

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF SECTION 18.6 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36

AND IN THE MATTER OF
ALLIED HOLDINGS, INC. AND THOSE
SUBSIDIARIES LISTED ON SCHEDULE "A" HERETO

Applicants

AFFIDAVIT OF JOHN M. WHYTE
(sworn May 14, 2007)

I, **JOHN M. WHYTE**, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY:**

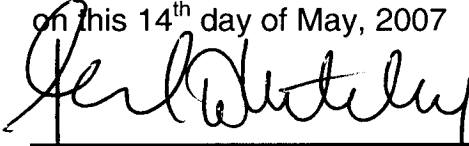
1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am a partner with Gowling Lafleur Henderson LLP ("**Gowlings**"), who is acting as counsel to Allied Holdings, Inc. ("**Allied Holdings**") and the other applicants herein (collectively, the "**Debtors**") in the within proceeding. As such I have knowledge of the matters hereinafter deposed to.
2. I swear this affidavit further to the affidavit of Thomas H. King sworn May 9, 2007 (the "**King Affidavit**"). Defined terms herein shall have the same meaning as defined in the King Affidavit unless otherwise defined herein.

Rig Financing Final Order

- 3. Further to paragraph 36 of the King Affidavit, attached and marked as **Exhibit "A"** hereto is a true copy of the Final Order of the United States Bankruptcy Court in connection with the Rig Financing.

- 4. I swear this affidavit in support of a motion by the Debtors for an order recognizing the Rig Financing Final Order and for no other or improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario,
on this 14th day of May, 2007



Commissioner of Oaths, etc.

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JOHN M. WHYTE

SCHEDULE "A"

Allied Automotive Group, Inc.

Allied Systems, Ltd. (L.P.)

Allied Systems (Canada) Company

QAT, Inc.

RMX LLC

Transport Support LLC

F. J. Boutell Driveaway LLC

Allied Freight Broker LLC

GACS Incorporated

Commercial Carriers, Inc.

Axis Group, Inc.

Axis Netherlands, LLC

Axis Areta, LLC

Logistic Technology, LLC

Logistic Systems, LLC

CT Services Inc.

Cordin Transport LLC

Terminal Services LLC

Axis Canada Company

Ace Operations, LLC

AH Industries, Inc.

affidavit of John M. Whyte
 sworn before me this 14th day of July 2007
 at Atlanta, Georgia
 I, John M. Whyte
 a Notary Public in and for the State of Georgia

ENTERED ON DOCKET

MAY 11 2007

UNITED STATES BANKRUPTCY COURT
 NORTHERN DISTRICT OF GEORGIA
 ATLANTA DIVISION

----- x
In re : **Chapter 11**
 :
Allied Holdings, Inc., et al., : **Case Nos. 05-12515 through**
 : **05-12526 and 05-12528 through**
 : **05-12537**
 : **Jointly Administered under Case**
 : **No. 05-12515**
Debtors. :
 ----- x **Judge Mullins**

FINAL ORDER UNDER 11 U.S.C. §§ 105(a), 363, 1107 AND 1108 AUTHORIZING DEBTORS TO PURCHASE RIGS AND RELATED EQUIPMENT, AND FINAL ORDER UNDER 11 U.S.C. §§ 105(a), 362, 363, 364, 1107 AND 1108 AND BANKRUPTCY RULES 2002, 4001, 6004, AND 9014 AUTHORIZING DEBTORS TO (A) OBTAIN NEW SECURED POST-PETITION FINANCING TO ACQUIRE THE RIGS AND RELATED EQUIPMENT; (B) CONVERT NEW POST- PETITION FINANCING INTO EQUITY OF REORGANIZED DEBTORS; (C) PAY RELATED FEES AND EXPENSES, AND (D) GRANTING RELATED RELIEF

THIS MATTER came before the Court on April 4, 2007 for an interim hearing (the "Interim Hearing") and on April 23, 2007 for a final hearing (the "Final Hearing") on the motion filed on April 2, 2007 by Allied Holdings, Inc. ("Holdings")¹ and certain of its affiliates (collectively, the "Debtors"), debtors and debtors-in-possession in the above-captioned chapter 11 cases (the "Cases"), pursuant to sections 105(a), 362, 363, 364, 1107 and 1108 of title 11 of the United States Code, 11 U.S.C. § 101, et seq. (the "Bankruptcy Code"), and Rules 2002, 4001, 6004,

¹ In addition to Holdings, the following entities are debtors in these related cases: Allied Automotive Group, Inc., Allied Systems, Ltd. (L.P.), Allied Systems (Canada) Company, QAT, Inc., RMX LLC, Transport Support LLC, F.J. Boutell Driveaway LLC, Allied Freight Broker LLC, GACS Incorporated, Commercial Carriers, Inc., Axis Group, Inc., Axis Netherlands, LLC, Axis Areta, LLC, Logistic Technology, LLC, Logistic Systems, LLC, CT Services, Inc., Cordin Transport LLC, Terminal Services LLC, Axis Canada Company, Ace Operations, LLC, and AH Industries, Inc.

and 9014 of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*"), seeking, among other things:

(1) Authorization for the Debtors to purchase, from time to time, certain rigs and related equipment (the "*Purchased Equipment*") from Yucaipa Transportation, LLC (the "*Lender*");

(2) Authorization for Allied Systems, Ltd. (L.P.) ("*Allied Systems*" or the "*Borrower*") and Holdings to execute, deliver and perform all obligations under the Purchase Agreement (as such term is defined below), and to perform such other and further acts as may be required in connection with the purchase of the Purchased Equipment;

(3) authorization for Allied Systems to obtain post-petition financing (the "*Financing*") to pay the purchase price for the Purchased Equipment and pay certain related fees, costs and expenses, including, without limitation, taxes, registration fees and the initial costs of the retrofit and repair of the Purchased Equipment, from the Lender, and for each of the Debtors to guaranty the obligations of Allied Systems as Borrower² under and in connection with the Financing;

(4) authorization for the Debtors to execute, deliver, and perform all obligations under the Loan Agreement, the Promissory Notes and the other DIP Documents (as such terms are defined below), and to perform such other and further acts as may be required in connection with the DIP Documents;

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement (as defined below) or the Motion. All references to "sections" in this Order shall, unless the context requires otherwise, be deemed to be references to sections of the Bankruptcy Code.

(5) authorization for the Debtors to grant security interests, liens, and super-priority claims to the Lender (including super-priority claims pursuant to section 364(c)(1) of the Bankruptcy Code and liens pursuant to sections 364(c)(2), and 364(d) of the Bankruptcy Code);

(6) authorization for the use of certain proceeds of the Financing (a) to pay the purchase price of the Purchased Equipment, (b) pay the initial retrofit and repair costs of the Purchased Equipment, and (c) pay the fees, costs and expenses, including, without limitation, taxes, registration fees and attorneys' fees, related to Allied Systems' purchase and ownership of the Purchased Equipment;

(7) authorization for (a) the conversion, on the effective date of a plan of reorganization that is acceptable to the Lender in its sole and absolute discretion (a "*Plan*"), of all of the indebtedness and other obligations outstanding under the DIP Documents into equity of reorganized Holdings, and (b) the payment of certain fees and the reimbursement of certain expenses to, and the indemnification of, the Lender under and in accordance with the Purchase Agreement, the Loan Agreement, the Promissory Notes, and the other DIP Documents;

(8) the waiver of the Debtors' right to surcharge against collateral securing the Financing pursuant to section 506(c) of the Bankruptcy Code;

(9) an interim hearing on the Motion, pursuant to Bankruptcy Rule 4001, be held for this Court to consider entry of an order authorizing the Debtors, on an interim basis (the "*Interim Order*"), to obtain under the Financing from the Lender the principal amount of up to \$15,000,000 pursuant to the terms of the DIP Documents;

(10) the setting of the date of the final hearing on the Motion (the "*Final Hearing*") for this Court to consider entry of a final order (the "*Order*"); and

(11) the granting of certain related relief.

The Court having (i) conducted the Interim Hearing as provided for by section 364 of the Bankruptcy Code and Bankruptcy Rule 4001, (ii) conducted the Final Hearing, (iii) considered any and all objections and other responses filed with respect to the Motion, the arguments of counsel, the record before it and all relevant matters related thereto, and (iv) been fully advised in the premises;

Upon the record of the Cases and the record of the Interim Hearing and the Final Hearing, good and sufficient cause appearing therefor, and it appearing to be in the best interests of the Debtors' estates and creditors;

IT IS HEREBY FOUND:

A. On July 31, 2005 (the "*Petition Date*"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia, Newnan Division (this "*Court*"). Each Debtor is continuing in the management and possession of its business and properties as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. Pursuant to an order of this Court entered on August 1, 2005, the Cases have been consolidated for procedural purposes only and are being jointly administered.

C. On August 5, 2005, pursuant to section 1102(a) of the Bankruptcy Code, the Office of the United States Trustee for the Northern District of Georgia (the "*U.S. Trustee*"), appointed the official committee of unsecured creditors (the "*Committee*").

D. On or about August 2, 2005, Allied Systems Company, AH Industries, Inc., and Axis Canada Company (collectively, the "*Canadian Debtors*") filed a motion in Ontario Superior Court of Justice (Commercial List) (the "*Canadian Court*") seeking, among other things, recognition of their respective Cases as "foreign proceedings" as defined by section 18.6 of the Companies' Creditors Arrangement Act, R.S.C., 1985, chapter C-36, as amended (the "*CCAA*"), staying all proceedings against the Canadian Debtors, the Canadian Debtors' property, and their respective directors and officers and requesting recognition of this Court and all proceedings before, all orders judgments and decrees of this Court. The motion was granted and an order was entered on August 5, 2005 (as supplemented by orders of the Canadian Court, entered on August 31, 2005 and February 14, 2006, collectively, the "*Prior Recognition Order*") and a notice of the Recognition Order was filed in the Cases on August 10, 2005 (docket no. 117). Upon entry of this Order, the Canadian Debtors will seek an order from the Canadian Court recognizing this Order under the CCAA (the "*2007 Recognition Order*," collectively with the Prior Recognition Order, the "*Recognition Order*").

E. Consideration of this Motion constitutes a "core proceeding" as defined in 28 U.S.C. §§ 157(b)(2). This Court has jurisdiction over this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

F. Sufficient and adequate notice of the Interim Order and this Order has been provided to the Noticed Parties (defined below) by the Debtors, pursuant to Bankruptcy Rules 2002, 4001(c) and (d), 6004, and 9014 and section 102(1) of the Bankruptcy Code, as required by sections 363(b), 364(c) and 364(d) of the Bankruptcy Code, and no further notice of the Motion or this Order is necessary or required.

G. The Debtors have successfully negotiated that certain Purchase and Sale Agreement (the "*Purchase Agreement*") by and among Allied Systems, Ltd. ("*Allied Systems*"), Holdings and the Lender, a copy of which is attached to the Interim Order as Exhibit "A," to purchase the Purchased Equipment from the Lender.

H. The Debtors have also successfully negotiated that certain Loan and Security Agreement and Guaranty (the "*Loan Agreement*") by and among Allied Systems, as borrower, Holdings and the subsidiaries party thereto, as guarantors, and the Lender, a copy of which is attached to the Interim Order as Exhibit "B," and that certain form of Promissory Note (each when executed, a "*Promissory Note*") in favor of the Lender, a copy of which is attached to the Interim Order as Exhibit "C," pursuant to which the Debtors have secured the Financing..

I. The Debtors are unable to obtain financing on more favorable terms from sources other than the Lender under the DIP Documents and are unable to obtain adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Debtors are also unable to obtain adequate credit allowable without the Debtors' granting to the Lender the DIP Liens and Super-Priority Claims (as such terms are defined below) under sections 364(c)(1), 364(c)(2), and 364(d) of the Bankruptcy Code, under the terms and conditions set forth in the Interim Order, this Order and in the DIP Documents.

J. The Debtors have requested that, pursuant to the terms of the DIP Documents, the Interim Order and this Order, the Lender make loans and advances and provide other financial accommodations to the Debtors to be used by the Debtors in accordance with the terms of the DIP Documents. The ability of the Debtors to continue their businesses and reorganize under chapter 11 of the Bankruptcy Code will be enhanced by obtaining such financing. The Lender is willing to make such loans and advances and provide such other financial accommodations on a secured

basis, as more particularly described herein, pursuant to the terms and conditions of the DIP Documents and in accordance with the Interim Order and this Order. Accordingly, the relief requested in the Motion is necessary, essential, and appropriate for the continued operation of the Debtors' businesses, the management and preservation of their assets and properties, their emergence from chapter 11 as viable entities, and is in the best interests of the Debtors, their estates, and creditors.

K. The terms of the Purchase Agreement and the Financing, including without limitation the Conversion Event (as defined in the Motion), are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and constitute reasonably equivalent value and fair consideration.

L. The Purchase Agreement and the Financing have been negotiated in good faith and at arm's length among the Lender, Yucaipa American Alliance Fund I, LP and Yucaipa Alliance American (Parallel) Fund I, LP (collectively, "*Yucaipa*"), and the Debtors, and all of the Debtors' obligations and indebtedness arising under, in respect of, or in connection with the Purchase Agreement and the Financing and the DIP Documents, including without limitation, (i) the purchase of the Purchased Equipment, (ii) all loans made to Allied Systems, (iii) any "*Obligations*" (as defined in the Loan Agreement), and (iv) all fees, indemnity claims, and reimbursement obligations payable under the Purchase Agreement, the Loan Agreement, the Promissory Notes and the other DIP Documents in connection with the purchase of the Purchased Equipment and the Financing (all of the foregoing in clauses (i), (ii), (iii) and (iv) collectively, the "*DIP Obligations*"), shall be deemed to have been extended by the Lender and its affiliates in good faith, as that term is used in section 364(e) of the Bankruptcy Code, and in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code, and the Lender and its affiliates

shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

M. The access of the Debtors to financing for the acquisition of the Purchased Equipment will facilitate the preservation and maintenance of the going concern values of the Debtors and a successful reorganization of the Debtors. Consummation of the Financing in accordance with the Interim Order, this Order and the DIP Documents is therefore in the best interest of the Debtors' estates.

N. The relief requested by the Motion is necessary to avoid harm to the Debtors' estates, and good, adequate, and sufficient cause has been shown to justify the granting of the relief requested therein.

O. Notice of the relief sought by the Motion, the Interim Hearing and the Final Hearing with respect thereto, pursuant to Bankruptcy Rules 2002, 4001(c) and (d), and 6004, and Bankruptcy Code section 102(1), as required by Bankruptcy Code sections 363(b), 364(c) and 364(d), has been given to the following parties in interest: (i) the U.S. Trustee; (ii) the Securities and Exchange Commission, (iii) counsel for the administrative agent and collateral agent (collectively, the "*Agent*") under the Debtors' existing post-petition financing facility (the "*Existing DIP Financing Facility*"), (iv) counsel for the Indenture Trustee, (v) counsel for the Lender and Yucaipa, (vi) counsel for the Committee, (vii) counsel for The Bank of Nova Scotia, (viii) each of the financial institutions identified in the Debtors' Motion For Authority To (A) Maintain Existing Cash Management Systems, (B) Continue Use Of Existing Bank Accounts And Business Forms, And (C) Continue Use Of Existing Investment Guidelines, and (ix) any other parties that have properly requested notice under Bankruptcy Rule 2002 (the "*Noticed Parties*").

NOW, THEREFORE, IT IS HEREBY ORDERED, JUDGED AND DECREED:

1. *Motion Granted.* The Motion is granted in its entirety.

2. *Objections.* All objections to the entry of this Order, if any, are resolved hereby or, to the extent not resolved, are hereby overruled.

3. *Authorization of the Purchase of the Purchased Equipment and the Purchase Agreement*

(a) Allied Services and Holdings are hereby authorized to execute, deliver and perform all obligations under the Purchase Agreement. Allied Services and Holdings are authorized to purchase the Purchased Equipment on the terms set forth in the Purchase Agreement. The Lender shall have the rights set forth in the Purchase Agreement to sell the Purchased Equipment pursuant to the terms and conditions thereof.

(b) In furtherance of the foregoing and without further approval of this Court, the Debtors are hereby authorized and directed to do and perform all acts and to make, execute and deliver all instruments and documents and to pay all fees that may be reasonably required or necessary for the Debtors' performance of their obligations under the Purchase Agreement, including, without limitation, the execution, delivery and performance of one or more amendments to the Purchase Agreement, in such form as the Debtors and the Lender may agree (it being understood that no further approval of the Court shall be required for amendments to the Purchase Agreement that do not increase the purchase price for the Purchased Equipment or expand the scope of any indemnity of the Lender contained therein), and the performance of all other acts reasonably required under or in connection with the Purchase Agreement.

(c) Upon execution and delivery of the Purchase Agreement, the Purchase Agreement shall constitute a valid and binding obligation of the Debtors party thereto and of their respective estates, enforceable against each such Debtor and estate thereto in accordance with the

terms of the Purchase Agreement. No obligation, payment or transfer under the Purchase Agreement, the Interim Order or this Order shall be stayed, restrained, avoidable, or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under section 502(d) of the Bankruptcy Code, under section 548 of the Bankruptcy Code or under any applicable Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or any comparable Canadian law, or similar statute or common law), or subject to any defense, reduction, setoff, recoupment, or counterclaim.

(d) The obligations of Holding and Allied System hereunder and under the Purchase Agreement shall be joint and several.

4. *Authorization of the Financing and the DIP Documents.*

(a) The Debtors are hereby authorized to execute, deliver, and perform all obligations under the Loan Agreement, Promissory Notes, and the other DIP Documents. The Borrower is authorized to borrow funds from and incur debt to the Lender in accordance with the terms and conditions of the DIP Documents up to the aggregate principal amount of \$15,000,000 (the actual available principal amount at any time being subject to those conditions set forth in the DIP Documents), and the other Debtors are hereby authorized to guaranty such borrowings and the Borrower's obligations under the DIP Documents, in each case, from and after the date of the Interim Order. The Lender shall have the rights set forth in the DIP Documents to make loans, advances and/or financial accommodations pursuant to the terms and conditions thereof.

(b) In furtherance of the foregoing and without further approval of this Court, the Debtors are hereby authorized and directed to do and perform all acts and to make, execute, and deliver all instruments and documents (including, without limitation, the execution or recordation of security agreements, mortgages, and financing statements) and to pay all fees that

may be reasonably required or necessary for the Debtors' performance of their obligations under the Financing, including, without limitation:

(i) the execution, delivery and performance of the Loan Agreement, the Promissory Notes and any and all documents, instruments and agreements required therein, contemplated thereby or entered into in connection therewith (collectively, and together with the Loan Agreement and the Promissory Notes, the "*DIP Documents*");

(ii) the execution, delivery, and performance of one or more amendments to the Loan Agreement or other DIP Documents, in such form as the Debtors and the Lender may agree (it being understood that no further approval of the Court shall be required for amendments to the Loan Agreement or other DIP Documents that do not shorten the maturity of the extensions of credit thereunder or increase the maximum loan amount or the rate and method of payment of interest (other than as permitted under the DIP Documents));

(iii) the non-refundable payment to the Lender of the reasonable costs and expenses as may be due from time to time, including, without limitation, reasonable attorneys', financial advisors', and accountants' fees and disbursements as provided for in the DIP Documents; and

(iv) the performance of all other acts reasonably required under or in connection with the DIP Documents.

(c) Upon execution and delivery of the DIP Documents, the DIP Documents shall constitute valid and binding obligations of the Debtors party thereto and of their respective estates, enforceable against each such Debtor and estate thereto in accordance with the terms of the DIP Documents. No obligation, payment, transfer, or grant of security under the DIP Documents, the Interim Order or this Order shall be stayed, restrained, voidable, avoidable, or

recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under section 502(d) of the Bankruptcy Code, under section 548 of the Bankruptcy Code or under any applicable Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or any comparable Canadian law, or similar statute or common law), or subject to any defense, reduction, setoff, recoupment, or counterclaim.

(d) The obligations of the Debtors hereunder and under the DIP Documents shall be joint and several.

5. *Super-Priority Claims.* Pursuant to section 364(c)(1) of the Bankruptcy Code, as of the date of the Interim Order, all of the DIP Obligations shall constitute allowed claims against the Debtors with priority over any and all administrative expenses, diminution claims, and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1113, or 1114 or any other provision of the Bankruptcy Code or otherwise (whether incurred in the Cases or any conversion thereof to a case under chapter 7 of the Bankruptcy Code or any other proceeding related hereto or thereto) (the "*Super-Priority Claims*"), and whether such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims shall be payable from and have recourse to, in addition to the Collateral (as defined below), any prepetition and post-petition property of the Debtors and all proceeds thereof, whether now existing or hereafter acquired; *provided*, however, that the Super-Priority Claims granted to the Lender herein are subject and subordinate to the super-priority administrative claims of the Agent and the DIP Lenders granted under the Existing DIP Financing Facility and of the agent and

the lenders granted under any second lien credit facility approved by the Court, and subject to the Carve-Out as defined and provided therein. Except as otherwise provided herein or in the Existing DIP Financing Facility or in any second lien credit facility approved by the Court, no costs or administrative expenses that have been or may be incurred in the Cases, in any conversion of the Cases pursuant to section 1112 of the Bankruptcy Code, or in any other proceeding related thereto, and no priority claims, including, without limitation, any other super-priority claims, are or will be prior to or on a parity with the claims of the Lender or the other Secured Parties (as defined below) against the Debtors arising out of the DIP Obligations or any provision of the Interim Order or this Order.

6. *DIP Liens.* As security for the DIP Obligations pursuant to sections 364(c)(2) and (d) of the Bankruptcy Code, effective and perfected upon the date of the Interim Order, and without the necessity of the execution, recordation of filings, or notations on certificates of title, by the Debtors of mortgages, security agreements, control agreements, pledge agreements, financing statements, or other similar documents, a valid, binding, continuing, enforceable, fully-perfected first-priority senior security interest in and lien on the following property (all property identified in clauses (a), (b) and (c) below being collectively referred to as the "*Collateral*") is hereby granted to the Lender and any other parties as provided for under any of the DIP Documents (such parties, together with the Lender, the "*Secured Parties*") (such liens and security interests granted to the Lender, pursuant to the Interim Order, this Order and the DIP Documents, the "*DIP Liens*"):

- (a) the Purchased Equipment;
- (b) all Collateral Records, including, without limitation, certificates of title, relating exclusively to the Purchased Equipment; and
- (c) to the extent not otherwise included above, (i) all "proceeds" as defined in

Article 9 of the UCC, (ii) whatever is receivable or received when Purchased Equipment or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary, and (iii) all products, accessions, rents and profits of or in respect of any Purchased Equipment.

7. *Lien Senior to Certain Other Liens.* The DIP Liens shall not be (i) subject or subordinate to (A) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code or (B) except as otherwise provided herein or in the DIP Documents, any liens arising after the Petition Date including, without limitation, any lien or security interest granted in favor of any federal, state, municipal, or other governmental unit, commission, board, or court for any liability of the Debtors, or (ii) except as otherwise provided herein or in the DIP Documents, subordinate to or made *pari passu* with any other lien or security interest under section 364 of the Bankruptcy Code or otherwise, and it shall constitute an Event of Default if the DIP Liens become subordinate to or *pari passu* with any other lien or security interest granted under section 364 of the Bankruptcy Code or otherwise that is not otherwise permitted herein or in the DIP Documents.

8. *Limitation on Charging Expenses Against Collateral.* No expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Lender and no such consent shall be implied from any other action, inaction, or acquiescence by the Lender.

9. *Protection of Lender's Rights.* Subject only to the provisions of the DIP Documents and without further order of the Court, the automatic stay provisions of section 362 of

the Bankruptcy Code are vacated and modified to the extent necessary to permit the Lender, and the other Secured Parties to exercise (i) the Repurchase Option, (ii) immediately upon the occurrence of an Event of Default, all rights and remedies under the DIP Documents other than those rights and remedies against the Collateral (except for the Repurchase Option) and (iii) upon the occurrence and during the continuance of an Event of Default and the giving of five (5) business days' prior written notice to the Debtors, counsel for the Debtors, counsel for the Committee, counsel for the Agent under the Existing DIP Financing Facility, counsel for Goldman Sachs Credit Partners L.P., and the U.S. Trustee, all rights and remedies against the Collateral provided for in the DIP Documents. In no event shall the Lender be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral. The Lender's failure to seek relief or otherwise exercise its rights and remedies under the DIP Documents, the Interim Order or this Order shall not constitute a waiver of the Lender's rights hereunder, thereunder, or otherwise.

10. *Payments Free and Clear.* Any and all payments or proceeds remitted to the Lender pursuant to the provisions of the Interim Order or this Order shall be received by the Lender free and clear of any claim, charge, assessment, or other liability including, without limitation, any such claim or charge arising out of or based on, directly or indirectly, sections 506(c) (whether asserted or assessed by, through or on behalf of the Debtors) or 552(b) of the Bankruptcy Code.

11. *Perfection of DIP Liens.*

(a) The automatic stay provisions of Bankruptcy Code section 362 are hereby modified to permit the Debtors to create, and the Lender to perfect, the DIP Liens granted to them herein and in the DIP Documents. The Lender is hereby authorized, but not required, to file or

record financing statements, trademark filings, copyright filings, mortgages, notices of liens, or similar instruments in any jurisdiction or to take any other action in order to validate and perfect the liens and security interests granted to the Secured Parties under the DIP Documents, the Interim Order and this Order (including, without limitation, the taking possession of any of the Collateral, the execution of any control, lock-box, deposit account, or the taking of any action to have security interests or liens noted on certificates of title or similar documents). Whether or not the Lender shall, in its sole discretion, choose to file such financing statements, trademark filings, copyright filings, mortgages, notices of liens or similar instruments or otherwise confirm perfection of the liens and security interests granted to them hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, nonavoidable and not subject to challenge, dispute or subordination, at the time and on the date of entry of the Interim Order.

(b) A certified copy of the Interim Order or this Order may, in the discretion of the Lender, be filed with or recorded in filing or recording offices in addition to or in lieu of such financing statements, mortgages, notices of liens or similar instruments, and all filing offices are hereby authorized to accept such certified copy of the Interim Order or this Order for filing and recording without the imposition of any stamp, intangibles, recording or similar tax in accordance with the provisions of section 1146 of the Bankruptcy Code.

(c) The Debtors shall execute and deliver to the Lender all such agreements, financing statements, instruments, and other documents as the Lender may reasonably request to evidence, confirm, validate, or perfect the DIP Liens granted pursuant hereto and the filing, recording, or service thereof (as the case may be) shall be deemed to have been made at the time and on the date required to implement the priority of such DIP Liens as provided in the Interim Order and this Order.

12. *Preservation of Rights Granted Under this Order.*

(a) Unless all DIP Obligations shall have been paid in full, the Debtors shall not seek, and it shall constitute an Event of Default if any of the Debtors seek, or if there is entered without the prior written consent of the Lender, and no such consent shall be implied by any other action, inaction, or acquiescence by the Lender, (i) any modification or termination of the Interim Order, this Order or the Recognition Order, (ii) an order converting any of the Cases to a case under chapter 7 of the Bankruptcy Code, or (iii) an order dismissing any of the Cases. If an order dismissing any of the Cases is at any time entered, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code), to the fullest extent permitted by law, that (w) the Super-Priority Claims and DIP Liens granted to the Lender pursuant to the Interim Order, this Order and the DIP Documents shall continue in full force and effect and shall maintain their priorities as provided in the Interim Order and this Order until all DIP Obligations shall have been paid and satisfied in full in cash, (x) the Super-Priority Claims and DIP Liens shall, notwithstanding such dismissal, remain binding on all parties in interest, and (y) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the Super-Priority Claims and the DIP Liens and (z) the effectiveness of any order dismissing the Cases shall not occur until sixty (60) days after it is entered in order to give the Lender the opportunity to perfect all the DIP Liens in the Collateral under nonbankruptcy law. The provisions of the Interim Order and this Order, and any actions taken pursuant hereto, shall survive the entry of and shall govern with respect to any conflict with any order that may be entered confirming any plan of reorganization or converting any of the Cases to cases under chapter 7 of the Bankruptcy Code. In furtherance and not in limitation of the foregoing, there shall not be any plan of reorganization filed or confirmed in these Cases if such plan of reorganization is inconsistent with

any of the terms or provisions of the Interim Order, this Order or the DIP Documents, unless the Lender shall have consented thereto in writing;

(b) If any or all of the provisions of the Interim Order, this Order or of the Recognition Order are hereafter reversed, stayed, modified, or vacated, such reversal, stay, modification, or vacatur shall not affect (i) the validity of any DIP Obligations incurred prior to the actual receipt of written notice by the Lender of the effective date of such reversal, stay, modification, or vacatur or (ii) the validity, enforceability, or priority of the Super-Priority Claims and the DIP Liens or other grant authorized or created hereby or pursuant to the DIP Documents with respect to any DIP Obligations. Notwithstanding any such reversal, stay, modification, or vacatur, any DIP Obligations incurred by the Debtors to the Lender prior to the actual receipt of written notice by the Lender of the effective date of such reversal, stay, modification, or vacatur shall be governed in all respects by the original provisions of this Order, and the Lender shall be entitled to all the rights, remedies, privileges, and benefits granted in section 364(e) of the Bankruptcy Code, in the Interim Order and this Order, and pursuant to the DIP Documents.

(c) Except as expressly provided in the Interim Order, this Order or in the DIP Documents, the DIP Liens, the Super-Priority Claims and all other rights and remedies of the Lender granted by the provisions of the Interim Order, this Order and the DIP Documents shall survive, and shall not be modified, impaired, or discharged by (i) the entry of an order converting any of the Cases to a case under chapter 7, dismissing any of the Cases, terminating the joint administration of these Cases, or by any other act or omission, or (ii) the entry of an order confirming a plan of reorganization in any of the Cases (and, to the extent not satisfied in full in cash or through the Conversion Event, the DIP Obligations shall not be discharged by entry of

such order, and, pursuant to section 1141(d)(4) of the Bankruptcy Code, each of the Debtors hereby waive any discharge as to any remaining DIP Obligations and such waiver is hereby approved). Under no circumstances shall any plan of reorganization of a Debtor be confirmed or become effective unless such plan provides that the DIP Obligations are paid in full in cash on or before the effective date of such plan or such plan is otherwise acceptable to the Lender in its sole and absolute discretion. The terms and provisions of the Interim Order, this Order and the DIP Documents shall continue in these Cases, in any successor cases if these Cases cease to be jointly administered, or in any superseding chapter 7 cases under the Bankruptcy Code, and the DIP Liens, the Super-Priority Claims and all other rights and remedies of the Lender granted by the provisions of the Interim Order, this Order and the DIP Documents shall continue in full force and effect until the DIP Obligations are indefeasibly paid in full or the Conversion Event has been consummated.

13. *Limitation on Use of Financing Proceeds and Collateral.* The Debtors shall use the proceeds of the Financing solely as provided in the Interim Order, this Order and in the DIP Documents. Notwithstanding anything herein or in any other order by this Court to the contrary, no borrowings, or Collateral may be used to (a) object, contest, or raise any defense to, the validity, perfection, priority, extent, or enforceability of any amount due under the DIP Documents, or the DIP Liens or Super-Priority Claims granted in the Interim Order, this Order or in the DIP Documents, (b) assert any claims or defenses, or causes of action related in any way to the Financing against the Lender or its agents, affiliates, representatives, attorneys, or advisors, (c) prevent, hinder, or otherwise delay the Lender's assertion, enforcement, or realization on the Collateral in accordance with the DIP Documents, the Interim Order or this Order, (d) seek to modify any of the rights granted to the Lender herein or in the DIP Documents, in each of the

foregoing cases, without such parties' prior written consent, (e) pay any amount on account of any claims arising prior to the Petition Date, unless such payments are approved or authorized by an order of the Court or approved by the Lender in its sole discretion, or (f) pay any professional fees and disbursements incurred in connection with any of the actions described in the foregoing clauses (a) through (e).

14. *Insurance.* Effective as of the Closing Date, the Lender shall be, and shall be deemed to be, without any further action or notice, named as additional insureds and loss payees on each insurance policy maintained by the Debtors which in any way relates to the Collateral.

15. *Right of Access and Information.* The Debtors shall cooperate with the Lender to permit them to exercise their rights of access and to information as set forth in the DIP Documents.

16. *Fees and Expenses of Lender.* The Debtors shall promptly following receipt of a written invoice reimburse the Lender for its reasonable costs, fees (including reasonable attorneys' fees), charges, and expenses incurred in connection with the Cases. None of such costs, fees, charges, and expenses shall be subject to Court approval and no recipient of any such payment shall be required to file with respect thereto any interim or final fee application with the Court, provided that the Court shall have jurisdiction to determine any dispute concerning such invoices.

17. *Waiver of Claims and Causes of Action.* Without prejudice to the rights of any other party, including the Committee, the Debtors have waived any and all claims and causes of action against the Lender, and its affiliates, directly related to the Financing or the negotiation of the terms thereof.

18. *Order Governs.* In the event of any inconsistency between the provisions of this Order, the Interim Order and the DIP Documents, the provisions of this Order shall govern.

19. *Limitation of Liability.* In determining to provide the Financing under the DIP Documents or in exercising any rights or remedies as and when permitted pursuant to the Interim Order, this Order or the DIP Documents, the Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601, et seq. as amended, or any similar federal or state statute). Furthermore, nothing in the Interim Order, this Order or in any of the DIP Documents or any other documents related to this transaction shall in any way be construed or interpreted to impose or allow the imposition upon the Lender of any liability for any claims arising from the prepetition or post-petition activities of the Debtors or debtors-in-possession and their affiliates (as defined in section 101(2) of the Bankruptcy Code) in the operation of their businesses or in connection with their restructuring efforts.

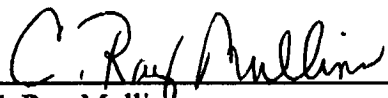
20. *No Proofs of Claims.* The Lender is hereby relieved of the requirement to file proofs of claims in these Cases with respect to the DIP Obligations and any other claims or liens or security interests granted or created herein or in the DIP Documents.

21. *Effectiveness.* Notwithstanding Bankruptcy Rule 7062, the terms and conditions of this Order shall (a) be immediately enforceable, and (b) not be stayed absent the grant of such stay under Bankruptcy Rule 8005 after a hearing upon notice to the Debtors and the Lender.

22. *Findings of Facts and Conclusions of Law.* This Order shall constitute findings of fact and conclusions of law.

23. *Binding Effect; Successors and Assigns.* The DIP Documents and the provisions of this Order and the Interim Order, including all findings herein and therein, shall be binding upon all parties in interest in these Cases, including, without limitation, the Lender, the Committee, the Agent and the lenders under the Existing DIP Financing Facility, and the Debtors, and their respective successors and assigns (including, to the fullest extent permitted by applicable law, any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the estate of any of the Debtors, an examiner appointed pursuant to section 1104 of the Bankruptcy Code, or any other fiduciary hereafter appointed as a legal representative of the Debtors or with respect to the property of the estates of the Debtors) and shall inure to the benefit of the Lender, and the Debtors, and their respective successors and assigns; *provided, however,* that the Lender shall have no obligation to extend any financing to any chapter 7 trustee or similar responsible person appointed for the estates of the Debtors.

SO ORDERED, ADJUDGED, AND DECREED, this 8 day of ^{May}~~April~~, 2007.



C. Ray Mullins
UNITED STATES BANKRUPTCY JUDGE

[Signature of counsel on following page]

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IN THE MATTER OF SECTION 18.6 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36
AND IN THE MATTER OF ALLIED HOLDINGS, INC. AND THOSE SUBSIDIARIES LISTED ON SCHEDULE "A" HERETO
Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(PROCEEDING COMMENCED AT TORONTO)

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