between the amounts specified below (on a pro rata basis).

| Recovery (a)(b)(c) of Unsecured Creditors | | | Incremental Lazard Incentive Fee | Cumulative Lazard Incentive Fee |
|--|---|-----|-------------------------------------|------------------------------------|
| 86% | - | 91% | \$0k - \$725k | \$725k |
| 91% | - | 94% | 870k | 1,595k |
| 94% | - | 96% | 1,160k | 2,755k |
| 96% | - | 98% | 1,450k | 4,205k |
| 98% | - | 99% | 795k | 5,000k |
| 99% and Above | | | 0k | 5,000k |

All Monthly Advisory Fees in excess of the first six (6) payments of the Monthly Advisory Fee will be credited against the Incentive Fee. In the event that the sum of the Incentive Fee plus all Monthly Advisory Fees exceeds \$3.5 million, all Monthly Advisory Fees, including the first six (6) payments of the Monthly Advisory Fee, will be credited against the Incentive Fee, provided however, that such crediting shall not result in a total fee (defined as the sum of the Incentive Fee and all non-credited Monthly Advisory Fees) to Lazard of less than \$3.5 million. In no event will the aggregate

Monthly Advisory Fees and Incentive Fee , as modified by the crediting provisions described above, exceed \$5 million.

Basis for the Terms of the Lazard Retention

20. The overall compensation structure described above is comparable to compensation generally charged by investment banking firms of similar stature to Lazard and for comparable engagements, both in and out of court.

21. The hours worked, the results achieved and the ultimate benefit to the Committee of the work performed by Lazard in connection with this engagement may vary and the Committee and Lazard have taken this into account in setting the above fees. In order to induce Lazard to do business with the Committee in bankruptcy, the fees were set against difficulty of the assignment and the potential for failure.

22. The Committee acknowledges and agrees that Lazard's restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the Committee during the term of Lazard's engagement hereunder, were important factors in determining the amount of the Monthly Advisory Fee and the Incentive Fee and that the ultimate benefit to the Committee of Lazard's services hereunder could not be measured merely by reference to the number of hours to be expended by Lazard's professionals in the performance of such services.

23. The Committee also acknowledges and agrees that the Incentive Fee has been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of Lazard and its professionals hereunder, and in light of the fact that such commitment may foreclose other opportunities for

Lazard and that the actual time and commitment required of Lazard and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm.

24. In addition, given the numerous issues which Lazard may be required to address in the performance of its services hereunder, Lazard's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for Lazard's services for engagements of this nature in an out-of-court context, the Committee agrees that the fee arrangements hereunder (including the Incentive Fee and Monthly Advisory Fee) are reasonable under the standards set forth in section 330 of the Bankruptcy Code.

25. Lazard will also seek reimbursement for reasonable out-of-pocket expenses incurred in connection with this engagement.

26. As part of the compensation payable to Lazard under the terms of the Lazard Agreement, the Committee has agreed to certain indemnification and contribution obligations as described in Addendum A to the Lazard Agreement.

27. The economic structure of the Lazard Agreement, including the fees, reimbursement of expenses and indemnification provisions, is typical of the arrangements entered into by Lazard and other investment banks in matters of this type.

Fee Applications

28. The Committee is advised by Lazard that it is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys.

29. Pursuant to sections 330 and 331 of the Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"), local rules and orders of the Court (the "Local Rules"), Lazard will file interim and final applications for allowance of its fees and expenses in respect of its services. Lazard will provide time detail in a summary format.

Notice

30. Notice of this application has been given to the United States Trustee for the Northern District of Illinois and to the Debtors in these cases. The Committee submits that no further notice is necessary.

31. No previous application for the relief sought herein has been made to this or any other court.

WHEREFORE, the Committee respectfully requests that this Court enter the affixed order and grant such other and further relief as is just.

Dated: October 19, 2001

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF COMDISCO, INC., ET AL.

By: William J. Barrett
By Counsel on behalf of the Committee

Gardner, Carton & Douglas
William J. Barrett (6206424)
321 N. Clark St., Ste. 3400
Chicago, IL 60610-4795
Telephone: 312-644-3000
Facsimile: 312-644-3381

Wachtell, Lipton, Rosen & Katz
Chaim J. Fortgang
Richard G. Mason
51 West 52nd Street
New York, NY 10019-6150
Telephone: 212-403-1000
Facsimile: 212-403-2000

CH01/12184947.1

As of July 27, 2001

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019

Attention: Chaim Fortgang, Esq.

Dear Mr. Fortgang:

This letter confirms the terms under which the Official Committee of Unsecured Creditors of the Comdisco, Inc. (the "Committee") has engaged Lazard Frères & Co. LLC (the "Investment Banker") on an exclusive basis as its Investment Banker with respect to a possible Restructuring (as defined below), and with respect to such other financial and investment banking matters as to which the Committee and the Investment Banker may agree in writing during the term of this engagement. For purposes hereof, the term "Company" means Comdisco, Inc. and its subsidiaries collectively and includes affiliates of the Company and any entity formed or invested in to consummate a Restructuring, and shall also include any successor to or assignee of all or substantially all of the assets and/or business of the Company, whether pursuant to a Plan (as defined below) or otherwise. If appropriate in connection with performing its services for the Committee hereunder, the Investment Banker may utilize the services of one or more of its affiliates, in which case references herein to the Investment Banker shall include such affiliates.

The Company has filed a petition under chapter 11 of title 11 of the United States Code, 11 U.S.C. Sections 101 et seq. (the "Bankruptcy Code"). Upon approval of the bankruptcy court having jurisdiction over the Company's chapter 11 cases (the "Bankruptcy Court"), the Company, in its capacity as debtor in possession and representative of its chapter 11 estate (in such capacity, the "Estate") shall be responsible for the fees, costs and indemnification obligations contained in this Agreement.

1. Scope of Services. The Investment Banker, as exclusive Investment Banker to the Committee, shall perform the following Investment Banking services:
 - A. General Investment Banking Services. The Investment Banker shall, in each case if requested by the Committee:

1. To the extent it deems necessary, appropriate and feasible, review and analyze the business, operations, properties, financial condition and prospects of the Company;
2. Evaluate the Company's debt capacity in light of its projected cash flows
3. Assist in the determination of an appropriate capital structure for the Company;
4. Determine a range of values for the Company on a going concern basis and on a liquidation basis;
5. Advise and attend meetings of the Committee as well as due diligence meetings with the Company;
6. Review and provide an analysis of all proposed chapter 11 plans (as the same may be modified from time to time, a "Plan") proposed by any party;
7. Review, evaluate and assist, if necessary, the Company's sale efforts for various lines of business;
8. In connection therewith, review and provide an analysis of any new securities, other consideration or other inducements to be offered and/or issued under the Plan;
9. Assist the Committee and/or participate in negotiations with the Company;
10. Assist the Committee in preparing documentation within our area of expertise required in connection with supporting or opposing the Plan;
11. When and as requested by the Committee, render reports to the Committee as the Investment Banker deems appropriate under the circumstances; and
12. Participate, to the extent necessary, in hearings before the Bankruptcy Court with respect to the matters upon which the Investment Banker has provided advice, including, as relevant, coordinating with the Committee's counsel with respect to testimony in connection therewith.

The Committee is not engaging the Investment Banker for any other services. If other services are required, any retention of the Investment Banker would be governed by a separate engagement letter. Nothing in this agreement is intended to obligate or commit Lazard or any of its affiliates to provide any service other than those set forth above.

In rendering its services to the Committee hereunder, the Investment Banker is not assuming any responsibility for the Committee's or the Company's underlying business decision to pursue (or not to pursue) any business strategy or to effect (or not to effect) any Restructuring transaction. The Committee and the Company agrees that the Investment Banker shall not have any obligation or responsibility to provide accounting, audit, "crisis management," or business consultant services for the Company and shall have no responsibility for designing or implementing operating, organizational, administrative, cash management or liquidity improvements, or to provide any fairness opinions. The Committee and the Company confirm that they will rely on their own counsel, accountants and other similar expert advisors for legal, accounting, tax and other similar advice.

II. Compensation. As compensation for services rendered under this agreement the Company will pay Lazard the following cash fees:

- A. Monthly Advisory Fee. A monthly Investment Banker fee of \$200,000 (the "Monthly Advisory Fee"), which shall be due and paid by the Company on the first business day of each month during the term of this engagement nunc pro tunc to July 27, 2001.
- B. Incentive Fee. If during the term of this engagement or within the eighteen full months following the termination of this engagement (including the term of this engagement, the "Fee Period"), a Restructuring is consummated, the Investment Banker shall be entitled to receive an additional transaction fee (the "Incentive Fee") payable at the closing thereof (or, if securities are distributed, promptly following the 20th business day following such distribution of securities), as set forth on Exhibit A hereto.

All Monthly Advisory Fees paid in excess of the first six (6) payments of the Monthly Advisory Fee will be credited against the Incentive Fee. In the event that the sum of the Incentive Fee plus all Monthly Advisory Fees exceeds \$3.5 million, all Monthly Advisory Fees paid, including the first six (6) payments of the Monthly Advisory Fee, will be credited against the Incentive Fee, provided however, that such crediting shall not result in a total fee (defined as the sum of the Incentive Fee and all non-credited Monthly Advisory Fees) to Lazard of less than \$3.5 million.

In no event will the aggregate payments to Lazard under II(A) and II(B) above, as modified by the crediting provisions in the preceding paragraph, be greater than \$5.0 million.

For purposes of this agreement, the term "Restructuring" shall mean any recapitalization or restructuring (including, without limitation, through any exchange, conversion, cancellation, forgiveness, retirement refinancing or repurchase and/or a material modification or amendment to the terms, conditions or covenants thereof) of the Company's equity and/or debt securities and/or other indebtedness, obligations or liabilities (including, without limitation, preferred stock, partnership interests, lease obligations, trade credit facilities and other contract or tort obligations), including pursuant to an exchange transaction, a Plan or a solicitation of consents, waivers, acceptances or authorizations.

- III. Out-of-Pocket Expenses. In addition to any fees payable by the Company to the Investment Banker hereunder, the Company shall, whether or not any transaction contemplated by this agreement shall be proposed or consummated, reimburse the Investment Banker on a monthly basis for its travel and other reasonable out-of-pocket expenses (including all fees, disbursements and other charges of counsel to be retained by the Investment Banker, and of other consultants and advisors retained by the Investment Banker with the Company's consent) incurred in connection with, or arising out of the Investment Banker's activities under or contemplated by this engagement.
- IV. Indemnification. The Company agrees to indemnify the Investment Banker and certain related persons in accordance with the indemnification provisions ("Indemnification Provisions") attached to this agreement. Such Indemnification Provisions are an integral part of this agreement, and the terms thereof are incorporated by reference herein. Such Indemnification Provisions shall survive any termination or completion of the Investment Banker's engagement hereunder.

- V. Provision of Information. The Company shall make available to the Investment Banker all information concerning the business, assets, operations, financial condition and prospects of the Company that the Investment Banker reasonably requests in connection with the services to be performed for the Committee hereunder and shall provide the Investment Banker with reasonable access to the Company's officers, directors, employees, independent accountants, counsel and other advisors and agents as the Investment Banker deems appropriate. The Committee and the Company recognize and confirm that in advising the Committee and completing its engagement hereunder, the Investment Banker will be using and relying on publicly available information and on data, material and other information furnished to the Investment Banker by the Company and other parties. It is understood that in performing under this engagement, the Investment Banker may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.
- VI. Limitation of Liability. The Company and the Committee agree that none of the Investment Banker, its affiliates or their respective directors, officers, agents, employees and controlling persons, or any of their respective successors or assigns ("Covered Persons") shall have any liability to the Company or the Committee for or in connection with this engagement or any transactions or conduct in connection therewith except to the extent that any loss, claim, damage, liability or expense is found by a court of competent jurisdiction in a judgment which has become final in that it is no longer subject to appeal or review to have resulted primarily from such Covered Person's bad faith or gross negligence.
- VII. Termination. This agreement and the Investment Banker's engagement hereunder may be terminated by either the Committee or the Investment Banker at any time, upon 30 days prior written notice thereof to the other party, provided, however, that (a) termination of the Investment Banker's engagement hereunder shall not affect the Company's continuing obligation to indemnify the Investment Banker and certain related persons as provided for in this agreement, and its continuing obligations and agreements under paragraphs II, III, IV, VI, VII, VIII, X, XI, XII, XIII, XIV, XV, XVI and XVII hereof, (b) notwithstanding any such termination, the Investment Banker, shall be entitled to the full fees in the amounts and at the times provided for in paragraph II hereof, and (c) any termination of the Investment Banker's engagement hereunder shall not affect the Company's obligation to reimburse expenses incurred prior to such termination as provided in paragraph III hereof.

- VIII. Independent Contractor. The Investment Banker has been retained under this agreement as an independent contractor with no fiduciary or agency relationship to the Company or the Committee or to any other party. The advice (oral or written) rendered by the Investment Banker pursuant to this agreement is intended solely for the benefit and use of the Committee in considering the matters to which this agreement relates, and the Committee agrees that such advice may not be relied upon by any other person or entity, used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner for any purpose, nor shall any public references to the Investment Banker be made by the Committee or the Company, without the prior written consent of the Investment Banker.
- IX. Credit. The Committee and the Company agree that the Investment Banker shall have the right to place advertisements in financial and other newspapers and journals at its own expense describing its services to the Company hereunder; provided that the Investment Banker will submit a copy of any such advertisement to the Committee and the Company for its approval, which approval shall not be unreasonably withheld or delayed.
- X. Retention and Other Matters Related to Chapter 11 Proceeding. The Committee acknowledges and agrees that the Investment Banker's restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the Committee during the term of Investment Banker's engagement hereunder, were important factors in determining the amount of the Monthly Advisory Fee, the Incentive Fee and that the ultimate benefit to the Committee of the Investment Banker's services hereunder could not be measured merely by reference to the number of hours to be expended by the Investment Banker's professionals in the performance of such services. The Committee also acknowledges and agrees that the Incentive Fee has been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of the Investment Banker and its professionals hereunder, and in light of the fact that such commitment may foreclose other opportunities for the Investment Banker and that the actual time and commitment required of the Investment Banker and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm.

During the pendency of the Chapter 11 case, the Investment Banker shall file interim and final applications for allowance of its fees and expenses pursuant to section 330 and 331 of the Bankruptcy Code, the applicable Federal Rules of Bankruptcy Procedure, and the local rules and order of the Court.

The Committee shall promptly apply to the Bankruptcy Court for the approval pursuant to section 1103 of the Bankruptcy Code of this Agreement and the

Investment Banker's retention by the Committee under the terms of this Agreement and subject to the standard of review provided in section 330 of the Bankruptcy Code. The Investment Banker shall have no obligation to provide any services under this Agreement unless the Investment Banker's retention under the terms of this Agreement is approved and the retention order is acceptable to the Investment Banker in all respects. The Investment Banker acknowledges that in the event that the Bankruptcy Court approves its retention by the Committee, the Investment Banker's fees and expenses shall be subject to the jurisdiction and approval of the Bankruptcy Court under section 330 of the Bankruptcy Code and any applicable fee and expense guideline orders. The Company shall pay all fees and expenses of the Investment Banker hereunder as promptly as practicable in accordance with the terms hereof.

- XI. Choice of Law; Jurisdiction. This agreement shall be deemed to be made in New York. This agreement and all controversies arising from or relating to performance of this agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to such state's rules concerning conflicts of laws that might provide for any other choice of law. The Committee and the Company hereby irrevocably consent to personal jurisdiction in the bankruptcy court with jurisdiction over the Company's bankruptcy cases (the "Bankruptcy Court"), and, to the extent the Bankruptcy Court does not exercise jurisdiction over such claim, to the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this agreement or any of the agreements or transactions contemplated hereby, which is brought by or against the Committee and/or the Company, hereby waive any objection to venue with respect thereto, and hereby agree that all claims in respect of any such suit, action or proceeding shall be heard and determined in such courts, and that such courts shall have exclusive jurisdiction over any claims arising out of or relating to such agreements or transactions. The Company hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Company at its address set forth above, such service to become effective ten (10) days after such mailing. **ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION ARISING OUT OF THIS AGREEMENT OR CONDUCT IN CONNECTION WITH THE INVESTMENT BANKER'S ENGAGEMENT IS HEREBY WAIVED.**

- XII. Successors and Assigns. This Agreement shall be binding upon the Investment Banker, the Committee and the Company and their respective successors and assigns (including, in the case of the Company, any successor to all or a substantial portion of the assets and/or the businesses or operations of the Company under a Plan). This agreement is not intended to confer any rights upon any shareholder, creditor, owner or partner of the Company, or any other person or entity not a party hereto other than the Indemnified Persons referenced in the Indemnification Provisions contained herein and the Covered Persons referenced above.
- XIII. Purchases and Sales of Securities. It is understood and agreed that the Investment Banker and its affiliates may from time to time, make a market in, have a long or short position in, buy and sell or otherwise effect transactions for customer accounts and for their own accounts in the securities and/or liabilities of the Company and other entities which are or may be the subject of the engagement contemplated by this agreement.
- XIV. Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. No alteration, waiver, amendment, change or supplement hereto shall be binding or effective unless the same is set forth in writing signed by a duly authorized representative of each party.
- XV. Authority. Each party hereto represents and warrants that it has all requisite power and authority to enter into this agreement and the transactions contemplated hereby. Each party hereto further represents and warrants that this agreement has been duly and validly authorized by all necessary corporate or other action on the part of the Committee and the Company and has been duly executed and delivered by the Committee and the Company and constitutes a legal, valid and binding agreement of the Committee and the Company, enforceable in accordance with its terms; provided, however, that the Investment Banker hereby acknowledges that its retention shall be subject to prior Bankruptcy Court approval.
- XVI. Counterparts. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties hereto. Each such counterpart shall, and shall be deemed to, be an original instrument, but all such counterparts taken together shall constitute one and the same agreement.

XVII. Attorney's Fees. If any party to this Agreement brings an action directly or indirectly based upon this agreement or the matters contemplated hereby against another party, the prevailing party shall be entitled to recover, in addition to any other amounts, its reasonable costs and expenses in connection with such proceedings, including, but not limited to, reasonable attorney's fees and court costs, from such other party.

We are pleased to accept this engagement and look forward to working with the Committee and the Company. Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed duplicate of this letter, which shall thereupon constitute a binding agreement between the Investment Banker and the Committee and the Company, subject to approval of the Bankruptcy Court.

Very truly yours,

LAZARD FRÈRES & CO. LLC

By: _____
Name: Eric S. Hanson
Title: Managing Director

Accepted and Agreed to:

WACHTELL, LIPTON, ROSEN & KATZ,
On behalf of the Official Committee of Unsecured Creditors

By: _____
Name: Chaim Fortgang, Esq.
Title: Partner

COMDISCO, INC.

By: _____
Name:
Title:

Exhibit A

The chart below sets forth the Incentive Fee that will be earned by Lazard. Lazard's Incentive Fee shall be based on the amount of the Recovery as a percentage of the Total Claim, and shall be equal to the sum of the applicable incremental amounts set forth below.

| Recovery (a)(b)(c) of Unsecured Creditors | | | Incremental Lazard Incentive Fee | Cumulative Lazard Incentive Fee |
|--|---|-----|-------------------------------------|------------------------------------|
| 86% | – | 91% | \$1 - \$725k | \$725k |
| 91% | – | 94% | 870k | 1,595k |
| 94% | – | 96% | 1,160k | 2,755k |
| 96% | – | 98% | 1,450k | 4,205k |
| 98% | – | 99% | 795k | 5,000k |
| 99% and Above | | | 0k | 5,000k |

For purposes of calculating Lazard's Incentive Fee:

(a) "Recovery" shall be equal to the value of all cash distributed or to be distributed to all unsecured creditors, plus the value of any securities distributed or to be distributed to all unsecured creditors, which securities shall be valued at the average of the closing bid and asked price as quoted on Bloomberg (or Salomon Smith Barney's trading desk, if such securities are not quoted on Bloomberg) for the 20 business days following the date on which Comdisco exits Chapter 11. Such recovery will be measured as the average recovery to all unsecured creditors net of all administrative expenses.

(b) If there are subsequent recoveries to creditors from fraudulent conveyance or preference actions, Lazard's Incentive Fee will be recalculated and any incremental amount distributed to creditors will be made net of payment to Lazard of its incremental Incentive Fee.

(c) For recovery amounts in between those specified above, the Lazard Incentive Fee will be determined by interpolating in between the amounts specified above. For example, if the Recovery is \$5.2 billion, and if that Recovery is 95% of the Total Claim, Lazard's Incentive Fee shall be \$2.175 million, which is equal to the sum of \$725,000 plus \$870,000 plus \$580,000 (i.e. one-half of \$1.16 million).

As of July 27, 2001

Comdisco, Inc.
6111 North River Road
Rosemont, IL 60018

Dear Sirs:

In connection with our engagement to advise and assist you with the matters set forth in the engagement letter of even date herewith, you and we are entering into this letter agreement. It is understood and agreed that in the event that Lazard Frères & Co. LLC or any of our members, employees, agents, affiliates or controlling persons, if any (each of the foregoing, including Lazard Frères & Co. LLC, being an "Indemnified Person") become involved in any capacity in any action, claim, proceeding or investigation brought or threatened by or against any person, including your stockholders, related to, arising out of or in connection with our engagement, you will promptly reimburse each such Indemnified Person for its legal and other expenses (including the cost of any investigation and preparation) as and when they are incurred in connection therewith. You will indemnify and hold harmless each Indemnified Person from and against any losses, claims, damages, liabilities or expense to which any Indemnified Person may become subject under any applicable federal or state law, or otherwise, related to, arising out of or in connection with our engagement, whether or not any pending or threatened action, claim, proceeding or investigation giving rise to such losses, claims, damages, liabilities or expense is initiated or brought by or on your behalf and whether or not in connection with any action, proceeding or investigation in which you or such Indemnified Persons are a party, except to the extent that any such loss, claim, damage, liability or expense is found by a court of competent jurisdiction in a judgment which has become final in that it is no longer subject to appeal or review to have resulted primarily from such Indemnified Person's bad faith or gross negligence. You also agree that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to you or your security holders or creditors related to, arising out of or in connection with our engagement except to the extent that any loss, claim, damage or liability is found by a court of competent jurisdiction in a judgment which has become final in that it is no longer subject to appeal or review to have resulted primarily from

such Indemnified Person's bad faith or gross negligence. If multiple claims are brought against us in an arbitration related to, arising out of or in connection with our engagement, with respect to at least one of which such claims indemnification is permitted under applicable law, you agree that any arbitration award shall be conclusively deemed to be based on claims as to which indemnification is permitted and provided for hereunder, except to the extent the arbitration award expressly states that the award, or any portion thereof, is based solely on a claim as to which indemnification is not available.

If for any reason the foregoing indemnification is held unenforceable, then you shall contribute to the loss, claim, damage, liability or expense for which such indemnification is held unenforceable in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by you and your stockholders on the one hand and the party entitled to contribution on the other hand in the matters contemplated by our engagement as well as the relative fault of yourselves and such party with respect to such loss, claim, damage, liability or expense and any other relevant equitable considerations. You agree that for the purposes hereof the relative benefits received, or sought to be received, by you and your stockholders and ourselves shall be deemed to be in the same proportion as (i) the total value paid or proposed to be paid or received by you or your stockholders, as the case may be, pursuant to the transaction (whether or not consummated) for which we have been engaged to perform investment banking services bears to (ii) the fees paid or proposed to be paid to us in connection with such engagement; provided, however, that, to the extent permitted by applicable law, in no event shall we or any other Indemnified Person be required to contribute an aggregate amount in excess of the aggregate fees actually paid to us for such investment banking services. Your reimbursement, indemnity and contribution obligations under this letter shall be in addition to any liability which you may otherwise have, shall not be limited by any rights we or any other Indemnified Person may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of yourselves, ourselves, and any other Indemnified Persons.

You agree that, without our prior written consent (which will not be unreasonably withheld), you will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action, or proceeding or investigation in respect of which indemnification or contribution could be sought hereunder (whether or not we or any other Indemnified Persons are an actual or potential party to such claim, action or proceeding or investigation), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Person from all liability arising out of such claim, action or proceeding or investigation. No waiver, amendment or other modification of this agreement shall be effective unless in writing and signed by each party to be bound thereby. This agreement and any claim related directly or indirectly to this agreement (including any claim concerning advice provided pursuant to this agreement) shall be governed and construed in accordance with the laws of the State of New York (without giving regard to the conflicts of law provisions thereof). No such claim shall be commenced, prosecuted or continued in any forum other than the

Bankruptcy Court, and, to the extent the Bankruptcy Court does not exercise jurisdiction over such claim, in the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, and each of us hereby submits to the jurisdiction of such courts. You hereby waive on behalf of yourself and your successors and assigns any and all right to argue that the choice of forum provision is or has become unreasonable in any legal proceeding. We and you (on your own behalf and, to the extent permitted by applicable law, on behalf of your stockholders and creditors) waive all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to or arising out of or in connection with our engagement. This agreement shall remain in effect indefinitely, notwithstanding any termination or expiration of our engagement.

Very truly yours,

LAZARD FRÈRES & CO. LLC

By _____
Eric S. Hanson

Managing Director

COMDISCO, INC.

By: _____
Name:
Title:

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re : Case No. 01-24795
: :
COMDISCO INC., : (Jointly Administered)
et. al. : Chapter 11
: :
Debtors. : :
----- : Hon. Ronald Barliant

**AFFIDAVIT AND STATEMENT OF ERIC S. HANSON IN SUPPORT OF
APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT AND
RETENTION OF LAZARD FRÈRES & CO. LLC AS INVESTMENT BANKER
TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Eric S. Hanson, being first duly sworn to oath, deposes and says:

1. I am a Managing Director at Lazard Frères & Co. LLC ("Lazard"), an investment bank with principal offices located at 30 Rockefeller Plaza, New York, New York 10020, and am authorized to execute this affidavit on behalf of Lazard. This affidavit is submitted in support of the Application for Order Approving Retention of Lazard Frères & Co. LLC as Investment Banker for Official Committee of Unsecured Creditors (the "Committee"), pursuant to the terms and conditions set forth in the engagement letter dated as of July 27, 2001 and the related indemnification agreement of the given date therewith (collectively the "Lazard Agreement"), a copy of which is attached hereto as Exhibit A to the Application. Unless otherwise stated in this affidavit, I have personal knowledge of the facts set forth herein. To the extent that any

information disclosed herein requires amendment or modification upon Lazard's completion of further analysis or as additional creditor information becomes available to it, a supplemental affidavit will be submitted to the Court reflecting the same.

2. Lazard is an investment banking firm focused on providing financial advice and transaction execution on behalf of its clients. Lazard's broad range of corporate advisory services include services relating to the following: general financial advice; domestic and cross-border mergers and acquisitions; divestitures; privatizations; special committee assignments; takeover defenses; corporate restructurings; and strategic partnerships/joint ventures. In addition, Lazard maintains a presence in the capital markets and has a significant asset management business. Lazard is registered as a broker-dealer and investment adviser with the United States Securities and Exchange Commission and is a member of the New York, American and Chicago Stock Exchanges, the National Association of Securities Dealers and the SIPC.

3. Lazard is well qualified to serve as investment banker to the Committee in these cases. Lazard has considerable experience in assisting troubled companies and the creditors thereof with analyzing financial situations and developing and implementing an appropriate plan to carry out a financial restructuring.

4. The current managing directors, directors, vice presidents and associates of Lazard have extensive experience working with financially troubled companies in complex financial restructurings out-of-court and in Chapter 11 proceedings. Lazard and its principals have been involved as advisor to debtor, creditor and equity constituencies and government agencies in many reorganization cases. Since

1990, Lazard's professionals have been involved in over 100 restructurings, representing over \$150 billion in debtor assets.

5. In connection with its proposed retention by the Committee in these cases, Lazard undertook to determine whether it had any conflicts or other relationships that might cause it not to be disinterested or to hold or represent an interest adverse to the Committee. Lazard has researched its client files and records to determine its connections with the Debtors, creditors, any other party in interest, and their respective attorneys and accountants.

6. To the extent that I have been able to ascertain that Lazard has been retained to represent any of the Debtors' creditors, shareholders or other parties-in-interest in matters unrelated to these cases, such parties are listed on Schedule I annexed hereto. Lazard's representation of each entity listed on Schedule I is only on matters that are totally unrelated to the Debtors or these cases. Other than as listed on Schedule I, I am unaware of any relationships that Lazard has had with the Debtors' creditors, shareholders or other parties-in-interest herein. Given the size of the Firm and the breadth of Lazard's client base, however, it is possible that other principals or employees of Lazard may have been retained by one or more of the Debtors' creditors, shareholders or other parties-in-interest in unrelated matters without my knowledge. To the extent that Lazard discovers any such additional relationships, it will supplement this disclosure to the Court promptly.

7. Based upon the above review and to the best of my knowledge, Lazard has not been retained to assist any entity or person other than the Committee on matters relating to, or in connection with, these Chapter 11 cases. If this Court approves

the proposed employment of Lazard by the Committee, Lazard will not accept any engagement or perform any service for any entity or person other than the Committee in these cases. Lazard will, however, continue to provide professional services to entities or persons that may be creditors or shareholders of the Debtors, or parties-in-interest in these Chapter 11 cases, provided, however, that such services do not relate to, or have any direct connection with, these Chapter 11 cases.

8. As part of its regular business operations as a securities brokerage firm, Lazard trades securities on behalf of and/or acts as a broker or investment advisor for some or all of the Debtors' significant noteholders, and may also trade securities on behalf of and/or act as a broker for other creditors, equity holders and other parties-in-interest as well.

9. Specifically, through its asset management arm, Lazard Asset Management ("LAM"), Lazard may act as broker or investment advisor for or trade securities (including in discretionary client accounts, and through LAM's operation of hedge funds and mutual funds, in which cases investment decisions are made by LAM), including on behalf of creditors, equity holders or other parties-in-interest in these cases. Some of these LAM accounts and funds may now or in the future hold debt or equity securities of the Debtors or creditors in these cases. Lazard has in place compliance procedures to ensure that no confidential or non-public information concerning the Debtors or creditors has been or will be available to employees of Lazard with responsibility for trading securities in LAM accounts or funds. LAM is operated as a separate and distinct business unit within the Firm, which is separated from the Firm's

other businesses, including its financial advisory services group and its managing directors and employees advising the Committee, by an ethical wall.

10. Similarly, Lazard operates a Capital Markets business, which is run as a separate department within the Firm and is ethically walled off from the Firm's investment banking businesses, including its financial advisory services group and its managing directors and employees advising the Committee. Capital Markets regularly engages in trading of debt and equity securities for both clients and the Firm's own account. However, as a result of this engagement, the Debtors have been placed on the Firm's "Restricted List". Proprietary trading by Lazard and its managing directors and employees, and publication of research reports and recommendations or solicitations by Lazard to buy or sell, are prohibited with respect to companies placed on the Restricted List, including the Debtors. Placement on the Restricted List does not, however, prohibit Lazard from executing unsolicited agency orders and liquidating trades in a company's securities, including the Debtors.

11. Other than as disclosed herein, to the best of my knowledge and belief, neither I nor Lazard holds or represents any interest adverse to the Committee or Debtors and Lazard will not represent any other entity in connection with these chapter 11 cases, except that Lazard has provided services, and may continue to provide services, to certain of the Debtors' creditors or other parties-in-interest in matters wholly unrelated to these cases. However, Lazard will not represent the interests of any of its other clients in these chapter 11 cases.

12. Given the size of Comdisco and its creditors and investors, Lazard believes it is unlikely that any major investment banking firm with the expertise

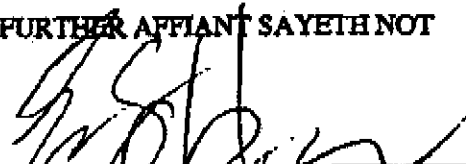
necessary for these cases could be found that does not have relationships with some of Comdisco's creditors or shareholders in unrelated matters.

13. Based on the information available to me, I believe that Lazard is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and as required by section 327(a) of the Bankruptcy Code, and holds no interest adverse to the Committee in the matters for which Lazard is to be employed.

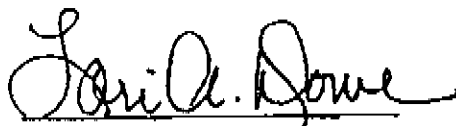
14. I am not related or connected to and, to the best of my knowledge, no other professional of Lazard is related or connected to any United States Bankruptcy Judge in this District.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the
foregoing is true and correct.

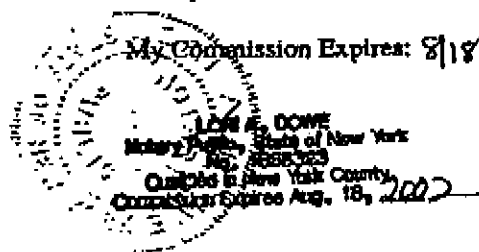
FURTHER AFFIANT SAYETH NOT


Eric S. Hanson

Sworn to and subscribed
before me this 18th day
of October, 2001


Notary Public

My Commission Expires: 8/18/02



Schedule 1

- (a) Chase Manhattan Bank is one of the principal lenders on Lazard's \$350 million subordinated credit facility. Lazard does not believe that this relationship creates a conflict of interest regarding the Debtors or these chapter 11 cases.
- (b) Citibank is one of the principal lenders on Lazard's \$350 million subordinated credit facility. Lazard does not believe that this relationship creates a conflict of interest regarding the Debtors or these chapter 11 cases.
- (c) Lazard has been and is represented by Wachtell, Lipton, Rosen & Katz on matters unrelated to these chapter 11 cases. Wachtell, Lipton, Rosen & Katz is an ordinary course professional to the Debtors. Lazard does not believe that its relationship to Wachtell, Lipton, Rosen & Katz creates a conflict of interest regarding the Debtors or these chapter 11 cases.
- (d) Lazard has been represented by Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden") during the past three years on matters unrelated to these chapter 11 cases. Skadden is counsel to the Debtors. Lazard does not believe that its relationship to Skadden creates a conflict of interest regarding the Debtors or these chapter 11 cases.
- (e) Lazard has represented GE Capital Corporation on a variety of matters in the past. Lazard is currently representing GE Corporation on an unrelated matter. In the past, Lazard has acted as investment banker for GE on its purchase of CompuNet in 1996, Ameridata Technology in 1996, TIP Europe (UK) in 1999, and a real estate business in the UK in 2000. Lazard has also represented GE in its sale of GE Capital Consulting to Metamor Worldwide in 1999. Lazard does not believe that this relationship creates a conflict of interest regarding the Debtors or these Chapter 11 cases. Our relationship with General Electric does not constitute a significant portion of our revenues. A subsidiary of General Electric is a potential bidder for some of the assets of the Debtor. Lazard does not believe that its relationship to General Electric creates a conflict of interest regarding the Debtors or these chapter 11 cases.
- (f) Lazard has had and continues to have a relationship with IBM. Our relationship with IBM does not constitute a significant portion of our revenues. IBM is a potential bidder for some of the assets of the Debtor. Lazard does not believe that its relationship to

IBM creates a conflict of interest regarding the Debtors or these chapter 11 cases.

- (g) Arthur Andersen was the auditor of Lazard through March 2000. Arthur Andersen is one of the Debtors financial advisors. Lazard does not believe that its former relationship with Arthur Andersen creates a conflict of interest regarding the Debtors or these chapter 11 cases.
- (h) Lazard has in the past worked with, continues to work with, and has mutual clients with certain law firms and accounting firms who represent parties-in-interest in these cases. None of those engagements or relationships relate to these cases. Those engagements or relationships are not material to the financial condition of Lazard.

EXHIBIT B

Retention Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

| | | |
|----------------|---|---------------------------------|
| In re: |) | Case No. 01-24795 |
| |) | |
| COMDISCO, INC. |) | (Jointly Administered) |
| et al., |) | Chapter 11 |
| |) | |
| Debtors. |) | Hon. Ronald Barliant |
| |) | Hearing Date: November 15, 2001 |
| |) | 10:30 a.m. |

**ORDER AUTHORIZING EMPLOYMENT AND
RETENTION OF LAZARD FRÈRES & CO. LLC AS
INVESTMENT BANKER TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS**

Upon the application (the "Application") of Comdisco, Inc. ("Comdisco") and fifty of its domestic subsidiaries, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), for an order pursuant to 11 U.S.C. § 327 and Fed. R. Bankr. P. 2014 and 5002 authorizing the employment and retention of Lazard Frères & Co. LLC ("Lazard") as Investment Banker to the official committee of unsecured creditors (the "Creditors") nunc pro tunc to the engagement letter and related indemnification agreement, each dated July 29, 2001 and attached as Exhibit B to the Application (together, the "Letter Agreement") and upon the Affidavit of Eric Hanson, a Managing Director at Lazard; and the Court being satisfied that Lazard is "disinterested" and represents no interest adverse to any of the Debtor's estates with respect to the matters upon which it is to be employed and the employment and retention of Lazard upon the terms contained in the Agreement, is necessary and in the best interest of the estates, their creditors, and other parties-in-interest; and it further appearing that proper and adequate notice having been given and that no other or further notice is necessary:

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Application related hereto.

1546

and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore.

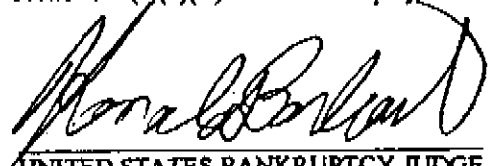
IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Application is granted.
2. Pursuant to section 327 of the Bankruptcy Code and Rules 2014 and 5002 of the Federal Rules of Bankruptcy Procedure, the Creditors are hereby authorized to employ and retain Lazard pursuant to the terms of the Letter Agreement, as the Investment Banker to the official committee of unsecured creditors.
3. Lazard shall be compensated in accordance with (a) the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, (b) such procedures as may be fixed by order of this Court, and (c) the terms of the Letter Agreement; provided, however, since Lazard will be compensated solely on a fixed monthly fee basis and transaction fee basis, Lazard will not be required to maintain or provide detailed time records in connection with its fee application.
4. During the pendency of this Chapter 11 proceeding, all requests of Lazard for payment of indemnity pursuant to the Lazard Agreement shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Lazard Agreement and this Order, provided, however, that in no event shall Lazard be indemnified if a court determines by final order that such claim arose out of Lazard's own bad-faith, intentional breach of fiduciary duty (if any such duty exists), gross negligence or willful misconduct.
5. In no event shall Lazard be indemnified if the Debtor or a representative of the estate asserts a claim, to the extent that a court determines by final order that such claim arose out of, Lazard's own bad-faith, intentional breach of fiduciary duty (if any such duty exists), gross negligence or willful misconduct.

6. In the event that during the pendency of this Chapter 11 proceeding

Lazard seeks reimbursement for attorneys' fees from the Debtors pursuant to the Letter Agreement, the invoices and supporting time records from such attorneys shall be included in Lazard's own applications (both interim and final) and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement for expenses and the approval of the Bankruptcy Court under the standards of §§ 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under § 327 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy Section 330(a)(3)(C) of the Bankruptcy Code.

Dated: Chicago, Illinois
October __, 2001


UNITED STATES BANKRUPTCY JUDGE

24 JAN 2002

EXHIBIT C

Interim Fee Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | |
|----------------|---|------------------------|
| In re: |) | Case No. 01-24795 |
| |) | |
| COMDISCO, INC. |) | (Jointly Administered) |
| et al., |) | Chapter 11 |
| |) | |
| Debtors. |) | Hon. Ronald Barliant |

**ADMINISTRATIVE ORDER PURSUANT TO 11 U.S.C. §§ 105(a) AND 331
ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Upon the motion (the "Motion")¹, of Comdisco, Inc. ("Comdisco") and certain of its subsidiaries and affiliates (the "Affiliate Debtors"), debtors and debtors-in-possession in the above captioned cases (collectively, the "Debtors"), for an order under 11 U.S.C. §§ 105(a) and 331 establishing procedures for interim compensation and reimbursement of expenses of professionals specifically retained by order of this Court; and upon the Affidavit of Norman P. Blake, Jr., in Support of Chapter 11 Petitions and First Day Orders; and this Court having determined that granting the relief requested in this Motion is in the best interests of the Debtors, their estates, and creditors; and it appearing that proper and adequate notice has been

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion related hereto.

given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted.
2. Except as may otherwise be provided in Court orders authorizing the retention of specific professionals, all professionals in these cases may seek interim compensation in accordance with the following procedure:

- a. On or before the last day of each month following the month for which compensation is sought (the "Monthly Statement Date"), each professional will submit a monthly statement to: (i) the Debtors at Comdisco, Inc., 6111 North River Road, Rosemont, Illinois, 60018 (Attn: Robert Lackey); (ii) counsel to the Debtors, Skadden, Arps, Slate, Meagher & Flom (Illinois), 333 West Wacker Drive, Suite 2100, Chicago, Illinois 60606 (Attn: John Wm. Butler, Jr.); (iii) counsel to the Debtors' postpetition lenders, Jones, Day, Reavis & Pogue, 77 West Wacker, Chicago, Illinois 60601 (Attn: Richard A. Chesley); (iv) counsel to any official committee appointed in these cases; and (v) the United States Trustee, 227 West Monroe Street, Suite 3350, Chicago, Illinois 60606. Each such person receiving such a statement will have twenty (20) days after the Monthly Statement Date to review the statement.

b. At the expiration of the twenty (20) day period, the Debtors shall promptly pay ninety percent (90%) of the fees and one hundred percent (100%) of the disbursements identified in each monthly statement, except such fees or disbursements as to which an objection has been served as provided in paragraph (c) below. Any professional who fails to submit a monthly statement shall be ineligible to receive further payment of fees and expenses as provided herein until such time as the monthly statement is submitted. The first statements shall be submitted and served by each of the professionals by August 31, 2001 and shall cover the period from the commencement of this case through July 31, 2001;

c. In the event that any of the Debtors, the United States Trustee, the Debtors' postpetition lenders or the Committee has an objection to the compensation or reimbursement sought in a particular statement, such party shall, within twenty (20) days of the Monthly Statement Date, serve upon the respective professional and the other persons designated to receive monthly statements, a written "Notice of Objection to Fee Statement" setting forth the precise nature of the objection and the amount at issue. Thereafter, the objecting party and the Professional whose statement is objected to shall attempt to reach an agreement regarding the correct payment to be made. If the parties are unable to reach an agreement on the objection within twenty (20) days after receipt of such objection, the objecting party may file its objection with the Court and serve such objection on the respective

professional and the other parties designated to receive monthly statements parties listed above and the Court shall consider and dispose of the objection at the next interim fee application hearing. The Debtors will be required to pay promptly those fees and disbursements that are not the subject of a Notice of Objection to Fee Statement.

d. Approximately every four (4) months, each of the Professionals shall file with the Court and serve on the parties designated to receive monthly statements, on or before the 45th day following the last day of the compensation period for which compensation is sought, an application for interim Court approval and allowance, pursuant to section 331 of the Bankruptcy Code, of the compensation and reimbursement of expenses requested for the prior four (4) months. The first such application shall be filed on or before January 14, 2002 and shall cover the period from the commencement of these cases through November 30, 2001. Any professional who fails to file an application when due shall be ineligible to receive further interim payments of fees or expenses as provided herein until such time as the application is submitted.

e. The pendency of an application or a court order for payment of compensation or reimbursement of expenses, and the pendency of any Notice of Objection to Fee Statement or other objection, shall not disqualify a Professional from the future payment or compensation or reimbursement of expenses as set forth

above. Neither the payment of, nor the failure to pay, in whole or in part, monthly interim compensation and reimbursement as provided herein shall bind any party-in-interest or this Court with respect to the allowance of applications for compensation and reimbursement of Professionals.

f. Each member of the Committee in this case shall be permitted to submit statements of expenses and supporting vouchers to counsel for the Committee who shall collect and submit such requests for reimbursement in accordance with the foregoing procedure for monthly and interim compensation and reimbursement of Professionals.

Dated: Chicago, Illinois
July 16, 2001



UNITED STATES BANKRUPTCY JUDGE

17 JUL 2001

EXHIBIT D

EXPENSE DETAIL SUMMARY

Attached is an itemized detail of out-of-pocket expenses incurred for the relevant period of this statement divided into specific categories. Lazard's charges for expenses in this case are determined in the same manner as for clients in non-bankruptcy matters. Out-of-pocket expenses incurred by Lazard are charged to a client if the expenses are incurred in connection with services rendered for such particular client. Lazard has followed its general internal policies with respect to out-of-pocket expenses billed in this case as set forth below, with any exceptions specifically explained.

Car Services and Taxis

With respect to local travel, Lazard's general policy enables employees to travel by taxi or private car service to and from meetings while rendering services to a client on a client related matter, for which the client is charged. This policy is based on Lazard's determination that travel by taxi or private car service is the most efficient use of a professional's time. Lazard employees are not permitted to charge commutation expenses to a client unless the employee is traveling after 8:00 p.m. or on a weekend.

Couriers/Shipping

Messengers and couriers (including Federal Express and UPS) are used by Lazard to deliver hard copy documents relating to the client matter that require receipt on an expedited basis; otherwise, Lazard uses the regular postal system. Any charges for either messengers or couriers are billed to a client at cost.

Electronic Information Service

Lazard utilizes various news and historical data services for research related to the client matter. All charges for such services are billed to the client at cost.

Employee Meals and Meals-Subsistence

Lazard's general policy permits employees to bill dinner meals to a client if the employee is required to render services during such mealtime to the client due to extreme time constraints. Lazard employees are permitted to order dinner ("Employee Meals") in the office (for no bill more than \$20.00 per person) if the Lazard employee is required to work after 8:00 p.m. or on weekends. Lazard employees are also permitted to bill clients for meals while traveling on behalf of clients and their related matters ("Meals-Subsistence").

Photocopying Costs and Printing Consumables

Lazard's ability to produce color charts, large volumes of reports and certain types of presentation slides is limited by space and mechanical constraints. Photocopying performed internally by Lazard is charged at a rate of \$0.10 per page for black and white copies and \$.45 per page for color copies ("Photocopying Costs"). Other rates apply when production services are utilized to create other documents i.e. the cost associated with the binding various presentation books including tabs, covers, etc. Outside production companies are used for projects that cannot be handled by Lazard's in-house production capabilities. Any charges for outside production are billed to a client at cost ("Printing Consumables").

Telephone/Telex/Fax Usage

Lazard employees are permitted to use cellular telephones while they are traveling on an as required basis when public telephones are unavailable. Other charges itemized consist of phone cards and air or rail phone. Further, if an employee incurs charges for external Fax or Telex usage while traveling on a required basis, these charges will be billed to the client at cost. Lazard does not bill clients for telephone charges while at the office. Lazard absorbs these charges in overhead.

Travel

Lazard's employees are requested to make lodging reservations through the firm's travel department that has preferred hotel rates in most major U.S. cities. Additionally, Lazard has discounted rates with several major airlines and auto rental companies that are preferred carriers when making travel reservations. Further, Lazard does not bill its clients in bankruptcy first class airfares; all amounts billed are for the coach fares only.

Temporary Wages/Word Processing

Lazard utilizes temporary employment services to help staff the Word Processing and Graphics department over the weekends and/or after normal business hours or when full-time staff is unavailable or cannot efficiently complete the projects in demand (presentations, memorandums, etc.) due to various time constraints.

EXHIBIT D

Comdisco, Inc
Summary of Monthly Fee Statements and Payments to Date

| Period Covered | Fees Requested | Expenses Requested ^(b) | Fees Paid | Expenses Paid | Total Paid ^(c) | Net Requested |
|-------------------------------|-----------------------|-----------------------------------|-----------------------|---------------------|---------------------------|-----------------------------------|
| 7/27/02 - 01/31/02 | \$1,200,000.00 | \$40,375.04 | \$1,180,000.00 | \$40,375.04 | \$1,220,375.04 | \$20,000.00 |
| 2/1/02 - 2/28/02 | 200,000.00 | 18,053.12 | 180,000.00 | 18,053.12 | 198,053.12 | 20,000.00 |
| 3/1/02-3/31/02 ^(a) | 200,000.00 | 0.00 | 180,000.00 | 0.00 | 180,000.00 | 20,000.00 |
| 4/1/02 - 4/30/02 | 200,000.00 | 16,884.58 | 180,000.00 | 16,884.58 | 196,884.58 | 20,000.00 |
| 5/1/02 - 5/31/02 | 200,000.00 | 12,774.32 | 180,000.00 | 16,884.58 | 196,884.58 | 15,889.74 |
| 6/1/02 - 6/30/02 | 200,000.00 | 2,955.30 | 180,000.00 | 12,774.32 | 192,774.32 | 10,180.98 |
| Current Expenses | 0.00 | 26,783.73 | 0.00 | 0.00 | 0.00 | 26,783.73 |
| TOTAL | \$2,200,000.00 | \$117,826.09 | \$2,080,000.00 | \$104,971.64 | \$2,184,971.64 | \$132,667.08^(e) |
| | | Less Adjustments ^(d) | | | | |
| | | | | | | -\$187.37 |
| | | Net Expenses Requested | | | | \$117,638.72 |

Notes:

- (a) March 2002 Expenses were submit with April 2002 Fee Statement.
- (b) This amount includes Legal Fees and Expenses in the aggregate amount of \$61,922.29. Relevant invoices and supporting time records are available upon request in the itemized expense detail. Pursuant to paragraph 6 of the Retention Order, Lazard is allowed to seek reimbursement for attorney fees.
- (c) Pursuant to the Interim Fee Order, the Debtors overpaid Lazard's May and June 2002 Fee Statements, amounts overpaid have been applied to total amount requested by Lazard.
- (d) This amount is an adjustment in response to an inquiry from the Fee Review Committee appointed in this case for an erroneously posted charge.
- (e) This amount includes the adjustments as detailed above and explained in note (d).

EXHIBIT D
Comdisco, Inc.
EXPENSE SUMMARY BY MONTH¹
Lazard Frères & Co. LLC

| Expense Type | TOTAL | 02/2001 | 03/2001 | 04/2001 | 05/2001 | 06/2001 | 07/2001 | 08/2001 | 09/2001 | 10/2001 | 11/2001 | 12/2001 | 01/2002 | 02/2002 | 03/2002 | 04/2002 | 05/2002 | 06/2002 | 07/2002 | 08/2002 | 09/2002 | 10/2002 | 11/2002 | 12/2002 | Cumul ² | |
|-------------------------------------|---------------------|----------------|-----------------|-------------------|-------------------|--------------------|--------------------|-------------------|--------------------|---------------|---------------|--------------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|--------------------|
| Car Services and Taxis | \$4,211.91 | \$30.00 | \$224.16 | \$311.15 | \$610.49 | \$794.56 | \$508.87 | \$0.00 | \$122.49 | \$0.00 | \$0.00 | \$1,037.85 | \$389.25 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$183.09 |
| Courier Services | 1,124.90 | 0.00 | 15.60 | 17.00 | 135.25 | 5.78 | 527.25 | 146.25 | 28.06 | 0.00 | 0.00 | 76.27 | 19.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 66.00 |
| Electronic Information Service | 1,066.24 | 0.00 | 0.00 | 399.34 | 27.50 | 15.76 | 483.31 | 10.09 | 23.62 | 0.00 | 0.00 | 69.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Employee Meals | 2,147.84 | 0.00 | 312.14 | 75.36 | 442.50 | 303.79 | 494.39 | 244.41 | 84.24 | 0.00 | 0.00 | 101.48 | 44.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Entertainment | 19.95 | 0.00 | 0.00 | 0.00 | 9.95 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Legal Expenses ³ | 3,315.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 476.55 | 0.00 | 0.00 | 773.36 | 71.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,993.58 |
| Legal Fees ³ | 58,607.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,991.50 | 0.00 | 14,537.75 | 0.00 | 0.00 | 5,641.25 | 6,097.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,445.00 |
| Meals-Subsistence | 2,245.14 | 0.00 | 0.00 | 77.71 | 48.41 | 669.57 | 292.35 | 632.19 | 21.00 | 0.00 | 0.00 | 397.12 | 106.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Misc. Travel Expense | 478.06 | 0.00 | 0.00 | 0.00 | 21.00 | 27.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 279.37 | 150.69 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Photocopying Costs | 5,567.56 | 0.00 | 367.88 | 365.38 | 1,260.70 | 1,136.25 | 2,014.85 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 75.00 |
| Telephone | 1,945.09 | 0.00 | 0.00 | 0.00 | 299.76 | 106.58 | 356.48 | 0.00 | 350.00 | 0.00 | 0.00 | 385.31 | 23.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 23.06 |
| Travel | 37,097.11 | 0.00 | 0.00 | 1,033.30 | 3,667.28 | 10,136.99 | 6,747.90 | 0.00 | 1,376.47 | 0.00 | 0.00 | 8,123.25 | 5,521.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | \$117,826.09 | \$30.00 | \$919.78 | \$2,279.24 | \$6,522.84 | \$13,206.28 | \$17,416.90 | \$1,032.94 | \$17,020.18 | \$0.00 | \$0.00 | \$16,884.58 | \$12,774.32 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$26,783.73 |
| Less Adjustments⁴ | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses Requested | \$117,638.72 | | | | | | | | | | | | | | | | | | | | | | | | | |

Notes:
 (1) The itemized expense detail will be furnished upon request.
 (2) This amount represents amounts incurred during the Final Application period but not yet submit in any prior fee statements.
 (3) Pursuant to paragraph 6 of the Retention Order Lazard is allowed to seek reimbursement for attorney fees. Relevant invoices and supporting time records are available upon request in the itemized expense detail.
 (4) This amount is an adjustment in response to an inquiry from the Fee Review Committee appointed in this case for an erroneously posted charge.

EXHIBIT E

LAZARD FRÈRES & CO. LLC PROJECT TEAM
Official Committee of Unsecured Creditors of Comdisco, Inc.

ERIC S. HANSON, Managing Director

Eric Hanson is a Managing Director in Lazard's Financial Institutions Group. He has spent seventeen years in Lazard's New York office, specializing in advising finance companies, leasing companies and commercial banks.

Mr. Hanson has extensive experience advising financial institutions on matters relating to mergers and acquisitions, corporate finance and restructuring. Advisory assignments include mergers, acquisitions and divestitures for GE Capital, IBM Corporation, Heller Financial, GATX Corporation, the Pritzker Family, Willis Lease Finance Corporation, El Camino Resources, and Electro Rent Corporation; lease and residual portfolio divestitures for United Technologies, GE Capital and various banks; the recapitalization of Air France, advisory to The Creditors Committee on the investment by Berkshire Hathaway in the bankruptcy of FINOVA and bankruptcy advisory on behalf of the creditors of Comdisco.

Prior to joining Lazard in 1984, Mr. Hanson worked in the financial guaranty industry pioneering the use of guaranties in asset financings. From 1979-1981, he worked for Tiger International arranging airline and railroad lease financings.

Mr. Hanson has an M.B.A. from the Kellogg Graduate School of Management and a B.A. from St. Olaf College.

FRANK (TERRY) SAVAGE, Managing Director

Frank A. (Terry) Savage is a Managing Director and Co-Head of Lazard's Restructuring Group. Previously, Mr. Savage served as Co-Head of the Restructuring Practice at BT Alex. Brown, and prior to that, was the Head of the Restructuring Group at Warburg Dillon Read.

Before joining Warburg Dillon Read, Mr. Savage spent a number of years managing troubled companies and gaining "hands-on" management experience. Hired as CEO of Alert Holdings, Inc., he completed a complex restructuring of multiple entities through Chapter 11 proceedings.

He has worked on various restructuring in and out of court such as Marvel Entertainment, Barney's, Hills Department Stores, Integrated Resources, Derby Cycle, Daewoo, Iridium, and Finova. Currently he is working on among others Exodus, UPC, Armstrong World Industries, Safety-Kleen, and Washington Group International.

Mr. Savage has served on numerous boards including Alliance Entertainment, Interlogic Trace and Learjet.

Mr. Savage served as an infantry officer in the United States Marine Corps, including a tour of duty in the Republic of South Vietnam. He is a graduate of the University of Pennsylvania's Wharton School of Business.

DANIEL ARONSON, Director

Mr. Aronson is a Director in the Restructuring Group. Prior to joining Lazard in 2000, Mr. Aronson was an Associate Director with Peter J. Solomon's Restructuring practice in New York. He joined Peter J. Solomon Company in 1999 from Ernst & Young where he was a Partner in the Restructuring practice in Chicago. Prior to his tenure with E&Y in Chicago, Mr. Aronson was with E&Y's Restructuring practice in New York. Mr. Aronson began his career in 1988 with Ernst & Young Entrepreneurial Services Group in New York, providing his clients with audit, tax and systems consulting.

Mr. Aronson has been involved in a broad range of financial advisory assignments including: Acromexico/Mexicana Airlines, American Rice, Armstrong World Industries, Comdisco, Crown Vantage, Edison Brothers Stores, Empress Casino, First Merchants Acceptance Corp., Halston, Hyundai Construction & Engineering, Iowa Select Farms, Iridium, Long John Silver's Restaurants, Kleinfeld's, MIDCOM Communications, Olympia & York (USA), Payless

Cashways, R. H. Macy, Stroh Brewing Company, Thorn Apple Valley, Tokheim Corp., Tru-Serv, Willcox & Gibbs and ZiLOG. He has also advised Schlumberger Limited in their acquisition of CellNet Data Systems.

Mr. Aronson is a Certified Public Accountant and has a B.S. in Business from Skidmore College.

DAVID SCHUSTER, Director

Mr. Schuster is a Director in the Financial Institutions Group.

David Schuster is a Director in Lazard's Banking Group. He specializes in advising financial institutions on mergers and acquisitions. Most recently he has focused on transactions involving consumer commercial finance, asset management, and brokerage companies.

Prior to joining Lazard in 1998, Mr. Schuster worked as an investment banker in the financial institutions group of Bear Stearns & Co. Inc. focusing on commercial finance, consumer finance and mortgage companies. Prior to joining Bear Stearns, Mr. Schuster served as an officer in the United States Army.

Mr. Schuster has a B.S. in accounting from Georgetown University.

AMER BAIG, ASSOCIATE

Mr. Baig is a Associate in the Financial Institutions Group.

Amer Baig joined Lazard in London in 1995 and is an Associate in the Financial Institutions Group. He has been on secondment to the New York office since October 2000.

While at Lazard, Mr. Baig's assignments have included advising clients such as Bank of Ireland and National Australia Bank. Mr. Baig has been involved in a broad range of M&A assignments including: the sale of Alliant Partners to Silicon Valley Bank; the sale of Capitol Transamerica

to Alleghany; Finova's \$11 billion debt restructuring; the sale of Sorema Reinsurance by Groupama to SCOR; the sale of the leasing businesses of El Camino's European operations; the acquisition by Bank of Ireland of Chase de Vere Investments; the sale of Schroders investment bank to Citigroup; the acquisition of Rea Brothers by Close Brothers; and the acquisition by Generali Insurance of Banca della Svizzera Italiana.

Mr. Baig has a B.A. in Economics from Durham University.

KARAN SEHGAL, Senior Financial Analyst

Ms. Sehgal is a Senior Financial Analyst in the Financial Institutions Group.

Karan Sehgal joined Lazard in 2000 and is an Analyst in the Financial Institutions Group.

While at Lazard, Mr. Sehgal's transaction experience includes Royal Bank of Canada's acquisition of Dain Rauscher Corporation; the sale of Michigan National Bank to ABN Amro; the sale of Groupama's reinsurance business to SCOR; the sale of the European leasing businesses of El Camino Limited to CHG Meridian Deutsche Leasing AG; Finova's \$11 billion debt restructuring; the sale of Alliant Partners to Silicon Valley Bank; and GE Capital's acquisition of the commercial real estate and asset based lending portfolios of DaimlerChrysler Capital Services.

Mr. Sehgal has a B.S. from Columbia University.

JOSEPH DAUENHAUER, Analyst

Joseph Dauenhauer joined Lazard in 2001 and is an Analyst in the Restructuring Group. Mr. Dauenhauer is currently involved in several assignments, including Owens-Corning, Exodus Communications, and Comdisco.

Mr. Dauenhauer has a B.S. from Boston College.