

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the quarterly period ended December 31, 2004

or

Transition Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-499-68

COMDISCO HOLDING COMPANY, INC.  
(Exact name of registrant as specified in its charter)

Delaware 54-2066534  
(State or other jurisdiction of (I.R.S. employer  
incorporation or organization) identification no.)

5600 North River Road  
Suite 800  
Rosemont, Illinois 60018  
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (847) 698-3000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 4,034,553 shares of the registrant's Common Stock, \$0.01 par value per share, were outstanding on January 31, 2005.

COMDISCO HOLDING COMPANY, INC.  
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PART I  
FINANCIAL INFORMATION  
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Forward-Looking Statements

This quarterly report on Form 10-Q contains, and our periodic filings with the Securities and Exchange Commission (the "SEC") and written and oral statements made by the Company's officers and directors to press, potential investors, securities analysts and others, will contain, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements are not historical facts, but rather are predictions and generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "estimate," "intend," "plan," "foresee," "looking ahead," "is confident," "should be," "will," "predicted," "likely" or other

words or phrases of similar import. Similarly, statements that describe or contain information related to matters such as our intent, belief, or expectation with respect to financial performance, claims resolution under the Plan (as defined below), cash availability and cost-cutting measures are forward-looking statements. These forward-looking statements often reflect a number of assumptions and involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those currently anticipated in these forward-looking statements. In light of these risks and uncertainties, the forward-looking events might or might not occur, which may affect the accuracy of forward-looking statements and cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements.

Important factors that could cause actual results to differ materially from those suggested by these written or oral forward-looking statements, and could adversely affect our future financial performance, include the risk factors discussed below in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operation. Many of the risk factors that could affect the results of the Company's operations are beyond our ability to control or predict.

#### ITEM 1. FINANCIAL STATEMENTS

THE COMPANY EMERGED FROM CHAPTER 11 BANKRUPTCY PROCEEDINGS ON AUGUST 12, 2002. THE PURPOSE OF THE COMPANY IS TO SELL, COLLECT OR OTHERWISE REDUCE TO MONEY IN AN ORDERLY MANNER THE REMAINING ASSETS OF THE CORPORATION. PURSUANT TO THE COMPANY'S FIRST AMENDED JOINT PLAN OF REORGANIZATION (THE "PLAN") AND RESTRICTIONS CONTAINED IN THE COMPANY'S CERTIFICATE OF INCORPORATION, THE COMPANY IS SPECIFICALLY PROHIBITED FROM ENGAGING IN ANY BUSINESS ACTIVITIES INCONSISTENT WITH ITS LIMITED BUSINESS PURPOSE. ACCORDINGLY, WITHIN THE NEXT FEW YEARS, IT IS ANTICIPATED THAT THE COMPANY WILL HAVE REDUCED ALL OF ITS ASSETS TO CASH AND MADE DISTRIBUTIONS OF ALL AVAILABLE CASH TO HOLDERS OF ITS COMMON STOCK AND CONTINGENT DISTRIBUTION RIGHTS IN THE MANNER AND PRIORITIES SET FORTH IN THE PLAN. AT THAT POINT, THE COMPANY WILL CEASE OPERATIONS AND NO FURTHER DISTRIBUTIONS WILL BE MADE. THE COMPANY FILED ON AUGUST 12, 2004 A CERTIFICATE OF DISSOLUTION WITH THE SECRETARY OF STATE OF THE STATE OF DELAWARE TO FORMALLY EXTINGUISH COMDISCO HOLDING COMPANY, INC.'S CORPORATE EXISTENCE WITH THE STATE OF DELAWARE EXCEPT FOR THE PURPOSE OF COMPLETING THE WIND-DOWN CONTEMPLATED BY THE PLAN.

Comdisco Holding Company, Inc.  
CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) (UNAUDITED)  
(in millions except per share data)

|  | Three months ended |        |
|--|--------------------|--------|
|  | December 31,       |        |
|  | ----               | ----   |
|  | 2004               | 2003   |
|  | -----              | -----  |
| Revenue  |                    |        |
| Leasing  |                    |        |
| Operating .....  | \$ --              | \$ 7   |
| Direct financing .....   | --                 | 1      |
| Sales-type .....   | --                 | 1      |
|  | -----              | -----  |
| Total leasing .....  | --                 | 9      |
| Sales .....  | 2                  | 21     |
| Agere lease participation payment .....  | 2                  | 7      |
| SIP recovery .....   | 5                  | -      |
| Sale of properties .....   | --                 | 2      |
| Other .....  | 8                  | 7      |
|  | -----              | -----  |
| Total revenue .....  | 17                 | 46     |
|  | -----              | -----  |
| Costs and expenses   |                    |        |
| Leasing  |                    |        |
| Operating .....  | --                 | 4      |
| Sales-type .....   | --                 | 1      |
|  | -----              | -----  |
| Total leasing .....  | --                 | 5      |
| Sales .....  | 1                  | 17     |
| Selling, general and administrative .....                                      | 6                  | 6      |
| Contingent distribution rights .....   | 3                  | --     |
| Write-down of equity securities .....  | --                 | --     |
| Bad debt expense .....   | (2)                | (5)    |
|  | -----              | -----  |
| Total costs and expenses .....   | 8                  | 23     |
|  | -----              | -----  |
| Earnings (loss) from continuing operations before income taxes (benefit) ..... | 9                  | 23     |
| Income taxes (benefit) .....   | --                 | (3)    |
|  | -----              | -----  |
| Earnings (loss) from continuing operations .....                               | 9                  | 26     |
| Earnings (loss) from discontinued operations, net of tax .....                 | --                 | (12)   |
|  | -----              | -----  |
| Net earnings .....   | \$ 9               | \$ 14  |
|  | =====              | =====  |
| Basic earnings (loss) per common share:  |                    |        |
| Earnings (loss) from continuing operations .....                               | \$2.20             | \$6.16 |
| Earnings (loss) from discontinued operations .....                             | 0.04               | (2.87) |
|  | -----              | -----  |
| Net earnings .....   | \$2.24             | \$3.29 |
|  | =====              | =====  |
| Diluted earnings (loss) per common share:                                      |                    |        |
| Earnings (loss) from continuing operations .....                               | \$2.20             | \$6.16 |
| Earnings (loss) from discontinued operations .....                             | 0.04               | (2.87) |
|  | -----              | -----  |
| Net earnings .....   | \$2.24             | \$3.29 |
|  | =====              | =====  |

See accompanying notes to consolidated financial statements.

Comdisco Holding Company, Inc.  
CONSOLIDATED BALANCE SHEETS  
(in millions except share data)

|   | (Unaudited)<br>December 31,<br>2004<br>----- | (Audited)<br>September 30,<br>2004<br>----- |
|---|--|---|
| <b>ASSETS</b>   |  |   |
| Cash and cash equivalents .....   | \$ 145                                       | \$ 157                                      |
| Cash - legally restricted .....   | 11   | 10  |
| Receivables, net .....  | 5  | 4   |
| Inventory of equipment .....  | 2  | 1   |
| Leased assets:  |  |   |
| Direct financing and sales-type .....   | -  | 1   |
| Operating (net of accumulated depreciation) ...   | -  | 2   |
|   | -----  | -----                                       |
| Net leased assets .....   | -  | 3   |
| Equity securities .....   | 14   | 14  |
| Assets of discontinued operations .....   | 4  | 5   |
| Other assets .....  | 4  | 4   |
|   | -----  | -----                                       |
|   | \$ 185                                       | \$ 198                                      |
|   | =====  | =====                                       |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |  |   |
| Accounts payable .....  | \$ 1   | \$ 2  |
| Income taxes .....  | 7  | 6   |
| Liabilities related to assets of  |  |   |
| discontinued operations .....   | 1  | 1   |
| Deferred income .....   | -  | 2   |
| Other liabilities:  |  |   |
| Accrued compensation .....  | 8  | 12  |
| Contingent distribution rights .....  | 57   | 70  |
| Other .....   | 2  | 2   |
|   | -----  | -----                                       |
| Total other liabilities .....   | 67   | 84  |
|   | -----  | -----                                       |
|   | 76   | 95  |
| Stockholders' equity:   |  |   |
| Common stock \$.01 par value. Authorized<br>10,000,000 shares; issued 4,200,000 shares<br>4,034,553 shares outstanding at<br>December 31, 2004 (4,196,022 at<br>September 30, 2004) ..... | -  | -   |
| Additional paid-in capital .....  | 109  | 109   |
| Accumulated other comprehensive income .....  | 11   | 10  |
| Retained deficit .....  | (7)  | (16)  |
| Common stock held in treasury, at cost; 165,447<br>shares at December 31, 2004 and 3,978<br>September 30, 2004 .....  | (4)  | -   |
|   | -----  | -----                                       |
| Total stockholders' equity .....  | 109  | 103   |
|   | -----  | -----                                       |
|   | \$ 185                                       | \$ 198                                      |
|   | =====  | =====                                       |

See accompanying notes to consolidated financial statements.

Comdisco Holding Company, Inc.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
(in millions)  
For the three months ended December 31, 2004 and 2003

|  | 2004   | 2003   |
|--|--------|--------|
|  | -----  | -----  |
| Cash flows from operating activities:                      |        |        |
| Operating lease and other leasing receipts .....           | \$ 1   | \$ 18  |
| Sales of equipment .....                                   | 1      | 23     |
| Note receivable receipts .....                             | -      | 1      |
| Warrant proceeds .....                                     | 3      | 1      |
| Other revenue .....  | 6      | 12     |
| Collections and recoveries .....                           | 2      | 5      |
| Selling, general and administrative expenses .....         | (6)    | (37)   |
| Contingent distribution rights payments .....              | (15)   | (8)    |
| Income taxes .....   | -      | 25     |
|  | -----  | -----  |
| Net cash provided (used) by continuing operations .....    | (8)    | 40     |
| Net cash provided (used) by discontinued operations ....   | (1)    | 8      |
|  | -----  | -----  |
| Net cash provided (used) by operating activities .....     | (9)    | 48     |
|  | -----  | -----  |
| Cash flows from investing activities:                      |        |        |
| Equipment purchased for leasing .....                      | -      | (1)    |
| Equipment purchased for leasing by discontinued operations | -      | (1)    |
| Other .....  | -      | (1)    |
|  | -----  | -----  |
| Net cash used in investing activities .....                | -      | (3)    |
|  | -----  | -----  |
| Cash flows from financing activities:                      |        |        |
| Cash used by discontinued operations .....                 | -      | (2)    |
| Common stock purchased and placed in treasury .....        | (4)    | -      |
| Dividends paid on Common Stock .....                       | -      | (50)   |
| Decrease (increase) in legally restricted cash .....       | (1)    | 13     |
| Other .....  | 2      | (1)    |
|  | -----  | -----  |
| Net cash used in financing activities .....                | (3)    | (40)   |
|  | -----  | -----  |
| Net increase (decrease) in cash and cash equivalents ..... | (12)   | 5      |
| Cash and cash equivalents at beginning of period .....     | 157    | 97     |
|  | -----  | -----  |
| Cash and cash equivalents at end of period .....           | \$ 145 | \$ 102 |
|  | =====  | =====  |

See accompanying notes to consolidated financial statements.

Comdisco Holding Company, Inc.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) -- CONTINUED  
(in millions)  
For the three months ended December 31, 2004 and 2003

|  | 2004   | 2003  |
|--|--------|-------|
|  | ----   | ----  |
| Reconciliation of earnings (loss) from<br>continuing operations to net cash provided by<br>operating activities:       |        |       |
| Earnings (loss) from continuing operations .....   | \$ 9   | \$ 26 |
| Adjustments to reconcile earnings (loss) from<br>continuing operations to net cash provided by<br>operating activities |        |       |
| Leasing costs, primarily depreciation and<br>amortization .....  | -      | 5     |
| Leasing revenue, primarily principal portion<br>of direct financing and sales-type lease rentals                       | -      | 9     |
| Cost of sales .....  | 1      | 17    |
| Technology services costs, primarily<br>depreciation and amortization .....  | -      | 1     |
| Income taxes .....   | -      | 22    |
| Principal portion of notes receivable .....  | -      | 1     |
| Selling, general, and administrative expenses ....   | (1)    | (32)  |
| Contingent distribution rights .....   | (12)   | (8)   |
| Other, net .....   | (5)    | (1)   |
|  | ----   | ----  |
| Net cash provided (used) by continuing operations  | (8)    | 40    |
| Net cash provided (used) by discontinued operations  | (1)    | 8     |
|  | ----   | ----  |
| Net cash provided (used) by operating activities   | \$ (9) | \$ 48 |
|  | ====   | ====  |

See accompanying notes to consolidated financial statements.

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COMDISCO HOLDING COMPANY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
December 31, 2004 and 2003

The following discussion and analysis should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 2 below and in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2004, and with the Consolidated Financial Statements and related notes in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2004.

1. Reorganization

On July 16, 2001, Comdisco, Inc. ("Predecessor") and 50 of its domestic subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy court") (consolidated case number 01-24795) (the "Filing"). Comdisco Holding Company, Inc., as the successor company ("Successor") to Comdisco, Inc., emerged from bankruptcy under a confirmed plan of reorganization (the First Amended Joint Plan of Reorganization (the "Plan")) that became effective on August 12, 2002 (the "Effective Date"). For financial reporting purposes only, however, the effective date for implementation of fresh-start reporting was July 31, 2002.

Comdisco Holding Company, Inc. was formed on August 8, 2002 for the purpose of selling, collecting or otherwise reducing to money in an orderly manner the remaining assets of the Company and all of its direct and indirect subsidiaries, including Comdisco, Inc. The Company's business purpose is limited to the

orderly sale or run-off of all its remaining assets. Pursuant to the Plan and restrictions contained in its certificate of incorporation, the Company is specifically prohibited from engaging in any business activities inconsistent with its limited business purpose.

## 2. Basis of Presentation

In this quarterly report on Form 10-Q, references to "the Company," "Comdisco Holding," "we," "us" and "our" mean Comdisco Holding Company, Inc., its consolidated subsidiaries, including the former Comdisco Global Holding Company, Inc., Comdisco, Inc., the former Comdisco Domestic Holding Company, Inc. and Comdisco Ventures, Inc., and its predecessors, except in each case where the context indicates otherwise. References to "Comdisco, Inc." mean Comdisco, Inc. and its subsidiaries, other than the Prism entities, prior to the Company's emergence from bankruptcy on August 12, 2002, except where the context indicates otherwise.

Due to the Company's reorganization and implementation of fresh-start reporting, the consolidated financial statements for the Successor company, presented herein, are not comparable to those of the Predecessor company, presented in prior filings with the SEC.

Certain reclassifications, including those for discontinued operations, have been made in the 2004 fiscal year financial statements to conform to the 2005 fiscal year presentation.

## 3. Discontinued Operations

Because of the sale of assets, amounts in the consolidated financial statements and related notes for all periods shown have been restated to account for the US Leasing operations, International Leasing and German operations (the "German Leasing Subsidiary") as discontinued operations. "International Leasing" refers to the Company's former French, Swiss, Austrian, Australian and New Zealand leasing operations. The Company sold the stock of its French, Swiss and Austrian subsidiaries and sold the assets of its Australian and New Zealand operations. Each of the aforementioned transactions resulted from an extensive offering and competitive bidding process run by the Company's independent investment banking firm.

Revenue and net earnings from discontinued operations for the three months ended December 31, 2004 were nominal. The following is summary financial information for the Company's discontinued operations for the three months ended December 31, 2003:

<TABLE>

<CAPTION>

|   | US Leasing | International<br>Leasing | German<br>Leasing<br>Subsidiary | Total   |
|---|------------|--------------------------|---------------------------------|---------|
|   | -----      | -----                    | -----                           | -----   |
| <S>   | <C>        | <C>                      | <C>                             | <C>     |
| Revenue                                       | \$ 7       | \$ 1                     | \$ -                            | \$ 8    |
|   | =====      | =====                    | =====                           | =====   |
| Earnings (loss) from discontinued operations: |            |                          |                                 |         |
| Before income taxes                           | \$ (7)     | \$ 1                     | \$ (6)                          | \$ (12) |
| Income taxes                                  | -          | -                        | -                               | -       |
|   | -----      | -----                    | -----                           | -----   |
| Net earnings (loss)                           | \$ (7)     | \$ 1                     | \$ (6)                          | \$ (12) |
|   | =====      | =====                    | =====                           | =====   |

</TABLE>

## 4. Receivables

Receivables include the following as of December 31, 2004 and September 30,

2004 (in millions):

|                             | December 31,<br>2004 | September 30,<br>2004 |
|-----------------------------|----------------------|-----------------------|
| Notes                       | \$ 1                 | \$ 2                  |
| Accounts                    | 1                    | 1                     |
| SIP recovery                | 1                    | -                     |
| Other                       | 3                    | 2                     |
|                             | -----                | -----                 |
| Total receivables           | 6                    | 5                     |
| Allowance for credit losses | (1)                  | (1)                   |
|                             | -----                | -----                 |
| Total                       | \$ 5                 | \$ 4                  |
|                             | =====                | =====                 |

#### SIP recovery

In February 1998, pursuant to Comdisco, Inc.'s Shared Investment Plan ("SIP"), senior managers of Comdisco, Inc. (the "SIP participants") took out full recourse, personal loans (the "SIP Loans") to purchase approximately six million shares of Comdisco, Inc.'s common stock. In connection therewith, Comdisco, Inc. executed a guaranty dated February 2, 1998 (the "Guaranty") providing a guaranty of the loans in the event of default by the SIP participants to the lenders under the SIP (the "SIP Lenders"). On November 29, 2001, the SIP Lenders filed a master proof of claim in the Comdisco, Inc. Bankruptcy in the amount of \$133 million ("SIP Guaranty Claim").

On December 22, 2004, Comdisco settled the Guaranty on the SIP Loans. As part of the settlement, the individual notes signed by the SIP participants were assigned to either the Company or the litigation trust. The notes assigned to the Company relate to individual SIP participants who settled with the Company prior to the settlement with the SIP Lenders. During the three months ended December 31, 2004, Comdisco recorded approximately \$5 million of SIP recovery revenue consisting primarily of restricted cash currently held by the Company and \$1 million of receivable for the balance of the notes assigned to the Company. Comdisco expects the restricted cash to be released to the Company in the second quarter of fiscal 2005.

#### Allowance

The allowance for credit losses includes the Company's estimate of the amounts expected to be uncollectable on specific accounts.

#### 5. Equity Securities

Windspeed Acquisition Fund GP, LLC ("Windspeed") manages the Company's investments in equity securities. Windspeed receives fixed and declining management fees. Additionally, after the Company has realized a specified amount, Windspeed will share in the net receipts at various percentages.

Realized gains or losses are recorded on the trade date based upon the difference between the proceeds and the cost basis determined using the specific identification method. Net realized gains are included in other revenue in the consolidated statements of earnings (loss).

#### Marketable equity securities:

The Company's available-for-sale security holdings were as follows (in millions):

|                    | Cost | Gross<br>unrealized<br>gains | Gross<br>unrealized<br>losses | Market<br>value |
|--------------------|------|------------------------------|-------------------------------|-----------------|
|                    | ---- | -----                        | -----                         | -----           |
| September 30, 2004 | \$ 1 | \$ 8                         | \$ -                          | \$ 9            |
| December 31, 2004  | \$ 1 | \$ 8                         | \$ -                          | \$ 9            |

Changes in the valuation of available-for-sale securities are included as

changes in the unrealized holding gains (losses) in accumulated other comprehensive income (loss) (see Note 6 of Notes to Consolidated Financial Statements). At December 31, 2004, the Company held securities of four publicly-traded companies: Blue Nile, Inc., Cytokinetics, Inc., Theravance, Inc. and Volterra Semiconductor Corporation. Each of these holdings are subject to lock-up periods, which restrict the Company's ability to sell in the near term.

The Company's practice is to work in conjunction with Windspeed to sell its marketable equity securities upon the expiration of the lock-up period utilizing various timing strategies which seek to maximize the return to the Company.

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Equity investments in private companies:

The Company's policy for equity investments in privately held companies, which are non-quoted investments, is, in consultation with Windspeed, to regularly review the assumptions underlying the operating performance and cash flow forecasts in assessing the carrying values. The Company identifies and records impairment losses on equity securities when market and customer specific events and circumstances indicate the carrying value might be impaired. All write-downs are considered permanent impairments for financial reporting purposes.

#### 6. Stockholders' Equity

When the Company emerged from bankruptcy, 4,200,000 shares of Common Stock were issued. As of December 31, 2004, the Company had 4,034,553 shares of Common Stock outstanding and 165,447 shares of Common Stock held in treasury.

Stockholders' equity consists of the following (in millions):

<TABLE>

<CAPTION>

|  | Common<br>stock | Additional<br>paid-in<br>capital | Accumulated<br>other compre-<br>hensive income | Retained<br>earnings | Common<br>stock in<br>treasury | Total  |
|--|-----------------|----------------------------------|--|----------------------|--------------------------------|--------|
| Balance at September 30, 2004          | \$ -            | \$ 109                           | \$ 10  | \$ (16)              | \$ -                           | \$ 103 |
| Net income                             |                 |                                  |  | 9                    |                                | 9      |
| Translation adjustment                 |                 |                                  | 1  |                      |                                | 1      |
| Change in unrealized gain              |                 |                                  | -  |                      |                                | -      |
| Total comprehensive income             |                 |                                  |  |                      |                                | 10     |
| Liquidating dividend                   |                 | -                                |  | -                    |                                | -      |
| Common Stock placed in treasury<br>(4) |                 |                                  |  |                      | (4)                            |        |
| Balance at December 31, 2004           | \$ -            | \$ 109                           | \$ 11  | \$ (7)               | \$ (4)                         | \$ 109 |

</TABLE>

In November 2004, in connection with the settlement of the Ventures compensation dispute, the Company received from the Disputed Claims Reserve 31,681 shares of Common Stock which were placed in treasury stock.

In December 2004, in connection with the settlement of the SIP Guaranty Claim, the Company received from the Disputed Claims Reserve 129,788 shares of Common Stock which were placed in treasury stock. The shares were in partial payment of a pre-bankruptcy receivable of Comdisco, Inc. set-off by the claimant against amounts due the claimant under the SIP Guaranty (see Note 4 of Notes to Consolidated Financial Statements).

Total comprehensive income (loss) consists of the following (in millions):

Three months  
ended December 31,

|  | 2004  | 2003  |
|--|-------|-------|
|  | ----  | ----  |
| Foreign currency translation adjustments                                       | \$ 1  | \$ 1  |
| Unrealized gains (losses) on securities:                                       |       |       |
| Unrealized holding gains (losses) arising during the period                    | 3     | (2)   |
| Reclassification adjustment for gains included in earnings before income taxes | (3)   | (1)   |
|  | ----  | ----  |
| Net unrealized gains (losses), before income taxes                             | -     | (3)   |
| Income taxes   | -     | -     |
|  | ----  | ----  |
| Net unrealized gains (losses)  | -     | (3)   |
|  | ----  | ----  |
| Other comprehensive income (loss)  | 1     | (2)   |
| Net earnings   | 9     | 14    |
|  | ----  | ----  |
| Total comprehensive income   | \$ 10 | \$ 12 |
|  | ====  | ====  |

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7. Other Financial Information

Legally restricted cash is comprised of the following at December 31, 2004 and September 30, 2004 (in millions):

|                                | December 31,<br>2004 | September 30,<br>2004 |
|--------------------------------|----------------------|-----------------------|
|                                | -----                | -----                 |
| Incentive compensation escrows | \$ 6                 | \$ 6                  |
| SIP Recovery                   | 3                    | 3                     |
| Held by Windspeed              | 2                    | 1                     |
|                                | -----                | -----                 |
|                                | \$ 11                | \$ 10                 |
|                                | =====                | =====                 |

Other assets consists of the following (in millions):

|                | December 31,<br>2004 | September 30,<br>2004 |
|----------------|----------------------|-----------------------|
|                | -----                | -----                 |
| Deferred costs | \$ 3                 | \$ 3                  |
| Other          | 1                    | 1                     |
|                | -----                | -----                 |
|                | \$ 4                 | \$ 4                  |
|                | =====                | =====                 |

Other liabilities consists of the following (in millions):

|                         | December 31,<br>2004 | September 30,<br>2004 |
|-------------------------|----------------------|-----------------------|
|                         | -----                | -----                 |
| Accrued compensation    | \$ 8                 | \$ 12                 |
| CDRs                    | 57                   | 70                    |
| Other:                  |                      |                       |
| Taxes other than income | 1                    | 1                     |
| Other                   | 1                    | 1                     |
|                         | -----                | -----                 |
| Total Other             | 2                    | 2                     |
|                         | -----                | -----                 |
|                         | \$ 67                | \$ 84                 |
|                         | =====                | =====                 |

The liability for accrued compensation includes payroll and estimated

amounts payable under the Company's Bankruptcy court approved compensation plans.

In December 2004, the Company made a cash payment of \$.0982 per CDR (an aggregate distribution of approximately \$15 million) to CDR holders.

8. Financial Information by Business Segment and Geographic Area

The following table presents total revenue by geographic location based on the location of the Company's offices (in millions):

|               | Three months<br>ended December 31, |       |
|---------------|------------------------------------|-------|
|               | 2004                               | 2003  |
| North America | \$ 16                              | \$ 30 |
| Europe        | 1                                  | 16    |
| Total         | \$ 17                              | \$ 46 |

The following table presents total assets and cash by geographic location based on the location of the Company's offices (in millions):

|               | December 31,<br>2004 |       | September 30,<br>2004 |       |
|---------------|----------------------|-------|-----------------------|-------|
|               | Assets               | Cash  | Assets                | Cash  |
| North America | \$ 180               | \$152 | \$ 191                | \$162 |
| Europe        | 5                    | 4     | 7                     | 5     |
| Total         | \$ 185               | \$156 | \$ 198                | \$167 |

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2004, and with the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2004.

THE COMPANY EMERGED FROM CHAPTER 11 BANKRUPTCY PROCEEDINGS ON AUGUST 12, 2002. THE PURPOSE OF THE COMPANY IS TO SELL, COLLECT OR OTHERWISE REDUCE TO MONEY IN AN ORDERLY MANNER THE REMAINING ASSETS OF THE CORPORATION. PURSUANT TO THE COMPANY'S FIRST AMENDED JOINT PLAN OF REORGANIZATION (THE "PLAN") AND RESTRICTIONS CONTAINED IN THE COMPANY'S CERTIFICATE OF INCORPORATION, THE COMPANY IS SPECIFICALLY PROHIBITED FROM ENGAGING IN ANY BUSINESS ACTIVITIES INCONSISTENT WITH ITS LIMITED BUSINESS PURPOSE. ACCORDINGLY, WITHIN THE NEXT FEW YEARS, IT IS ANTICIPATED THAT THE COMPANY WILL HAVE REDUCED ALL OF ITS ASSETS TO CASH AND MADE DISTRIBUTIONS OF ALL AVAILABLE CASH TO HOLDERS OF ITS COMMON STOCK AND CONTINGENT DISTRIBUTION RIGHTS IN THE MANNER AND PRIORITIES SET FORTH IN THE PLAN. AT THAT POINT, THE COMPANY WILL CEASE OPERATIONS AND NO FURTHER DISTRIBUTIONS WILL BE MADE. THE COMPANY FILED ON AUGUST 12, 2004 A CERTIFICATE OF DISSOLUTION WITH THE SECRETARY OF STATE OF THE STATE OF DELAWARE TO FORMALLY EXTINGUISH COMDISCO HOLDING COMPANY, INC.'S CORPORATE EXISTENCE WITH THE STATE OF DELAWARE EXCEPT FOR THE PURPOSE OF COMPLETING THE WIND-DOWN CONTEMPLATED BY THE PLAN.

## Wind-Down of Operations

Since emerging from bankruptcy proceedings on August 12, 2002, the Company has, pursuant to the Plan, focused on the monetization of its remaining assets. Therefore, comparisons of quarter-to-quarter or year-to-year results of operations should not be relied upon as an indication of the Company's future performance.

The Company has reduced, and expects to continue to reduce, the size and complexity of its organizational and systems infrastructure concurrently with the monetization of its assets.

On August 12, 2004, Randolph I. Thornton's appointment as Initial Disbursing Agent became effective. As Initial Disbursing Agent, he assumed the roles and responsibilities performed by the former Board of Directors and officers of the Company, including all measures which are necessary to complete the administration of the reorganized debtors' Plan and Chapter 11 cases.

See "Risk Factors Relating to the Company--Uncertainties Relating to the Wind-down of Operations."

### Overview

On July 16, 2001, Comdisco, Inc. and 50 of its domestic subsidiaries voluntarily filed for bankruptcy.

Comdisco Holding Company, Inc., as the successor company to Comdisco, Inc., emerged from bankruptcy under a confirmed plan of reorganization that was effective on August 12, 2002. In accordance with the Plan, Comdisco Holding became the successor to Comdisco, Inc.

Since the Company emerged from Chapter 11 bankruptcy proceedings on August 12, 2002, the Company's business activities have been limited to the orderly sale or run-off of all of its existing asset portfolios. Pursuant to the Plan and restrictions contained in its certificate of incorporation, the Company is specifically prohibited from engaging in any business activities inconsistent with its limited business purpose. Since emerging from bankruptcy, the Company has not engaged in any new leasing or financing activities, except for previously existing customer commitments and the restructuring of existing equipment leases and loans to maximize the value of the Company's assets. See "Risk Factors Relating to the Company--Uncertainties Relating to the Bankruptcy Plan and the Limited Business Plan."

The Company's revenues are generated primarily by sales of equipment from inventory, off-lease sales, the sale of equity securities, interest income on cash balances and, for the three months ended December 31, 2004, one-time events such as its participation interest in certain Agere lease payments, the SIP recovery and other settlements. Because of the Company's declining assets, revenue has declined significantly in the current year period compared to the year earlier period and, because of the Company's limited business purpose, this trend is expected to continue. The Company's expenses are primarily cost of equipment sold, CDRs, and selling, general and administrative expense (including legal costs associated with the administration and/or litigation of Disputed Claims). As a result of the wind-down of operations, the Company expects continued declines in total costs and expenses, subject to volatility in the amount of expense associated with the liability for CDRs.

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All funds generated from the Company's remaining assets are required by the Plan to be used to satisfy liabilities of the Company and, to the extent funds are available, to pay dividends on the Company's Common Stock and to make distributions with respect to the CDRs in the manner and priorities set forth in the Plan. Payments to CDR holders resulting from recent claims resolution were \$15 million in the three months ended December 31, 2004.

The Company is required to maintain sufficient cash reserves for the potential CDR liability associated with the eventual allowance or disallowance of the remaining Disputed Claims. The outcome and the timing of the resolution

of the remaining Disputed Claims will impact both the timing and the amount of future dividends and CDR payments. See "Critical Accounting Policies" and "Risk Factors Relating to the Company" for a discussion of the impact of Disputed Claims on the distributions.

The Company has material restrictions on its ability, and does not expect, to make significant investments in new or additional assets. The Company continually evaluates opportunities for the orderly sale and run-off of its remaining assets. Accordingly, within the next few years, it is anticipated that the Company will have reduced all of its assets to cash, substantially or completely resolved the Disputed Claims in the bankruptcy estate of Comdisco, Inc. and made distributions of all available cash to holders of its Common Stock and CDRs in the manner and priorities set forth in the Plan. At that point, the Company will cease operations and no further distributions will be made.

The Company's assets at December 31, 2004 consist primarily of cash, receivables and equity securities. The Company believes that its collections on leases in default, recoveries on accounts previously written off, and proceeds from the disposition of equity securities will likely provide future cash flows in excess of the current carrying value of these assets.

Collections and recoveries: The Company has potential collections on accounts that are in default and recoveries on accounts previously written off. A substantial number of such recoveries involve prior lessees or debtors now in bankruptcy and in whose respective case the Company has filed and is pursuing a claim to maximize its recovery. It is the Company's expectation that actual collections and recoveries will exceed the approximately \$1.0 million receivable amount reflected in the Company's financial statements as of December 31, 2004 (see Note 4 of Notes to Consolidated Financial Statements). The amount and timing of such collections and recoveries, if any, are subject to the risk factors discussed in "Risk Factors Relating to the Company--Uncertainties in Collections and Recoveries."

Equity Securities: The Company carries its common stock and preferred stock investments in public companies at fair market value and in private companies at the lower of cost or estimated fair market value in its financial statements. Any warrants held by the Company in private companies are carried at zero value (collectively, "Equity Investments"). Any write-downs in the carrying value of such Equity Investments in private companies are considered permanent for financial reporting purposes. See "Critical Accounting Policies". It is the Company's expectation that the amount ultimately realized on Equity Investments will, in the aggregate, exceed the amount reflected in the financial statements as of December 31, 2004. The Company estimates that the realizable value, net of fees and sharing with Windspeed, at December 31, 2004 for its common stock, preferred stock and warrants in private companies was approximately \$22 million. The following table summarizes the changes in the value of the Company's equity securities since September 30, 2004:

|  | Public<br>Companies(1) | Private<br>Companies (2) |
|--|------------------------|--------------------------|
|  | -----                  | -----                    |
| September 30, 2004 estimated<br>realizable value | \$ 9                   | \$ 20                    |
| Realized--net of fees                            | (3)                    | -                        |
| Increase in unrealized estimated value (3)       | 3                      | 2                        |
|  | -----                  | -----                    |
| December 31, 2004 estimated<br>realizable value  | \$ 9                   | \$ 22                    |
|  | =====                  | =====                    |

(1) Carrying value of public companies for financial statements. See Note 5 of Notes to Consolidated Financial Statements.

(2) Carrying value of private companies for financial statements is cost, or approximately \$5 million.

(3) Net of fees and sharing with Windspeed.

The Company's estimate was made in consultation with Windspeed Acquisition Fund GP, LLC ("Windspeed"), a professional management group which the Company engaged to manage the Company's Equity Investments on an ongoing basis in February 2004. However, there is no assurance as to the timing or the amount the Company will ultimately realize on the Equity Investments. The Company's expectations are subject to the risk factors discussed in "Risk Factors Relating to the Company--Current Market Conditions Have Made It Difficult and May Continue to Make It Difficult for the Company to Timely Realize on the Value of Its Warrant and Equity Securities" and "Company Exposed to Asset Concentration Risk."

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#### Critical Accounting Policies

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires Comdisco to use estimates and assumptions that affect reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. These estimates are subject to known and unknown risks, uncertainties and other factors that could materially impact the amounts reported and disclosed in the consolidated financial statements.

The SEC issued Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" which recommends that companies provide additional disclosure and analysis of those accounting policies considered most critical.

The Company believes the following to be among the most critical judgment areas in the application of its accounting policies:

- o CDRs and CDR Liability: The Plan entitles holders of Comdisco Holding's CDRs to share at increasing percentages in the proceeds realized from the monetization of the Company's assets based upon the present value of distributions made to the general unsecured creditors in the bankruptcy estate of Comdisco, Inc.

Management has adopted a methodology for estimating the amount due to CDR holders following the provisions of Statement of Financial and Accounting Standards No. 5, "Accounting For Contingencies" ("SFAS No. 5"). Under SFAS No. 5, a liability must be booked that is probable and reasonably estimable as of the balance sheet date.

The amount due to CDR holders is based on the amount and timing of distributions made to former creditors of the Company's predecessor, Comdisco, Inc., and is impacted by both the value received from the orderly sale or run-off of Comdisco Holding's assets and the resolution of Disputed Claims still pending in the bankruptcy estate of Comdisco, Inc.

The Company is not able to definitively estimate either the ultimate value to be received for the remaining assets or the final resolution of the remaining Disputed Claims. Accordingly, the Company does not forecast these outcomes in calculating the liability. Instead, the liability calculation uses the Company's book equity value as the basis for remaining asset value, reduced for estimated operating expenses and increased for the estimated fair market value of the remaining property held for sale.

In addition, the liability for CDRs is calculated assuming Disputed Claims are either: 1) allowed at the amount estimated for the Disputed Claim, or; 2) allowed at an approved amount where a settlement agreement or Bankruptcy court order exists ("Approved Claims"). Any estimates exceeding the Approved Claims would be considered disallowed for purposes of the CDR liability. The amounts due to CDR holders will be greater to the extent that Disputed Claims are disallowed. The disallowance of a Disputed Claim results in a distribution from the Disputed Claims Reserve to previously allowed creditors that is

entirely in excess of the minimum percentage recovery threshold, above which recoveries to general unsecured creditors are shared with CDR holders. In contrast, the allowance of a Disputed Claim results in a distribution to a newly allowed creditor that is only partially in excess of the minimum percentage recovery threshold.

Estimated Disputed Claims consisted of \$289 million as of September 30, 2004. On November 15, 2004, a distribution from the Disputed Claims Reserve in connection with approximately \$85 million of estimated Disputed Claims was made to creditors, which consisted of approximately \$30 million of claims allowed and paid to new claimholders and approximately \$55 million of claims disallowed resulting in the associated funds being redistributed to all unsecured creditors through a supplemental distribution. After the distribution, the remaining estimated Disputed Claims totaled approximately \$204 million.

Since the November 15, 2004 distribution, \$183 million of the \$204 million remaining estimated Disputed Claims have been allowed or disallowed in full or in part by the Company either through a settlement with certain parties, or the issuance of a Bankruptcy court order, leaving only \$21 million unresolved at the date of this filing. These \$21 million in estimated Disputed Claims have been considered allowed for purposes of the CDR liability. If the \$21 million is ultimately ruled as disallowed, the CDR liability would increase by approximately \$8 million.

\$62 million of the approximately \$183 million of Approved Claims are expected to be ultimately disallowed. A portion of the \$62 million estimated Disputed Claims are under appeal as of the date of this filing. Any detrimental ruling to the Company under appeal may materially reduce the CDR liability as of December 31, 2004 and could negatively impact future CDR distributions. If the \$62 million is ultimately ruled as allowed, the CDR liability would be reduced by

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approximately \$25 million.

The remaining \$121 million of the approximately \$183 million relates to the settlement between the Company and the bank group relating to its unconditional guaranty on the Shared Investment Plan ("SIP"). On December 9, 2004, the Bankruptcy court approved this settlement. While the settlement resulted in an Allowed Claim of \$133 million, the SIP Lenders agreed to receive a reduced cash amount of approximately \$123 million, which is net of an approximately \$3 million off-set due Comdisco. The SIP Lenders waived their rights to any consideration in excess of the \$123 million cash payment. On December 22, 2004, Comdisco paid the \$123 million cash payment from the Disputed Claims Reserve. On January 11, 2005, the \$3 million off-set was paid to Comdisco in the form of 129,788 shares of Common Stock at the December 21, 2004 closing market value and an approximately \$0.3 million cash payment. Both the shares and cash were released from the Disputed Claims Reserve. The equivalent claim amount relating to the cash payment and off-set was \$121 million. The excess between the estimated Disputed Claim of \$135 million and the equivalent claim amount of \$121 million is \$14 million, which the Company expects to release from the Disputed Claims Reserve on its next Quarterly Distribution.

In addition, on November 10, 2004, the Bankruptcy court ordered the Company not to distribute \$10 million from the Disputed Claims Reserve pending the Bankruptcy court's ruling on Wells Fargo's motion to reinstate its claim. On November 17, 2004, the Bankruptcy court issued an order that denied Wells Fargo's motion to reinstate its claim. Wells Fargo has filed an appeal from this order, but the Bankruptcy court's November 10, 2004 Order restricting a distribution has expired. The Company anticipates releasing the \$10 million from the Disputed Claims Reserve on its next Quarterly Distribution.

These two items total \$24 million in claim amount and were considered as part of the \$62 million of estimated Disputed Claims ultimately disallowed for purposes of the CDR liability. Any funds associated with the \$24 million in claim amount will be released for the benefit of all Class C-4 creditors. When and if released from the Disputed Claims Reserve, current common shareholders not holding claims as Class C-4 creditors will not receive any funds associated with the \$24 million in claim amount.

- o Equity Investments In Private Companies: Equity investments in private companies consist primarily of small investments in over two hundred private companies that are non-quoted securities. The Company carries its common stock and preferred stock investments in private companies at the lower of cost or estimated fair market value in the financial statements. Warrants in non-public companies are carried at zero value. The Company, in consultation with Windspeed, regularly estimates the value of investments in private companies and adjusts carrying value when market and customer specific events and circumstances indicate that such assets might be impaired. All write-downs are considered permanent impairments for financial reporting purposes. On February 23, 2004, the Company announced that its subsidiary, Comdisco, Inc., entered into agreements (collectively, the "Agreements") with Windspeed for the ongoing management and liquidation of Comdisco Ventures, Inc.'s warrant and equity investment portfolio. The management agreement includes substantially all of the Company's warrant and equity investment portfolio. As a result of the Agreements, the ongoing management of the Company's equity investments in private companies will be provided by Windspeed. The carrying value of the Company's equity investments in private companies was approximately \$5 million at December 31, 2004.

The above listing is not intended to be a comprehensive list of all the Company's accounting policies. Please refer to the Company's consolidated financial statements and notes thereto which contain the Company's significant accounting policies and other disclosures required by accounting principles generally accepted in the United States of America.

#### Recent Developments

On December 30, 2004, a lawsuit styled as a class action, was filed by David Coons in the United States District Court, Northern District of California, against specific former members of the Board of Directors of Comdisco, Inc. in which he seeks class action status on behalf of himself and certain other former Comdisco employees who participated in the SIP. The Company has referred the complaint to its insurance carriers. However, under the terms and provisions of Comdisco Inc.'s First Amended Joint Plan of Reorganization certain of the named defendants may be entitled to indemnification. If the insurance carriers do not provide for the defense of the complaint, then the Company may have to provide for the payment of legal fees and other expenses related to defending some of the defendants under the indemnification obligation.

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#### Results of Operations

Certain reclassifications have been made to the prior period financial statements to conform to the presentation used in the December 31, 2004 consolidated financial statements.

Three Months Ended December 31, 2004 Compared to the Three Months Ended December 31, 2003

#### Revenue

Changes in total revenue for the three months ended December 31, 2004 compared to the three months ended December 31, 2003 were as follows:

<table>  
<caption>

|  | Three months ended<br>December 31, |               | Percent<br>Increase<br>(Decrease) | Explanation of Change  |
|--|------------------------------------|---------------|-----------------------------------|--|
|  | -----<br>2004                      | -----<br>2003 |                                   |  |
| <S>  | <C>                                | <C>           | <C>                               | <C>  |
| Leasing  | \$ -                               | \$ 9          | (100%)                            | The company's remaining revenue generating leased assets are nominal.  |
| .....  |                                    |               |                                   |  |
| Sales  | 2                                  | 21            | (90%)                             | Asset sales prior to September 30, 2004 results in little remaining equipment to be sold.                    |
| .....  |                                    |               |                                   |  |
| Agere lease participation payment  | 2                                  | 7             | (71%)                             | Last payment received in November 2004.  |
| .....  |                                    |               |                                   |  |
| SIP recovery from participants   | 5                                  | -             | 100%                              | Collection on notes assigned to the Company. See discussion below.   |
| .....  |                                    |               |                                   |  |
| Sale of properties   | -                                  | 2             | (100%)                            | Day care facility remains unsold as of December 31, 2004 (only remaining property).                          |
| .....  |                                    |               |                                   |  |
| Other:   |                                    |               |                                   |  |
| Sale of equity holdings  | 3                                  | 1             | 200%                              | Primary remaining revenue generating asset. Managed by Windspeed. See "Overview" for additional information. |
| .....  |                                    |               |                                   |  |
| Interest income  | 1                                  | 1             | -%                                | Interest earned on cash balances.  |
| .....  |                                    |               |                                   |  |
| Receipt of pre-bankruptcy receivable set-off by claimant against amounts due | 3                                  | -             | 100%                              | Bankruptcy court approved as part of SIP Guaranty settlement.  |
| .....  |                                    |               |                                   |  |
| Technology services  | -                                  | 1             | (100%)                            | Services business had no customers after December 31, 2003.  |
| .....  |                                    |               |                                   |  |
| Other  | 1                                  | 4             | (75%)                             |  |
| .....  |                                    |               |                                   |  |
| Total other revenue  | 8                                  | 7             | 14%                               |  |
| .....  |                                    |               |                                   |  |
|  | \$ 17                              | \$ 46         | (63%)                             |  |
|  | =====                              | =====         | =====                             |  |

</table>

In February 1998, pursuant to Comdisco, Inc.'s Shared Investment Plan ("SIP"), senior managers of Comdisco, Inc. (the "SIP participants") took out full recourse, personal loans (the "SIP Loans") to purchase approximately six million shares of Comdisco, Inc.'s common stock. In connection therewith, Comdisco, Inc. executed a guaranty dated February 2, 1998 (the "Guaranty") providing a guaranty of the loans in the event of default by the SIP participants to the lenders under the SIP (the "SIP Lenders"). On November 29, 2001, the SIP Lenders filed a master proof of claim in the Comdisco, Inc. Bankruptcy in the amount of \$133 million ("SIP Guaranty Claim").

On December 22, 2004, Comdisco settled the Guaranty on the SIP Loans. As part of the settlement, the individual notes signed by the SIP participants were assigned to either the Company or the litigation trust. The notes assigned to the Company relate to individual SIP participants who settled with the Company

prior to the settlement with the SIP Lenders. During the three months ended December 31, 2004, Comdisco recorded approximately \$5 million of SIP recovery revenue consisting primarily of restricted cash currently held by the Company and \$1 million of receivable for the balance of the notes assigned to the Company. Comdisco expects the restricted cash to be released to the Company in the second quarter of fiscal 2005.

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All remaining notes were assigned to the litigation trust and are considered "Trust Assets" as defined in the Plan. Under the terms and conditions of the Trust Agreement, any funds received on Trust Assets will not be distributed to the Company. Rather, Trust Assets will be distributed to all Class C-4 Creditors as required by the Plan. Thus, common shareholders will not benefit from any proceeds received on the notes assigned to the litigation trust. In fact, shareholders may be negatively impacted because any payments distributed to Class C-4 Creditors from the trust will require an associated payment due the CDR's from the Company.

#### Costs and Expenses

Changes in total costs and expenses for the three months ended December 31, 2004 compared to the three months ended December 31, 2003 were as follows:

<table>

<caption>

|                                     | Three months ended |                   | Percent Increase (Decrease) | Explanation of Change   |
|-------------------------------------|--------------------|-------------------|-----------------------------|---|
|                                     | December 31, 2004  | December 31, 2003 |                             |   |
| <S>                                 | <C>                | <C>               | <C>                         | <C>   |
| Leasing                             | \$ -               | \$ 5              | (100%)                      | The company's remaining revenue generating leased assets are nominal.   |
| .....                               |                    |                   |                             |   |
| Sales                               | 1                  | 17                | (94%)                       | Asset sales prior to September 30, 2004 results in little remaining equipment to be sold.   |
| .....                               |                    |                   |                             |   |
| Selling, general and administrative | 6                  | 6                 | -%                          | First quarter fiscal 2004 selling, general and administrative costs were \$10 million, including approximately \$4 million included in discontinued operations. No selling, general and administrative expenses are included in discontinued operations in fiscal 2005. |
| .....                               |                    |                   |                             |   |
| Contingent distribution rights      | 3                  | -                 | 100%                        | See "Critical Accounting Policies."   |
| .....                               |                    |                   |                             |   |
| Bad debt expense                    | (2)                | (5)               | (60%)                       | Fiscal 2005 represents primarily collections and recoveries.  |
| .....                               |                    |                   |                             |   |
|                                     | -----              | -----             | -----                       |   |
|                                     | \$ 8               | \$ 23             | (65%)                       |   |
|                                     | =====              | =====             | =====                       |   |

</table>

#### Income Taxes

The Company recorded an income tax benefit of approximately \$3 million for the three months ended December 31, 2003 as a result of the utilization of the Company's deferred tax assets.

#### Net Earnings (Loss) from Continuing Operations

Net earnings from continuing operations were \$9 million for the three months ended December 31, 2004, or \$2.20 per share-diluted, compared to net earnings from continuing operations of \$26 million for the three months ended December 31, 2003, or \$6.16 per share-diluted.

#### Discontinued Operations

Net earnings from discontinued operations were nominal for the three months ended December 31, 2004 compared to a net loss from discontinued operations of \$12 million, or \$2.87 per share-diluted, for the three months ended December 31, 2003.

o US Leasing operations: On September 9, 2003, the Company completed the sale of its U.S. information technology leasing business to Bay4. On September 30, 2003, the Company completed the sale of its Canadian information technology leasing business to Bay4 Capital Partners, Inc. Revenue and expenses were nominal for the three months ended December 31, 2004. Revenue was \$7 million during the three months ended December 31, 2003. Costs and expenses for US Leasing were \$14 million during the three months ended December 31, 2003. The net loss for US Leasing was \$7 million for the three months ended December 31, 2003.

o German Leasing Subsidiary: On April 30, 2003, the Company announced that it had completed the sale of the stock of its German Leasing Subsidiary to Munich-based Comprendium Investment (Deutschland) GmbH, which is owned by Comprendium Investment SA, a Swiss corporation. Revenue and expenses were nominal for the three months ended December 31, 2004. During the three months ended December 31, 2003, the Company recorded a \$6 million charge against the note receivable balance due from the sale. Net loss was \$6 million for the three months ended December 31, 2003.

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o International Leasing: On October 18, 2002, the Company announced that it had sold to Comprendium Finance S.A., Computer Discount GmbH and the Company's French leasing subsidiaries, Comdisco France SA and Promodata SNC. The Company sold substantially all of its information technology assets in Australia and New Zealand to Allco pursuant to a sale approved by the Bankruptcy court on April 18, 2002. Revenue and expenses were nominal for the three months ended December 31, 2004. During the three months ended December 31, 2003, revenues were \$1 million. The revenues related to foreign exchange gains and were noncash.

#### Net Earnings (Loss)

Net earnings were \$9 million, or \$2.24 per share-diluted, for the three months ended December 31, 2004 compared to net earnings of \$14 million, or \$3.29 per share-diluted, for the three months ended December 31, 2003.

#### Off-Balance Sheet Arrangements

The Company does not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that could be expected to have a material current or future effect upon the Company's financial condition or results of operations.

#### Liquidity and Capital Resources

The Company must rely on cash generated from the orderly sale and run-off of its assets to meet its liquidity needs. All funds generated from the Company's remaining asset portfolios are required by the Plan to be used to satisfy liabilities of the Company and, to the extent funds are available, to pay dividends on the Company's Common Stock and to make distributions with respect to the CDRs in the manner and priorities set forth in the Plan. Because of the composition and nature of its asset portfolios, the Company expects to generate funds from the sale or run-off of its asset portfolios at a decreasing rate over time.

At December 31, 2004, the Company had unrestricted cash and cash equivalents of approximately \$145 million, a decrease of approximately \$12 million compared to September 30, 2004. Net cash used by operating activities

for the three months ended December 31, 2004 was \$9 million. The primary use of cash in the three months ended December 31, 2004 was a payment to CDR holders.

The Company's operating activities during the three months ended December 31, 2004 were funded by cash on hand and by cash flows from operations. During the three months ended December 31, 2004, the Company received approximately \$2 million in the final payment with respect to the participation interest in certain Agere lease payments, approximately \$2 million from Windspeed as a result of the sale of equity securities and approximately \$2 million from recoveries on accounts that had been previously written off. The Company's cash expenditures are primarily operating expenses (principally professional services and compensation), dividends and payments to CDR holders.

The Company's current and future liquidity depends on cash on hand, cash provided by operating activities and asset sales. The Company expects its cash on hand and cash flow from operations to be sufficient to fund operations and to meet its obligations (including its obligation to make payments to CDR holders) under the Plan for the foreseeable future.

See "Risk Factors Relating to the Company--The Company's Liquidity is Dependent on a Number of Factors."

#### Dividends

There were no dividend distributions to stockholders in the three months ended December 31, 2004. Consistent with past practices, Comdisco intends to treat any future dividend distribution for federal income tax purposes as part of a series of liquidating distributions in complete liquidation of the Company.

See "Risk Factors Relating to the Company--The Payment of Dividends and Distributions and Limited Public Market for Common Stock."

#### Contingent Distribution Rights

For financial reporting purposes, the Company records CDRs as a liability and as an operating expense although the CDRs trade over-the-counter.

On December 10, 2004, the Company distributed a cash payment of \$.09820 per contingent distribution right (an aggregate distribution of approximately \$15 million) to CDR holders of record on November 30, 2004.

Gross cash distributions (including the redemption of its Senior Notes and Subordinated Notes and dividends to date) related to general unsecured claims totaled \$3.986 billion through November 15, 2004. The distributions funded claims allowed on the initial distribution date and the Disputed Claims Reserve where cash and Common Stock are being held pending the outcome of the remaining Disputed Claims. A portion of the original Disputed Claims have been allowed subsequent to the initial distribution date.

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Pursuant to the Rights Agent Agreement that established the terms of the CDRs distributed in accordance with the Plan, the Company agreed to provide information in its annual and quarterly reports regarding the Present Value of Distributions (as defined in the Rights Agent Agreement) made to certain former creditors of Comdisco, Inc. The Present Value of Distributions calculation requires the Company to discount the cash distributions to the initially allowed claimholders from the date the distribution is made to the date of the Company's emergence from bankruptcy on August 12, 2002. The gross distributions through November 15, 2004 of approximately \$3.685 billion made to initially allowed claimholders equates to a present value of \$3.535 billion. The associated percentage recovery was approximately 97 percent as of November 15, 2004.

See Critical Accounting Policies for a further discussion of CDRs and the methodology for estimating the CDR liability and the potential impact of the resolution of Disputed Claims on liquidity. See "Risk Factors Relating to the Company--The Payment of Dividends and Distributions, Impact of Disallowance of Disputed Claims on the Company's Obligation To Make Payments in Respect of Contingent Distribution Rights, Impact of Reconsideration and/or Allowance of

Newly Filed Claims, Late Filed Claims or Previously Disallowed Claims and Limited Public Market for Contingent Distribution Rights."

#### Risk Factors Relating to the Company

The following risk factors and other information included in this Quarterly Report on Form 10-Q should be carefully considered. The risks and uncertainties described below are not the only ones the Company confronts. Additional risks and uncertainties not presently known to it or that it currently deems immaterial also may impair the Company's business operations and the implementation of the Plan. If any of the following risks actually occurs, the Company's business, financial condition, operating results and the implementation of the Plan could be materially adversely affected.

##### Uncertainties Relating to the Bankruptcy Plan and the Limited Business Plan

The Company has incurred and will continue to incur significant costs associated with the administration of the estate of Comdisco, Inc. and in completing the wind-down of operations. The amount of these costs, which are being expensed as incurred, are expected to have a significant adverse affect on the results of operations and on the Company's cash position.

The Company's post-bankruptcy business plan is limited to an orderly run-off or sale of its remaining assets. Pursuant to the Plan and restrictions contained in its certificate of incorporation, the Company is specifically prohibited from engaging in any business activities inconsistent with its limited business plan. This business plan is based on numerous assumptions including the anticipated future performance of the Company in running off its operations, the time frame for the run-off, general business and economic conditions, and other matters, many of which are beyond the control of the Company and some of which may not materialize. As a result, the Company's ability to effectively complete this business plan is inherently uncertain. In addition, unanticipated events and circumstances occurring subsequent to the date of this Report may affect the actual financial results of the Company's operations.

##### Uncertainties Relating to the Wind-down of Operations

The Company has reduced the size and complexity of its organizational and systems infrastructure concurrently with the monetization of its assets. The success of the Company's continuing wind-down of operations and implementation of the Order entered by the Bankruptcy court on April 15, 2004 is dependent on numerous factors, including the timing and amount of cash received from the monetization of its assets, the resolution of the remaining Disputed Claims, the ability of the Disbursing Agent to fulfill the positions of the previous Board of Directors and executive officers and the ability of the Company to effectively consolidate its management structure and maintain its operations with limited personnel.

##### Uncertainties in Collections and Recoveries

The Company believes that its collections on leases in default and recoveries on accounts previously written off will provide future cash flows. The amount and timing of such collections and recoveries are dependent upon many factors including: the ability of the Company to recover and liquidate any of its collateral, any offsets or counterclaims that may be asserted against the Company and the ability of a lessee or debtor or its respective estate to pay the claim or any portion thereof. Some of these factors are beyond the control of the Company.

##### The Company's Liquidity is Dependent on a Number of Factors

The Company's liquidity generally depends on cash on hand and cash provided by operating activities. The Company's cash flow from operating activities is dependent on a number of variables, including, but not limited to, market conditions for the sale of equity securities, global economic and political conditions, control of operating costs and expenses and the ability of the Company to dispose or otherwise convert to cash its remaining assets.

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### The Payment of Dividends and Distributions

All funds generated from the Company's remaining asset portfolios are required by the Plan to be used to satisfy liabilities of the Company and, to the extent funds are available, to pay dividends on the Company's Common Stock and to make distributions with respect to the Contingent Distribution Rights in the manner and priorities set forth in the Plan. Because of the composition and nature of its asset portfolios, the Company expects to generate funds from the sale or run-off of its asset portfolios at a decreasing rate over time. The Company has material restrictions on its ability, and does not expect or intend, to make any significant investments in new or additional assets. Accordingly, the amount of funds potentially available to pay dividends on the Company's Common Stock and to make distributions with respect to the Contingent Distribution Rights is limited to the funds (in excess of the Company's liabilities) that may be generated from the remaining asset portfolios.

### Impact of Disallowance of Disputed Claims on the Company's Obligation To Make Payments in Respect of Contingent Distribution Rights

Because the present value of distributions to certain former creditors of Comdisco, Inc. reached a threshold level of percentage recovery established pursuant to the Plan, holders of CDRs are entitled to receive specified payments from the Company. All payments by the Company in respect of CDRs are made from the Company's available cash-on-hand and not from funds released from the Disputed Claims Reserve. The Company expects to maintain cash reserves sufficient to make any required payments on the CDRs. The Company's success in reducing the Disputed Claims Reserve through disallowance of Disputed Claims could have a significant negative impact on the cash available to be distributed to common shareholders.

### Impact of Reconsideration and/or Allowance of Newly Filed Claims, Late Filed Claims or Previously Disallowed Claims

The reconsideration and/or allowance by the Bankruptcy court of newly filed claims, late filed claims, or previously disallowed claims, in full or in part, may negatively impact future distributions.

### Current Market Conditions Have Made It Difficult and May Continue to Make it Difficult for the Company To Timely Realize on the Value of its Warrant and Equity Securities (collectively, "Equity Securities")

Current market conditions have adversely affected, and may continue to adversely affect, the opportunities for the acquisition/merger of the Internet-related, communications and other high technology and emerging growth companies that make up the substantial majority of the Company's Equity Securities. Additionally, the public market for high technology and other emerging growth companies is extremely volatile. Such volatility has adversely affected, and may continue to adversely affect, the ability of the Company to realize value from its Equity Securities. Exacerbating these conditions is the fact that the Equity Securities held by the Company are subject to lockup agreements restricting its ability to sell until several months after an initial public offering. Without an available liquidity event, the Company is unable to sell its Equity Securities. As a result, the Company, or Windspeed on behalf of the Company, may not be able to generate gains or receive proceeds from the sale of Equity Securities and the Company's business and financial results may suffer. Additionally, liquidation preferences may continue to be offered by companies in the Company's portfolio to parties willing to lend to such companies. The liquidation preferences have had, and may continue to have, an adverse impact on the value of the Company's Equity Securities. For those Equity Securities without a public trading market, the realizable value of the Company's Equity Securities may prove to be lower than the carrying value currently reflected in the financial statements.

The estimated fair market value of the Company's equity securities was determined in consultation with Windspeed based on a variety of factors, including, but not limited to, quoted trading levels for publicly-traded securities, industry and company multiples, industry acceptance in the market

place, liquidity discounts due to lock ups, estimated revenue, and customer, product and market share growth by the respective companies in the portfolio. Substantially all of these factors are outside the control of the Company and are subject to significant volatility. There can be no assurance that the Company will be able to realize the estimated fair market value. Furthermore, the current estimated fair market value is subject to significant concentration risk, as 73 percent of the estimated fair market value of the entire portfolio is concentrated in ten individual companies and approximately 31 percent of the estimated amount is in two companies.

#### Company Exposed to Asset Concentration Risk

The Company's assets are concentrated in certain obligors and asset managers. A subsidiary of VarTec Telecom Inc. ("VarTec") owes the Company \$2.7 million in payments through December 2005. VarTec filed for Chapter 11 bankruptcy protection in November 2004. In addition, the ongoing management and liquidation of the Company's warrant and equity investment portfolio, with a net book value of approximately \$14 million at December 31, 2004, is handled by Windspeed Acquisition Fund GP, LLC.

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#### Impact of Interest Rates and Foreign Exchanges Rates

Increases in interest rates would negatively impact the value of certain of the Company's assets and a strengthening of the US dollar would negatively impact the value of the Company's net foreign assets.

#### Limited Public Market for Common Stock

There is currently a limited public market for the Company's Common Stock. Holders of the Company's Common Stock may, therefore, have difficulty selling their Common Stock, should they decide to do so. In addition, there can be no assurances that such markets will continue or that any shares of Common Stock which may be purchased may be sold without incurring a loss. Any such market price of the Common Stock may not necessarily bear any relationship to the Company's book value, assets, past operating results, financial condition or any other established criteria of value, and may not be indicative of the market price for the Common Stock in the future. Further, the market price of the Common Stock may be volatile depending on a number of factors, including the status of the Company's business performance, its limited business purpose, industry dynamics, news announcements or changes in general economic conditions.

#### Limited Public Market for Contingent Distribution Rights

There is currently a limited public market for the Company's Contingent Distribution Rights. Holders of the Company's Contingent Distribution Rights may, therefore, have difficulty selling their Contingent Distribution Rights, should they decide to do so. In addition, there can be no assurances that such markets will continue or that any Contingent Distribution Rights which may be purchased may be sold without incurring a loss. Any such market price of the Contingent Distribution Rights may not necessarily bear any relationship to the Company's book value, assets, past operating results, financial condition or any other established criteria of value, and may not be indicative of the market price for the Contingent Distribution Rights in the future. Further, the market price of the Contingent Distribution Rights may be volatile depending on a number of factors, including the status of the Company's business performance, industry dynamics, news announcements or changes in general economic conditions.

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### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### Interest Rate Risk and Market Risk

Presently, the Company invests its cash and cash equivalents in money market and other interest bearing accounts. Such cash and cash equivalents are

essentially the only floating rate assets held by the Company. The remaining assets of the Company are fixed rate or non-interest bearing and are, therefore, subject to a decrease in value if market rates increase. Currently, the Company does not use derivative financial instruments to hedge this risk as the Company's business purpose is to monetize all remaining assets.

At December 31, 2004, the Company held securities of four publicly-traded companies: Blue Nile, Inc., Cytokinetics, Inc., Theravance, Inc., and Volterra Semiconductor Corporation. Each of these holdings are subject to lock-up periods, which restrict the Company's ability to sell in the near term. The Company's practice is to work in conjunction with Windspeed to sell its marketable equity securities upon the expiration of the lock-up period utilizing various timing strategies which seek to maximize the return to the Company.

The Company has equity investments in private companies consisting primarily of small investments in private companies that are all non-quoted securities. Common stock and preferred stock investments are carried at the lower of cost or estimated fair market value in the Company's financial statements. Warrants in non-public companies are carried at zero value. These investments are subject to significant volatility and are difficult to value.

#### Foreign Exchange Risk

The Company's business purpose is limited to the orderly sale or run-off of all of its remaining assets, including assets denominated in foreign currencies. Accordingly, the Company is exposed to the risk of future currency exchange rate fluctuations, which is accounted for as an adjustment to stockholders' equity until realized. Therefore, changes from reporting period to reporting period in the exchange rates between various foreign currencies and the U.S. Dollar have had and will continue to have an impact on the accumulated other comprehensive loss component of stockholders' equity reported by the company, and such effect may be material in any individual reporting period. In addition, exchange rate fluctuation will have an impact on the US dollar value realized from the repatriation of the proceeds from the sale or run-off of assets denominated in foreign currencies.

#### Item 4. Controls and Procedures

##### Evaluation of Disclosure Controls and Procedures

Randolph I. Thornton, the sole officer of the Company, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the Company's sole officer has concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

##### Change in Internal Controls

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the first fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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#### PART II. OTHER INFORMATION

##### ITEM 1. LEGAL PROCEEDINGS

See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Recent Events" for a discussion of a lawsuit styled as a class action filed against former members of the Board of Directors of Comdisco, Inc.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None.

Repurchases of Common Stock

The Company does not regularly repurchase shares nor does the Company have a share repurchase plan.

In November 2004, in connection with the settlement of the Ventures compensation dispute, the Company received from the Disputed Claims Reserve 31,681 shares of Common Stock which were placed in treasury stock.

In December 2004, in connection with the settlement of the SIP Guaranty Claim, the Company received from the Disputed Claims Reserve 129,788 shares of Common Stock which were placed in treasury stock. The shares were in partial payment of a pre-bankruptcy receivable of Comdisco set-off by the claimant against amounts due to the claimant under the SIP Guaranty.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

{a} Exhibits

| Exhibit No. | Description of Exhibit   |
|-------------|--|
| -----       | -----  |
| 3.1         | Certificate of Incorporation of Registrant dated August 8, 2002 and as Amended August 12, 2004 (Incorporated by reference to Exhibit 3.1 filed with the Company's Annual Report of Form 10-K dated September 30, 2004, as filed with the Commission on December 14, 2004, File No. 0-49968). |
| 3.2         | By-Laws of Registrant, adopted as of August 9, 2002 (Incorporated by reference to Exhibit 3.2 filed with the Company's Annual Report of Form 10-K dated September 30, 2002, as filed with the Commission on January 14, 2003, File No. 0-49968)  |
| 11.1        | Statement re computation of per share earnings (filed herewith).   |
| 31.1        | Certification of Chief Executive Officer and Principal Financial Officer, Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).  |
| 32.1        | Certification of the Chief Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Furnished herewith).  |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMDISCO HOLDING COMPANY, INC.

Dated: February 3, 2005

By: /s/ Randolph I. Thornton

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Name: Randolph I. Thornton  
Title: Chief Executive Officer and  
President  
(Principal Executive Officer)