

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION

ENTERED ON DOCKET
8-1-05

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In re : Chapter 11
: :
Allied Holdings, Inc., et al., : Case Nos. 05-12515 through
: 05-12537
: Jointly Administered under
: Case No. 05-12515
: :
Debtors. : Judge Drake
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EMERGENCY INTERIM ORDER (i) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING PURSUANT TO SECTION 364 OF THE BANKRUPTCY CODE, (ii) GRANTING LIENS AND SUPER-PRIORITY CLAIMS, (iii) GRANTING ADEQUATE PROTECTION TO THE PREPETITION AGENTS AND PREPETITION SECURED LENDERS (iv) AUTHORIZING THE IMMEDIATE PAYOFF OF THE PREPETITION CREDIT FACILITY, (v) AUTHORIZING USE OF CASH COLLATERAL, PROHIBITING SETOFFS, AND PROVIDING ADEQUATE PROTECTION TO THE BANK OF NOVA SCOTIA, AND (vi) SCHEDULING THE FINAL HEARING ON THE DEBTORS' MOTION TO INCUR SUCH FINANCING ON A PERMANENT BASIS AND APPROVING THE FORM AND METHOD OF NOTICE THEREOF

This matter is before the Court on the motion filed by Allied Holdings, Inc., 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., Kar-Tainer International LLC, 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., debtors and debtors-in-possession herein (collectively, the "Debtors") in the above captioned Chapter 11 cases (collectively, the "Cases") dated July 31, 2005 (the "Motion") requesting entry of an Order:

- (1) for immediate authorization and approval, pursuant to

sections 105, 361, 362, and 364 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for the Debtors to obtain postpetition financing the "DIP Facility"), and for the Guarantors to guarantee the payment of each Debtor's obligations thereunder and under this Order, including, without limitation, principal, accrued interest, unpaid fees and expenses, and all other amounts due from time to time under the documents referred to below (collectively, the "Postpetition Indebtedness"), from General Electric Capital Corporation, as Administrative Agent, Co-Revolver Agent, Collateral Agent and a lender ("GE Capital"), Morgan Stanley Senior Funding, Inc. as Co-Term Loan B Agent and a lender ("Morgan Stanley") and Marathon Structured Finance Fund, L.P. as Co-Revolver Agent, Term Loan A Agent, Co-Term Loan B Agent and lender ("Marathon") (GE Capital, Marathon and Morgan Stanley, in their respective agent capacity, collectively, the ("DIP Facility Agents") and GE Capital, Marathon and Morgan Stanley, together with the other lenders, if any, each in their lender capacity, collectively, the "DIP Facility Lenders") to (A) fund, among other things, ongoing working capital needs of the Debtors, (B) permit the Debtors on the basis described below to pay the Prepetition Indebtedness (as defined below) in full in cash to the Prepetition Agents (as defined below) for and on behalf of the Prepetition Lenders (as defined below) under the Prepetition Credit Facility (as defined below), which amounts are stipulated to be secured by the Prepetition Collateral (as defined below), and (C) pay fees and expenses (including, without limitation, reasonable attorneys' fees and expenses) owed to the DIP Facility Agents and the DIP Facility Lenders under the DIP Facility and the other DIP Facility Documents (as defined below);

(2) requesting, pursuant to Section 364(c) and (d) of the Bankruptcy Code, that the financing under the DIP Facility:

a. have priority over any and all administrative expenses, including, without limitation, the kind specified in sections 105, 326, 328, 330, 331, 503 (b), 506(c), 507(a), 507(b), 726, 1113, or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other consensual or non-consensual lien, levy or attachment, which allowed super-priority claims of the DIP Facility Agents and DIP Facility Lenders shall be payable from and have recourse to all prepetition and postpetition property of the Debtors, except for the Carve-Out (as defined below), as provided for herein (the "DIP Facility Superpriority Claim"); and

b. be and be deemed immediately secured by valid, binding, continuing, enforceable, fully perfected and unavoidable first priority senior priming security interests in, and liens upon, all prepetition and postpetition assets of the Debtors and other Guarantors, whether now existing or hereafter acquired, except with respect to the Senior Claims (the "DIP Facility Liens") constituting: Accounts, Chattel Paper, Documents, General Intangibles including payment intangibles, Real Estate, Goods, including but not limited to equipment and inventory, Rolling Stock, all Instruments, all Investment Property, Deposit Accounts, including all controlled deposit accounts, concentration accounts, disbursement accounts, and all other bank accounts and all deposits therein, money, cash or cash equivalents, Supporting Obligations and Letter-of-Credit Rights, sixty-six percent (66%) of the voting stock of each foreign subsidiary of the Debtors excluding the Canadian subsidiaries, all shares of capital stock of (or other ownership interests in) and intercompany debt of each Borrower and each Guarantor, as

well as intercompany debt of each present and future direct or indirect U.S. or Canadian subsidiary of each Borrower, all commercial tort claims (whether now existing or hereafter acquired, and without the need for any more specific description of such commercial tort claims), and to the extent not otherwise included, all proceeds, tort claims, insurance claims, and other rights to payments not otherwise included in the foregoing and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of, each of the foregoing (collectively, the "Collateral"), as provided for by section 364(c) and (d) of the Bankruptcy Code, but specifically (i) excluding avoidance actions under Chapter 5 of the Bankruptcy Code (the "Avoidance Actions"), (ii) constituting a second priority security interest in the Indemnification Fund (as defined below) and the LC Fund (as defined below) and (iii) being subject to the Carve-Out as provided for herein.

(3) seeking the Court's authorization pursuant to sections 361 (a), 363(c), and 364(d)(1) of the Bankruptcy Code to provide adequate protection to the Prepetition Agents (as defined below) and the Prepetition Lenders (as defined below) on account of their claims under the Prepetition Credit Facility, which liens and claims are to be "primed" and treated as junior in all respects to the financing provided herein with the exception of the Indemnification Fund (as defined below) and the LC Fund (as defined below) pursuant and subject to the terms hereof and the Final Order;

(4) a. for immediate authorization and approval, pursuant to sections 105, 361, 363, 541 and 553 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014, for the Debtors, and particularly, Allied Systems (Canada) Company ("Allied Canada"), to use their cash, cash equivalents, accounts, accounts

receivables, and all products and proceeds thereof now or hereafter on deposit with, in the possession of, received by or otherwise held, maintained or controlled (collectively, the "Canadian Cash Collateral") by The Bank of Nova Scotia ("Scotia"), so as to fund, among other things, ongoing working capital needs of Allied;

b. prohibiting Scotia from exercising or implementing any rights of offset, recoupment, restraint, sweep, reserve or other similar application or remedy against, or in connection with, the Cash Collateral on account of any outstanding prepetition general unsecured advances made by Scotia to Allied Canada pursuant to that certain \$2.5 million (Canadian) revolving credit agreement dated June 9, 2004 by and between Allied Company and Scotia (the "Prepetition Scotia Credit Agreement");

c. permitting Allied Canada immediate and uninterrupted access to and use of all of Allied Canada's accounts identified in the Motion (collectively, "Canadian Accounts") so as to allow any and all checks, drafts, notes and transfers from and instruments drawn against, and all cash, cash equivalents, checks, drafts, wire transfers and other deposits presently or hereafter received and deposited in, the Canadian Accounts, to be fully credited and processed for use by Allied Canada in the ordinary course, provided, however, that Scotia shall not be required to advance or loan any funds to Allied Canada and Allied Canada's use of the Canadian Cash Collateral shall be limited to the actual cash balances presently, and as may become available in, the Canadian Accounts and the cash collections as may be received by and/or deposited into the Canadian Accounts;

d. seeking the Court's authorization, pursuant to Sections 361 (c) and 363 of the Bankruptcy Code to provide adequate protection to Scotia on account

of its claims under the Prepetition Scotia Credit Agreement consisting of (i) the continuation, but not enforcement, of Scotia's interests in and claims, if any, to and in all the Canadian Cash Collateral hereafter deposited and maintained from time to time in the Canadian Accounts and (ii) the indubitable equivalent of Scotia's "security" consisting of the continued maintenance and preservation in accordance with its present terms of that certain \$2.6 Million (U.S.) Standby Letter of Credit previously issued to and for the benefit of Scotia by Wells Fargo Bank, N.A. (the "Standby L/C") (or such other replacement letter of credit in a form and substance acceptable to Scotia as may be issued under the DIP Facility) and to provide continuing security and assurance of repayment for any outstanding loans and advances by Scotia to Allied Canada;

e. permitting Allied Canada and Scotia, subject to their mutual consent and joint execution, to enter into an agreement for the continuation and/or renewal of the Prepetition Scotia Credit Agreement without further order of this Court; provided, however, that such continuation and/or renewal shall be required to be on substantially the same terms and conditions as those currently contained in the Prepetition Scotia Credit Agreement.

(5) requesting, pursuant to Bankruptcy Rule 4001, that an interim hearing (the "Interim Hearing") on the Motion be held for this Court to consider entry of an interim order (the "Order") authorizing the Debtors, on an interim basis, (a) to obtain under the DIP Facility from the DIP Facility Agents and DIP Facility Lenders the principal amount of up to \$230 million pursuant to the terms of the DIP Facility Agreement (as defined below); and (b) obtain use of Canadian Cash Collateral.

(6) requesting, pursuant to Bankruptcy Rule 4001, that a final

hearing (the "Final Hearing") be held for this Court to consider entry of an order approving (a) the DIP Facility as set forth in the DIP Facility Agreement, and (b) use of Canadian Cash Collateral all on a final basis (the "Final Order"), as set forth in the Motion.

Pursuant to Bankruptcy Rules 4001(b) and 4001(c)(1), due and sufficient notice under the circumstances of the Motion and the Interim Hearing having been provided by the Debtors as set forth in paragraph I below, and the Interim Hearing having been held on August 1, 2005, and upon consideration of all the pleadings filed with this Court; and any objections to the relief requested in the Motion that have not been resolved are hereby overruled; and upon the record made by the Debtors at the Interim Hearing and Declaration of Thomas H. King in Support of Chapter 11 Petitions and First Day Motions, and after due deliberation and consideration and good and sufficient cause appearing therefor;

IT IS HEREBY FOUND:

A. On July 31, 2005 (the "Commencement Date"), the Debtors each commenced in this Court a case under chapter 11 of the Bankruptcy Code. The Debtors are continuing to operate their respective businesses and manage their respective properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

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

C. Contemporaneously with the filing of the Cases, Allied Systems Company, AH Industries, Inc. and Axis Canada Company (collectively, the "Canadian

Debtors”) have filed or will immediately file a motion in Ontario Superior Court of Justice (Commercial List) 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 including this Order.

D. This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

E. Pursuant to that certain Amended and Restated Financing Agreement, dated as of September 4, 2003, by and among Allied Holdings, Inc., Allied Systems, Ltd. (L.P.), each subsidiary of Allied Holdings, Inc. signatory as a guarantor thereto, Abelco Finance LLC as collateral agent (the “Prepetition Collateral Agent”) and a lender and Wells Fargo Foothill, Inc. as administrative agent (the “Prepetition Administrative Agent”) and, together with the Prepetition Collateral Agent, collectively, the “Prepetition Agents”) and a lender and those lenders parties signatory thereto (collectively, the “Prepetition Lenders”) (as amended from time to time, the “Prepetition Credit Facility”) and together with all agreements, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith, the “Prepetition Financing Documents”), the Prepetition Lenders made loans and advances to, issued letters of credit for and/or provided other financial accommodations (collectively, the “Prepetition Indebtedness”) to or for the benefit of the Debtors from time to time. The

Prepetition Indebtedness was incurred by the Debtors under the following two (2) facilities of the Prepetition Credit Facility: (i) a revolving credit facility pursuant to which certain Prepetition Lenders committed to advance loans and provide letters of credit in an aggregate principal amount of up to \$90 million and (ii) three (3) term loans pursuant to which certain Prepetition Lenders advanced loans in an aggregate principal amount of \$145 million. Without prejudice to the rights of any other non-debtor party in interest as provided in paragraph 6 below, the Debtors hereby stipulate that: (i) as of the Commencement Date, the Debtors are indebted to the Prepetition Lenders pursuant to the Prepetition Financing Documents in the aggregate principal amount of \$26,700,000 under such revolving credit facility, \$113,550,097.87 under such term facilities and \$43,695,036.45 in face amount of issued letters of credit, each plus accrued per diem interest with respect thereto and any fees, Prepayment Premium (as defined in the Prepetition Credit Facility), costs and charges provided under the Prepetition Financing Documents and (ii) as collateral for the Prepetition Indebtedness, the Debtors granted to the Prepetition Agents, for their benefit and the benefit of the Prepetition Lenders, a security interest in and lien upon (collectively, the "Prepetition Liens") all or substantially all of the Debtors' property, including without limitation, all of the Debtors' accounts, inventory, equipment, general intangibles, documents, instruments and chattel paper. As adequate protection for postpetition diminution in the value of the Prepetition Collateral, if any, the Prepetition Agents, on behalf of the Prepetition Lenders, are granted junior replacement liens in the same kind of Prepetition Collateral arising postpetition to the extent of any diminution in the value of the Prepetition Collateral (the "Replacement Liens"). The Debtors further acknowledge, agree and stipulate that (x) the Prepetition

Liens in and to the Prepetition Collateral constitute valid, binding, enforceable, and perfected liens in and to the Prepetition Collateral having the priority set forth in the Prepetition Credit Facility and subject only to the liens described in the Prepetition Credit Facility, and are not subject to avoidance, reduction, disallowance, disgorgement, counterclaim, surcharge or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law, (y) the Prepetition Indebtedness constituted allowed secured claims against the estates, and (z) no claim of or cause of action held by the Debtors exists against the Prepetition Agents, the Prepetition Lenders, or their agents, whether arising under applicable state or federal law, or whether arising under or in connection with any of the Prepetition Financing Documents (or the transactions contemplated thereunder), the Prepetition Indebtedness, the Prepetition Liens or any Replacement Liens, including without limitation, any right to assert any disgorgement or recovery.

F. Pursuant to the Prepetition Scotia Credit Agreement, Scotia made loans and advances to Allied Canada, on a general unsecured basis. The Prepetition Scotia Credit Agreement provided for loans and advances not to exceed \$2.5 million (Canada) in the aggregate and under which facility, as of the Commencement Date, there was outstanding approximately \$1.2 million (Canada), secured only, but completely, by the irrevocable \$2.6 million (US) Standby L/C.

G. As of the Commencement Date, Canada Allied maintained all its general operating Canadian Accounts at and with Scotia, which accounts effectively constitute the sole banking and cash management systems of Allied Canada. Allied Canada's business requires the continued use and maintenance of the Canadian Accounts, and the present and continuing access to and use of the postpetition of the Canadian Cash

Collateral, absent which Allied Canada will not be able to operate its business, and the Debtors' and particularly Allied Canada's estates would be irreparably harmed. Allied Canada is unable to obtain sufficient interim financing from sources other than the use of their Canadian Cash Collateral. The continued maintenance and preservation of the Standby L/C to and for the benefit of Scotia, together with replacement interests therein, constitute more than sufficient adequate protection for Scotia for Allied Canada's unfettered use of the Cash Collateral.

H. On or about August 1, 2005, a consensual Stipulation And Order Authorizing Limited Use Of Cash Collateral (the "Cash Collateral Stipulation") was entered by the Court which provided for, among other things, the limited use of the Prepetition Agents' and Prepetition Lenders' Cash Collateral and grant of replacement liens pursuant to sections 361, 363(e) and 364(c)(2) of the Bankruptcy Code and limited administrative expense claims under section 507(b) of the Bankruptcy Code to the Prepetition Agents on behalf of the Prepetition Lenders. Any adequate protections granted in the Cash Collateral Stipulation, including replacement liens and administrative claims, shall be deemed superceded by entry of this Order and the Prepetition Payoff (as defined below).

I. The Debtors' businesses require the availability of credit to finance the ordinary costs of their operations, including, without limitation, to provide letters of credit to support credit enhancements. Without such credit, the Debtors would not be able to operate their businesses and the Debtors' estates would be irreparably harmed. The Prepetition Credit Facility has become inadequate for the Debtors' needs, purposes and operations, and the Prepetition Lenders have declined to significantly enlarge or

expand the Prepetition Credit Facility.

J. The Debtors are unable to obtain sufficient interim and long-term financing from sources other than the DIP Facility Lenders on terms more favorable than under the DIP Facility and all the documents and instruments delivered pursuant thereto or in connection therewith (inclusive of the DIP Facility Agreement, the "DIP Facility Documents"). The Debtors have been unable to obtain sufficient interim unsecured credit solely under section 503(b) (1) of the Bankruptcy Code as an administrative expense. New credit is unavailable to the Debtors without (i) providing the DIP Facility Agents for the benefit of the DIP Facility Lenders (a) the DIP Facility Superpriority Claims and (b) the DIP Facility Liens as provided herein and in the DIP Facility Documents and (ii) without concurrently providing for the immediate repayment of the Prepetition Indebtedness and release of Prepetition Liens on the terms set forth herein.

K. The DIP Facility Agents and DIP Facility Lenders have indicated a willingness to consent and agree to provide financing to the Debtors subject to (i) the entry of this Order, (ii) the terms and conditions of the DIP Facility Agreement, (iii) the terms and conditions of all "First-Day Orders" being, in form and substance, reasonably satisfactory to the DIP Facility Agents, and (iv) findings by the Court that such postpetition financing is essential to the Debtors' estates, that the terms of such financing were negotiated in good faith and at arm's length, and that the DIP Facility Agents' and/or the DIP Facility Lenders' DIP Facility Liens and Superpriority Claims, and other protections granted pursuant to this Order and the DIP Facility Documents will not be affected by any subsequent reversal, modification, vacatur, or amendment of this Order or any other order, as provided in section 364(e) of the Bankruptcy Code. Each of the DIP

Facility Agents and DIP Facility Lenders has acted in good faith in negotiating, consenting to and in agreeing to provide the postpetition financing arrangements contemplated by this Order and the other Postpetition Financing Documents and the reliance of each of the DIP Facility Agents and DIP Facility Lenders on the assurances referred to above is in good faith.

L. Telephonic or facsimile notice of the Interim Hearing and the entry of this Order has been provided to (i) the forty (40) largest creditors listed in the Debtors' consolidated list of creditors (excluding insiders), (ii) the Office of the United States Trustee for the Northern District of Georgia (the "U.S. Trustee"), (iii) the Securities and Exchange Commission, (iv) counsel to each of the DIP Facility Agents, (v) counsel to each of the Prepetition Agents, (vi) counsel to the Indenture Trustee, (vii) counsel to the *ad hoc* committee of senior noteholders, (viii) counsel to Scotia Bank, (ix) 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, (x) landlords of the Debtors' nonresidential real estate property, (xi) the Environmental Protection Agency and each state environmental protection agency or department in which the Debtors own real estate, and (xii) any other parties requesting such notice (collectively, the "Notice Parties"). Under all the exigent circumstances, the requisite notice of the Motion and the relief requested thereby and this Order has been provided in accordance with Bankruptcy Rule 4001, which notice is sufficient for all purposes under the Bankruptcy Code, including, without limitation, sections 102(1) and 364 of the Bankruptcy Code, and no other notice need be provided for entry of this Order.

M. The Prepetition Agents and the Prepetition Lenders are entitled to rely upon the terms and enforceability of this Order inasmuch as, following the Prepetition Payoff (as defined below) the Prepetition Collateral Agent's liens and security interests shall be junior to the liens and security interests securing the DIP Facility Documents.

N. The Debtors have requested immediate entry of this Order pursuant to Bankruptcy Rules 4001(b) (2) and 4001(c) (2). Absent entry of this Order, the Debtors' businesses, properties and estates will be immediately and irreparably harmed.

O. The ability of the Debtors to finance their respective operations and the availability to the Debtors of sufficient working capital through the incurrence of new indebtedness for borrowed money and other financial accommodations, including credit support, is in the best interests of the Debtors and their respective creditors and estates. The interim financing authorized hereunder is vital to avoid immediate irreparable harm to the Debtors' businesses, properties and estates and to allow the orderly continuation of the Debtors' businesses.

P. The Debtors have demonstrated in accordance with section 506(a) of the Bankruptcy Code, that for the purpose of authorizing payment of the Prepetition Indebtedness from the proceeds of the DIP Facility and in light of the funding commitments under the DIP Facility Agreement, the value of the Debtors' assets and businesses subject to the Prepetition Liens exceeds the amount of the Prepetition Indebtedness. It is necessary for the Debtors to satisfy the Prepetition Indebtedness in order to obtain the DIP Credit Facility. The Debtors have presented sound business justifications to satisfy the Prepetition Indebtedness in accordance with the terms of this

Order.

Q. Based upon the record presented by the Debtors to this Court: (i) the terms of the DIP Facility are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duty, and are supported by reasonably equivalent value and fair consideration; and (ii) the DIP Facility has been negotiated in good faith and at arm's length among the Debtors and the DIP Facility Agents, and any credit extended, letters of credit issued, loans made, and other financial accommodations extended to the Debtors by the DIP Facility Lenders shall be deemed to have been extended, issued, or made, as the case may be, in "good faith" within the meaning of section 364(e) of the Bankruptcy Code.

R. Each of the Prepetition Agents and Prepetition Lenders has consented to the terms and conditions of this Order, including the priming under section 364(d) of the Bankruptcy Code as provided for herein.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. Disposition. The Motion is granted as set forth in this Order. Any objections that have not previously been withdrawn are hereby overruled. This Interim Order shall immediately become effective upon its entry.
2. Authorization to Borrow. Upon finalizing and executing that certain Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement (the "DIP Facility Agreement") by and among the Borrowers, the Guarantors, the DIP Facility Agents, and the DIP Facility Lenders, in substantially the form annexed to the Motion and provided that the Debtors are not in default under the terms of this Order, the Debtors are immediately authorized to borrow under the DIP Facility from the DIP Facility Lenders the lesser of \$230 million (together with interest, fees, charges and expenses payable under the DIP Facility Documents, the "DIP Facility Amount") outstanding at any time and the amount of available borrowings under the DIP Facility Agreement. The proceeds of the DIP Facility Agreement shall be used to, among other things, immediately repay in full the Prepetition Indebtedness as provided herein. Upon execution and delivery of the DIP Facility Documents, the DIP Facility Documents shall constitute legal, valid, and binding obligations of the Debtors and Guarantors party thereto, enforceable against each such Debtor and Guarantor in accordance with their terms. Available financing and advances under the DIP Facility Agreement until the Final Hearing will be made only to repay the Prepetition Indebtedness in full, as provided herein, to fund the Debtors' ordinary working capital and general corporate needs and to pay other amounts required or allowed to be paid pursuant to the DIP Facility Agreement, this Order and any other orders of this Court.

3. DIP Facility Superpriority Claims. For all of the Debtors' Obligations and Postpetition Indebtedness arising under the DIP Facility and the DIP Facility Documents, the DIP Facility Lenders and the DIP Facility Agents are granted, pursuant to section 364(c) (1) of the Bankruptcy Code, the DIP Facility Superpriority Claims which claims shall be payable from and have recourse to, in addition to the Collateral, any unencumbered prepetition or postpetition property of the Debtors whether now existing or hereafter acquired.

4. DIP Facility Liens. As security for the Postpetition Indebtedness, pursuant to sections 364(c)(2), (c)(3), and (d) of the Bankruptcy Code, the DIP Facility Collateral Agent, on behalf of itself and the DIP Facility Lenders, is hereby granted (effective upon the date of this Order and payment of the Prepetition Indebtedness in full, funding of the Indemnification Fund (as defined below) and the tendering of funds in accordance with the terms of the Cash Collateral Agreement (as defined in the Payoff Letter, defined below) (referred to herein as the "LC Fund") (hereinafter the aforesaid payment funding and tendering are referred to as the "Prepetition Payoff") and without the necessity of the execution by the Debtors or the filing or recordation of mortgages, security agreements, lock box agreements, financing statements, or otherwise) the DIP Facility Liens. Conditioned upon the Prepetition Payment as provided for herein, the DIP Facility Liens granted herein shall prime and be senior in all respects to the Prepetition Liens and the Replacement Liens granted to the Prepetition Collateral Agent hereunder pursuant to section 364(d) of the Bankruptcy Code; provided however, that upon entry of the Final Order, the Prepetition Liens and Replacement Liens shall be deemed terminated and extinguished. In the event of the occurrence of an event of default or similar event

under the DIP Facility Documents (an “Event of Default”), or an event that would constitute an Event of Default with the giving of notice or lapse of time or both (a “Default”), the DIP Facility Liens, the Prepetition Liens and the Replacement Liens shall be subject to the payment of the Carve-Out. Upon the Prepetition Payoff, the DIP Facility Liens shall be senior in all respects to and prime the Prepetition Agents’ and Prepetition Lenders’ liens, claims and interests under the Prepetition Financing Documents (other than the liens, claims and interests in the Indemnification Fund (as defined below) and the LC Fund) pursuant to section 364(d) of the Bankruptcy Code.

5. Carve-Out. In the event of the occurrence of an Event of Default or a Default, the DIP Facility Superpriority Claims and the DIP Facility Liens shall be subject to the payment of (x) accrued and unpaid and future fees and disbursements incurred by the Debtors’ professionals and professionals for any official unsecured creditors’ committee (the “Committee”) appointed in the Cases and allowed by order of this Court in an aggregate amount not to exceed \$1,500,000 plus (y) fees pursuant to 28 U.S.C. § 1930 and to the Clerk of the Court (collectively, the “Carve-Out”); *provided, however*, that the Carve-Out, Advances, Letters of Credit or Collateral shall not include, apply to, or be available for any fees or expenses incurred by any party, including the Debtors or the Committee, in connection with (i) the initiation or prosecution of any claims, causes of action, adversary proceedings, or other litigation against any of the DIP Facility Agents or the DIP Facility Lenders, including, without limitation, challenging the amount, validity, extent, perfection, priority, or enforceability of, or asserting any defense, counterclaim, or offset to the Postpetition Indebtedness, the DIP Facility Superpriority Claim, or the security interests and liens of the DIP Facility Agents in respect thereof, or

(ii) asserting any claims or causes of action, including, without limitation, claims or actions to hinder or delay the DIP Facility Agents' or DIP Facility Lenders' assertion, enforcement or realization on the Collateral in accordance with the DIP Facility Documents or this Order or any Avoidance Actions against the DIP Facility Agents or the DIP Facility Lenders. The foregoing shall not be construed as consent to the allowance of any fees and expenses referred to above and shall not affect the right of the Debtors, the DIP Facility Agents, the DIP Facility Lenders, the Committee, the U.S. Trustee, or other parties in interest to object to the allowance and payment of such amounts.

6. Investigation Rights. Notwithstanding anything herein to the contrary, including the Debtors' stipulations and releases herein solely as they relate to the Prepetition Agents, Prepetition Lenders and Prepetition Credit Facility, the Committee, if appointed, and all non-debtor parties in interest shall have sixty (60) days from the Commencement Date (the "Investigation Termination Date") to investigate the validity, perfection, and enforceability of the Prepetition Liens and the amount and allowability of the Prepetition Indebtedness, or to assert any other claims or causes of action against the Prepetition Agents or Prepetition Lenders. If the Committee, or any non-debtor party in interest hereafter vested with authority by the Court, determines that there may be a challenge to the Prepetition Liens or Prepetition Indebtedness by the Investigation Termination Date, upon three (3) days' written notice to the Debtors and the Prepetition Agents (which notice may be given on the Investigation Termination Date), such Committee or other non-debtor party in interest hereafter vested with authority by the Court shall be permitted to file and prosecute an objection or claim related thereto (each, a "Challenge"), and shall have only until the Investigation Termination Date to file

such objection or otherwise initiate an appropriate action or adversary proceeding on behalf of the Debtors' estates setting forth the basis of any such challenge, claim or cause of action. If a Challenge is not filed on or before the Investigation Termination Date (or such other later date as extended by the written consent of the Debtors and the Prepetition Agents, or by the Court as described below), agreements, acknowledgements and stipulations contained in paragraph E of this Order and the release set forth in paragraph 9 (e) of this Order shall be irrevocably binding on the estates, Committee and all parties in interest (including without limitation a receiver, administrator, or trustee appointed in any of the Cases or in any jurisdiction) without further action by any party or this Court and the Committee and any other party in interest (including without limitation a receiver, administrator, or trustee appointed in any of the Cases or in any jurisdiction) shall thereafter be forever barred from bringing any Challenge, provided that the Investigation Termination Date may be extended for cause pursuant to an order of the Court obtained before the passage of sixty (60) days following the Commencement Date, including if the Debtors or the Prepetition Agents fail to reasonably cooperate in connection any such investigation.

7. Payment of Administrative Claims. So long as no Default or Event of Default shall have occurred and be continuing or have occurred and be waived, (i) the Debtors shall be permitted to pay administrative expenses allowed and payable under sections 330 and 331 of the Bankruptcy Code, as the same may become due and payable, and (ii) such payments shall not be applied to reduce the Carve-Out.

8. Limitation on Additional Surcharges. So long as the DIP Facility Lenders are providing postpetition financing or otherwise allowing the use of cash

collateral, with the exception of the Carve-Out and except as otherwise permitted by the DIP Facility, neither the Collateral nor any DIP Facility Agent, DIP Facility Lender, Prepetition Agent or Prepetition Lender shall be subject to surcharge, pursuant to section 506(c) of the Bankruptcy Code or otherwise, by the Debtors or any other party in interest without the prior written consent of the DIP Facility Agents and Prepetition Agents and no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Facility Agents, Prepetition Agents, DIP Facility Lenders or Prepetition Lenders in this proceeding, including but not limited to funding of the Debtors' ongoing operation by the DIP Facility Agents. In no event shall the DIP Facility Agents, Prepetition Agents, DIP Facility Lenders or Prepetition Lenders be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral.

9. Payoff of Prepetition Indebtedness and Prepetition Liens. (a) As additional adequate protection, the Prepetition Agents, on behalf of the Prepetition Lenders, are granted Replacement Liens subject to the terms and conditions of this Order;

(b) Within one (1) business day of the later of (i) the entry of this Order and (ii) the satisfaction of the conditions to lending under and the availability of the DIP Facility, the Debtors shall (a) repay the Prepetition Indebtedness outstanding to the Prepetition Agents and Prepetition Lenders in the aggregate principal amount of approximately \$185,845,135 (inclusive of the prepayment premium, but exclusive of accrued interest, accrued agency fees, accrued commitment fees, prepayment premium, breakage costs, legal fees and other charges due under the Prepetition Credit Facility to be determined by the Payoff Time, as defined in the Payoff Letter) as set forth in schedule 1 to Exhibit "A" to this Order (the "Payoff Letter") (or such other amount as may be then

due and owing if payment is tendered on a date later than the Payoff Time (as defined in the Payoff Letter)), plus the issuance of a back to back letter of credit in face amount of all letters of credit outstanding, (b) tender the sum of \$500,000 into a segregated account held by the Prepetition Agents (the "Indemnification Fund") for the payment of the Indemnification Claim (as defined and described below) and (b) tender the LC Fund. Upon payment of the Prepetition Indebtedness in full, funding of the Indemnification Fund, the LC Fund, and subject to the terms of this Order, the Prepetition Agents and Prepetition Lenders irrevocably agree and consent that the only required form of continuing adequate protection of the Prepetition Lenders' interest shall be (i) the Prepetition Collateral Agent's continued possession of all Prepetition Collateral documents, retention of the Prepetition Liens and grant of Replacement Liens until entry of the Final Order, (ii) the protections provided to the Indemnification Claim through the Indemnification Fund and Prepetition Lenders Administrative Claim and (iii) the LC Fund; *provided however*, that the DIP Facility Liens shall be deemed to be senior in all respects and prime the Prepetition Liens and Replacement Liens (excluding the Prepetition Agents' and Prepetition Lenders' first priority liens and interests in the Indemnification Fund and the LC Fund) and the Indemnification Claim shall be deemed subordinate to the DIP Facility Superpriority Claim and the Carve-Out (except to the extent of the Prepetition Agents' and the Prepetition Lenders' first priority liens and interest in the Indemnification Fund).

(c) On the closing of the DIP Financing Agreement and the payment in full of all Prepetition Indebtedness and the funding of the Indemnification Fund and the LC Fund, all Commitments (as defined in the Prepetition Credit Agreement)

shall be deemed irrevocably terminated. Further, upon entry of the Final Order, the Prepetition Agents and the Prepetition Lenders shall have no further rights, other than to the Indemnification Fund, the LC Fund and the Indemnification Claim (as defined and described below), with respect to the Debtors, the Collateral or any claims or liens relating thereto (all of which Prepetition Liens, Replacement Liens and claims shall be deemed automatically terminated without further action), whether such claims or liens arise under the Prepetition Financing Documents, Replacement Liens, or otherwise and the Debtors and their estates shall have no further obligations to the Prepetition Agents and Prepetition Lenders in connection with the Prepetition Financing Documents or Replacement Liens. Furthermore all (a) indemnity obligations arising under provisions of the Prepetition Financing Documents which, by their terms, survive payment in full of the Prepetition Indebtedness, (b) claims for professional fees and expenses incurred by the Prepetition Agents pursuant to the terms of the Prepetition Financing Documents (including without limitation, with respect to indemnity obligations, payment and reimbursement obligations referred to in clause (a) (the amounts described in clauses (a) and (b) collectively, the "Indemnification Claim") shall attach to and be paid from the Indemnification Fund and to the extent the Indemnification Fund is not adequate, any remaining Indemnification Claim shall constitute an administrative expense against the Debtors' estates with superpriority under section 364(c)(1) of the Bankruptcy Code, junior only to the DIP Facility Superpriority Claims and Carve-Out (the "Prepetition Lenders Administrative Claim") *provided, that*, the Prepetition Indebtedness is not subsequently held by order of this Court to have been undersecured as at the Commencement Date, at in which case the Prepetition Agents and Prepetition Lenders

shall immediately repay to the Debtors any amounts received on account of the Prepetition Lenders Administrative Claim. The Prepetition Agents shall be authorized to periodically draw on (i) the Indemnification Fund for any Indemnification Claim of a kind described in clause (b) of the immediately preceding sentence and (ii) the LC Fund for letter of credit fees and expenses and other Letter of Credit Obligations (as defined in the Cash Collateral Agreement (as defined in the Payoff Letter)) as provided by in the Cash Collateral Agreement (as defined in the Payoff Letter), provided that the Prepetition Agents shall furnish copies of reasonably detailed invoices or fee statements within five (5) business' days of any such withdrawals to the Debtors and the Committee, and any Indemnification Claim of the kind described in clause (a) of such sentence shall be paid by the Debtors from the Indemnification Fund promptly after such claim becomes due and payable under the Prepetition Financing Documents. The Prepetition Agents shall have a first priority security interest in the Indemnification Fund and the LC Fund with the DIP Facility Agents' granted a second priority security interest in the Indemnification Fund and the LC Fund, and upon the Termination Date (as defined below), the Prepetition Agents shall tender any remaining balance plus interest, if any, in the Indemnification Fund, to the Debtors' estates subject to the DIP Facility Agents' liens. The LC Fund shall remain in the possession of the Prepetition Agents, on behalf of the Prepetition Lenders, until all existing letters of credit have expired, been replaced or as otherwise provided for in the Cash Collateral Agreement (as defined in the Payoff Letter) and all other Letter of Credit Obligations (as defined in the Cash Collateral Agreement (as defined in the Payoff Letter)) have been paid in full, and upon the termination of the Cash Collateral Agreement, the Prepetition Agents shall tender any remaining balance,

plus interest, if any, to the Debtors' estates subject to the DIP Facility Agents' liens.

(d) The Prepetition Agents' and Prepetition Lenders' liens, claims and interests in the Indemnification Fund and the Prepetition Lenders Administrative Claim shall expire upon the later of (i) payment of the Prepetition Indebtedness in full and funding of the Indemnification Fund and the LC Fund, (ii) the occurrence of the Investigation Termination Date (as the same may be extended in accordance with the terms of this Order) without a Challenge being asserted by any party, (iii) if a Challenge is asserted, the first business day in which such Challenge is dismissed or withdrawn with prejudice or a final non-appealable order is entered by a court of competent jurisdiction adjudicating such Challenge in its entirety or determining that the Prepetition Indebtedness was undersecured as of the Commencement Date, (iv) payment of any then pending previously asserted Indemnification Claim that is due and payable, and (v) ninety days from entry of this Order (collectively, the "Termination Date"). Notwithstanding the passage of the Termination Date, the Prepetition Agents' and Prepetition Lenders' liens, claims and rights to the LC Fund shall survive the passing of the Termination Date subject to the terms of the Cash Collateral Agreement (as defined in the Payoff Letter). Without limiting the generality of the foregoing, upon payment of the Prepetition Indebtedness in full, funding of the Indemnification Fund and the LC Fund and entry of the Final Order, the Prepetition Agents and Prepetition Lenders (1) authorize the Debtors to file Uniform Commercial Code termination statements, mortgage releases and all other documents necessary to evidence the release of the Prepetition Liens and (2) will take all such action and deliver all such other instruments and documents as may be reasonably requested by the Debtors or the DIP Facility Agents to effectuate or evidence the

termination of all Prepetition Liens and claims of the Prepetition Agents and Prepetition Lenders, in each case, at the sole cost and expense of the Debtors.

(e) Subject to paragraph 6 above, upon entry of the Final Order and in consideration for the release of the Prepetition Liens and Replacement Liens, claims and interests, the Debtors (on behalf of their estates) and any successor thereto (the "Releasing Parties") shall, and shall be deemed to have, as of the entry of the Final Order and release of the Prepetition Liens and Replacement Liens, fully and forever released, relieved, waived, relinquished and discharged the Prepetition Agents and Prepetition Lenders and each of their directors, officers and employees serving in any capacity or function, including as a fiduciary, agents, advisors, shareholders, subsidiaries, affiliates, heirs executors, administrators, attorneys, advisors, successors and assigns from, against and with respect to any and all actual or potential demands, claims, actions, causes of action (including derivative causes of action), suits assessments, liabilities, losses, costs, damages, penalties, fees, charges, expenses and all other forms of liability whatsoever, in law or equity, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising under the Bankruptcy Code, state law or otherwise now existing or hereafter arising that any Releasing Party ever had, now has or hereafter may have based in whole or in part upon any agreement, act, omission or other occurrence taking place on or prior to the date of the Final Order and directly or indirectly related to the Prepetition Financing Facility and Prepetition Financing Documents and any and all dealings between the Prepetition Agents and the Releasing Parties in connection with the Prepetition Financing Documents, to the extent such indemnity is provided for in the Prepetition Financing Documents (the "Released Claims"). The release contained in this

paragraph shall apply to all Released Claims, whether known or unknown, including without limitation (i) claims which if known by a Releasing Party might materially affect its decision to abide by this Order or the Final Order and (ii) all fees and expenses paid to or incurred by the Prepetition Agents pursuant to the terms of the Prepetition Financing Documents prior to or subsequent to the payment of the Prepetition Indebtedness. The release shall be full and final, and shall constitute a complete defense against the Released Claims with respect to any and all parties who may seek to assert such claims derivatively or otherwise on behalf of or in the name or stead of the Debtors, their estates or any successor thereto subject to Paragraph 6 herein. As to each and every claim released hereunder, each Debtor also waives the benefit of each other similar provision of applicable federal or state law, if any, pertaining to general releases after having been advised by its legal counsel with respect thereto. As to each and every claim released hereunder, each Debtor hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, each of them specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California (and any similar statutes) which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH A CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

10. Fees and Expenses of the DIP Facility Agents and the DIP Facility Lenders. The Debtors shall promptly following receipt of a written invoice reimburse the DIP Facility Agents and the DIP Facility Lenders for their reasonable costs, fees (including reasonable attorneys' fees), charges, and expenses incurred in connection with

the Cases whether incurred prepetition or postpetition. 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.

11. Restrictions on the Debtors. Other than the Carve-Out and the Prepetition Agents' and Prepetition Lenders' liens, claims and interests in the Indemnification Fund and the LC Fund, no claim having a priority superior or *pari passu* with those granted by this Order to the DIP Facility Agents, the DIP Facility Lenders and the Indemnification Claim or the LC Fund shall be granted or permitted by any order of the Court heretofore or hereafter entered in the Cases, while any portion of the DIP Facility (or refinancing thereof) or the commitment thereunder remains outstanding. Except as expressly permitted by the DIP Facility Agreement, the Debtors will not, at any time during the Cases, grant mortgages, security interests, or liens in the Collateral or any portion thereof to any other parties pursuant to section 364(d) of the Bankruptcy Code or otherwise.

12. Additional Perfection Measures. The DIP Facility Agents and DIP Facility Lenders shall not be required to file financing statements, mortgages, deeds of trust, security deeds, notices of lien, or similar instruments in any jurisdiction or effect any other action to attach or perfect the security interests and liens granted under the DIP Facility Documents 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). Notwithstanding the foregoing, the DIP Facility Agents and DIP Facility Lenders may, in their sole discretion, file such financing statements, mortgages, deeds of trust, notices of lien, or similar instruments or otherwise confirm perfection of such liens, security interests, and mortgages without seeking modification of the automatic stay under section 362 of the Bankruptcy Code and all such documents shall be deemed to have been filed or recorded at the time of and on the Commencement Date.

13. Access to Collateral - No Landlord's Liens. Notwithstanding anything contained herein to the contrary and without limiting any other rights or remedies of the DIP Facility Agents, for the ratable benefit of the DIP Facility Lenders, contained in this Order or the DIP Facility Documents, or otherwise available at law or in equity, and subject to the terms of the DIP Facility Agreement, upon written notice to the landlord of any leased premises that an Event of Default has occurred and is continuing under the DIP Facility Documents, the DIP Facility Agents may, subject to any separate agreement by and between such landlord and the DIP Facility Agents, enter upon any leased premises of the Debtors for the purpose of exercising any remedy with respect to Collateral located thereon and shall be entitled to all of the Debtors' rights and privileges as lessee under such lease without interference from the landlords thereunder, provided that the DIP Facility Agents shall only pay rent of the Debtors that first accrues after the DIP Facility Agent's written notice referenced above and that is payable during the period of such occupancy by the DIP Facility Agent, calculated on a per diem basis. Nothing herein shall require the DIP Facility Agent to assume any lease as a condition to the rights afforded to the DIP Facility Agent in this paragraph. Furthermore, other than Senior Claims, any landlord's lien, right of distraint or levy, security interest or other interest that

any landlord, warehousemen or landlord's mortgagee may have in any Collateral of the Debtors located on such leased premises, to the extent the same is not void under Section 545 of the Bankruptcy Code, is hereby expressly subordinated to the DIP Facility Liens in such Collateral.

14. Automatic Stay. Subject only to the provisions of the DIP Facility Agreement and without further order from this Court, the automatic stay provisions of section 362 of the Bankruptcy Code are vacated and modified to the extent necessary to permit the DIP Facility Agents and DIP Facility Lenders to exercise, upon the occurrence and during the continuance of any Event of Default (as defined and provided for in Article 8.1 of the DIP Facility Agreement), all rights and remedies provided for in the DIP Facility Documents (including, without limitation, the right to freeze monies or balances in the Debtors' accounts or set off monies or balances of the Debtors in accounts maintained by the DIP Facility Agents or any DIP Facility Lender); *provided however*, that prior to the exercise of any enforcement or liquidation remedies against the Collateral, the DIP Facility Agents shall be required to give five (5) business' days written notice provided to the Debtors, their bankruptcy counsel, the Committee's counsel, and the U.S. Trustee as provided for in Section 8.2(b) of the DIP Facility Agreement. Notwithstanding the occurrence of an Event of Default or the Commitment Termination Date or anything herein, all of the rights, remedies, benefits, and protections provided to the DIP Facility Agents and DIP Facility Lenders under the DIP Facility Documents and this Order shall survive the Commitment Termination Date. The Debtors and/or the Committee shall have the initial burden of proof at any hearing on any request by the Debtors and/or the Committee to re-impose or continue the automatic stay as

provided for herein; *provided, however*, that nothing contained herein shall constitute a waiver of the Debtors' right to challenge the occurrence or existence of an Event of Default or shall prohibit the Debtors from contesting, disputing or challenging the occurrence or existence of an Event of Default. This Court shall retain exclusive jurisdiction to hear and resolve any disputes and enter any orders required by the provisions of this paragraph and relating to the application, re-imposition or continuance of the automatic stay as provided hereunder.

15. Binding Effect. The provisions of this Order shall be binding upon and inure to the benefit of the DIP Facility Agents, the DIP Facility Lenders, the Prepetition Agents, the Prepetition Lenders, the Debtors, and their respective successors and assigns. To the extent permitted by applicable law, this Order shall bind any trustee hereafter appointed for the estate of any of the Debtors, whether in these Cases or in the event of the conversion of any of the Cases to a liquidation under chapter 7 of the Bankruptcy Code. Such binding effect is an integral part of this Order.

16. Survival. The provisions of this Order and any actions taken pursuant hereto shall survive the entry of any order (i) confirming any plan of reorganization in any of the Cases (and, to the extent not satisfied in full in cash, the Postpetition Indebtedness shall not be discharged by the entry of any such order, or pursuant to section 1141(d)(4) of the Bankruptcy Code, each of the Debtors having hereby waived such discharge); (ii) converting any of the Cases to a chapter 7 case; or (iii) dismissing any of the Cases, and the terms and provisions of this Order as well as the DIP Facility Superpriority Claims, the DIP Facility Liens and the Indemnification Claim granted pursuant to this Order and the DIP Facility Documents shall continue in full force

and effect notwithstanding the entry of any such order, and such claims and liens shall maintain their priority as provided by this Order, and the DIP Facility Documents and to the maximum extent permitted by law until all of the Postpetition Indebtedness is indefeasibly paid in full and discharged.

17. After Acquired Property. Except as otherwise provided in this Order, pursuant to section 552(a) of the Bankruptcy Code, all property acquired by the Debtors after the Commencement Date, including, without limitation, all Collateral pledged or otherwise granted to the DIP Facility Agents, on behalf of themselves and the DIP Facility Lenders, pursuant to the DIP Facility Documents and this Order, is not and shall not be subject to any lien of any person or entity resulting from any security agreement entered into by the Debtors prior to the Commencement Date, except to the extent that such property constitutes proceeds of property of the Debtors that is subject to a valid, enforceable, perfected, and unavoidable lien as of the Commencement Date which is not subject to subordination under section 510(c) of the Bankruptcy Code or other provision or principles of applicable law.

18. Access to the Debtors. Without limiting the rights of access and information afforded any of the DIP Facility Agents and DIP Facility Lenders under the DIP Facility Documents, the Debtors shall permit representatives, agents, and/or employees of the DIP Facility Agents and DIP Facility Lenders to have reasonable access to their premises and records during normal business hours (without unreasonable interference with the proper operation of the Debtors' businesses) and shall cooperate, consult with, and provide to such representatives, agents, and/or employees all such non-privileged information as they may reasonably request.

19. Authorization to Act. Each of the Debtors is authorized to do and perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the execution of security agreements, mortgages and financing statements), and to pay fees, which may be reasonably required or necessary for the Debtors' performance under the DIP Facility and this Order, including, without limitation:

- a. the execution of the DIP Facility Documents;
- b. the modification or amendment of the DIP Facility

Agreement or any other DIP Facility Documents without further order of this Court, in each case, in such form as the Debtors, the DIP Facility Agents, and the DIP Facility Lenders may agree (except for any modification or amendment to shorten the maturity of the extensions of credit thereunder, or increase the rate of interest or the letter of credit fees payable thereunder); *provided, however*, that notice of any material modification or amendment shall be provided to the Committee and the U.S. Trustee, each of which will have five (5) days from the date of such notice within which to object in writing; *provided further, however*, that if such objection is timely provided, then such modification or amendment shall be permitted only pursuant to an order of the Court; and

- c. the non-refundable payment to the DIP Facility Agents or the DIP Facility Lenders, as the case may be, of the Fees referred to (and defined) in the DIP Facility Agreement and the Fee Letter, dated as of July 8, 2005, and reasonable costs and expenses as may be due from time to time, including, without limitation, reasonable attorneys' and other professional fees and disbursements as provided in the DIP Facility Documents.

22. Insurance Policies. Upon entry of this Order, the DIP Facility Agents and DIP Facility Lenders 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. After the payment of the Prepetition Indebtedness, any insurance proceeds or other receipts from any source (excluding other authorized payments provided for herein) paid to the Prepetition Agents or Prepetition Lenders shall be immediately delivered to the Debtors and subject to the DIP Facility Liens and provisions of the DIP Facility Agreement.

23. Subsequent Reversal. If any or all of the provisions of this Order or the DIP Facility Documents are hereafter modified, vacated, amended, or stayed by subsequent order of this Court or any other court without the consent of the DIP Facility Agents: (i) such modification, vacatur, amendment, or stay shall not affect the validity of any obligation of any Debtor or Guarantor to the DIP Facility Agents or DIP Facility Lenders or the Prepetition Agents and Prepetition Lenders that is or was incurred prior to the effective date of such modification, vacatur, amendment, or stay (the "Effective Date"), or the validity, enforceability or priority of the DIP Facility Superpriority Claim, DIP Facility Liens or other grant authorized or created by this Order and the DIP Facility Documents; (ii) the Postpetition Indebtedness pursuant to this Order and the DIP Facility Documents arising prior to the Effective Date shall be governed in all respects by the original provisions of this Order and the DIP Facility Documents, and the validity of any such credit extended or security interest granted pursuant to this Order and the DIP Facility Documents is and shall be protected by section 364(e) of the Bankruptcy Code and (iii) the Indemnification Claim and the adequate protection furnished to the

Prepetition Agents and the Prepetition Lenders pursuant to this Order shall be governed in all respects by the original provisions of this Order and the Prepetition Financing Documents.

24. Effect of Dismissal of Cases. If the Cases are dismissed, converted or substantively consolidated, then neither the entry of this Order nor the dismissal, conversion or substantive consolidation of these Cases shall affect the rights of the DIP Facility Agents, the Prepetition Agents, the DIP Facility Lenders or the Prepetition Lenders under their respective DIP Facility Documents or Prepetition Financing Documents or this Order, and all of the respective rights and remedies thereunder of the DIP Facility Agents, the Prepetition Agents, the DIP Facility Lenders and the Prepetition Lenders shall remain in full force and effect as if the Cases had not been dismissed, converted, or substantively consolidated. 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) that (i) the DIP Facility Liens and DIP Facility Superpriority Claim granted to and conferred upon the DIP Facility Agents and DIP Facility Lenders and the protections afforded to the DIP Facility Agents and/or the DIP Facility Lenders pursuant to this Order and the DIP Facility Documents shall continue in full force and effect and shall maintain their priorities as provided in this Order until all Postpetition Indebtedness shall have been paid and satisfied in full and, with respect to outstanding undrawn letters of credit, cash collateralized in accordance with the provisions of the DIP Facility Agreement (and that such DIP Facility Liens, DIP Facility Superpriority Claim and other protections shall, notwithstanding such dismissal, remain binding on all interested parties), (ii) the LC Fund, the primed Prepetition Liens, Replacement Liens, Prepetition

Lenders Administrative Claim and Indemnification Fund granted to and conferred upon the Prepetition Agents and Prepetition Lenders shall continue in full force and effect and shall maintain their priorities as provided in this Order until all Prepetition Indebtedness shall have been paid and satisfied in full (and that such Indemnification Claim, Indemnification Fund, LC Fund, Replacement Liens and Prepetition Lenders Administrative Claim shall, notwithstanding such dismissal, remain binding on all interested parties), (iii) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purpose of enforcing the DIP Facility Liens, Prepetition Liens, Replacement Liens, DIP Facility Superpriority Claim, Prepetition Lenders Administrative Claim, Indemnification Claim, Indemnification Fund and LC Fund referred to herein, and (iv) the effectiveness of any order dismissing the Cases shall not occur until sixty (60) days after it is entered in order to give the DIP Facility Agents and / or the Prepetition Agents the opportunity to perfect their respective security interests and liens in the Collateral under non-bankruptcy law, including, without limitation, the filing or recording of financing statements, mortgages, deeds of trust, security deeds, leasehold mortgages, notices of lien or similar instruments in any jurisdiction (including trademark, copyright, tradename or patent assignment filings with the United States Patent and Trademark Office, Copyright Office or any similar United States entity) and the procurement of waivers from any landlord, tenant, mortgagee, bailee or warehouseman and consents from any licensor or similar party-in-interest. The provisions of 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 from Chapter 11 to Chapter 7. In no event shall any plan of

reorganization be allowed to alter the terms of repayment of any of the Postpetition Indebtedness from those set forth in the DIP Facility Documents. The Postpetition Indebtedness shall not be extinguished or released by the entry of any order confirming a plan of reorganization in any of the Cases unless the Postpetition Indebtedness is paid in full in cash upon the effective date of any such plan and, pursuant to Section 1141(d)(4) of the Bankruptcy Code, the Debtors have waived discharge.

25. Use of Canadian Cash Collateral. The Debtors, and in particular, Allied Canada, are immediately authorized pursuant to sections 105, 361, 363, 541 and 553 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014, to use the Canadian Cash Collateral, so as to fund, among other things, ongoing working capital needs of Allied. Scotia is hereby restrained and prohibited from exercising or implementing any rights of offset, recoupment, restraint, sweep, reserve or other similar application or remedy against, or in connection with, the Cash Collateral on account of any outstanding prepetition general unsecured advances made by Scotia to Allied Canada pursuant to the Prepetition Scotia Credit Agreement. Allied Canada shall have immediate and uninterrupted access to and use of all of the Canadian Accounts so as to allow any and all checks, drafts, notes and transfers from and instruments drawn against, and all cash, cash equivalents, checks, drafts, wire transfers and other deposits presently or hereafter received and deposited in, the Canadian Accounts, to be fully credited and processed for use by Allied Canada in the ordinary course, provided, however, that Scotia shall not be required to advance or loan any funds to Allied Canada and Allied Canada's use of the Canadian Cash Collateral shall be limited to the actual cash balances presently, and as may become available in, the Canadian Accounts and the cash collections as may

be received by and/or deposited into the Canadian Accounts. As adequate protection for the use of the Canadian Cash Collateral, pursuant to Sections 361(c) and 363 of the Bankruptcy Code, Scotia is hereby granted on account of its claims under the Prepetition Scotia Credit Agreement (i) the continuation, but not enforcement, of Scotia's interests in and claims, if any, to and in all the Canadian Cash Collateral hereafter deposited and maintained from time to time in the Canadian Accounts and (ii) the indubitable equivalent of Scotia's "security" consisting of the continued maintenance and preservation in accordance with its present terms of the standby Letter of Credit (or such other replacement letter of credit in a form and substance acceptable to Scotia as may be issued under the DIP Facility) so as to provide continuing security and assurance of repayment for any outstanding loans and advances by Scotia to Allied Canada. Allied Canada and Scotia, subject to their mutual consent and joint execution, are hereby authorized to enter into an agreement for the continuation and/or renewal of the Prepetition Scotia Credit Agreement without further order of this Court; provided, however, that such continuation and/or renewal shall be required to be on substantially the same terms and conditions as those currently contained in the Prepetition Scotia Credit Agreement.

26. Findings of Fact and Conclusions of Law. This Order constitutes findings of fact and conclusions of law and shall take effect and be fully enforceable *nunc pro tunc* to the Commencement Date immediately upon the entry thereof.

27. Controlling Effect of Order. To the extent any provision of this Order conflicts with any provision of the Motion, any prepetition agreement or any document executed in connection with the DIP Facility, the provisions of this Order shall

control.

28. Final Hearing. A final hearing on the Motion shall be heard before this Court on August 24, 2005 at 10:00 a.m. in Courtroom Second Floor at the United States Bankruptcy Court, 18 Greenville Street, Newnan, Georgia 30264.

29. Adequate Notice. The notice given by the Debtors of the Interim Hearing was given in accordance with Bankruptcy Rule 4001(c)(2). Within three (3) business days after the Court's entry of this Order, the Debtors shall mail copies of this Order and notice of the Final Hearing to the Notice Parties. Any party-in-interest objecting to the relief sought in the Final Order shall submit any such objection in writing and file same with the Court (with a courtesy copy to chambers) and serve (so as to be received) such objection no later than August 19, 2005 5:00 p.m. ET, on the following:

a. **Troutman Sanders, LLP**, 600 Peachtree Street, NE, Suite 5200, Atlanta, GA 30308 (Attn: Jeffrey W. Kelley, Esq.) and The Chrysler Building, 405 Lexington Avenue, New York, NY 10174 (Attn: Mitchel H. Perkiel, Esq.), proposed counsel to Debtors and Debtors in Possession;

b. **Paul Hastings Janofsky & Walker, LLP**, 75 East 55th Street, New York, NY 10022 (Attn: Leslie A. Plaskon, Esq. and Kristine M. Shryock, Esq.), counsel to Morgan Stanley;

c. **King & Spalding LLP**, 191 Peachtree St., Atlanta, GA 30303 (Attn: Gerald T. Woods, Esq.), counsel to Marathon;

d. **Kilpatrick Stockton LLP**, Suite 2800, 1100 Peachtree Street, Atlanta, GA 30309 (Attn: Alfred S. Lurey, Esq.), counsel to GE Capital;

e. **Klee, Tuchin, Bogdanoff & Stern LLP**, Fox Plaza, 2121 Avenue of the Stars, Thirty-Third Floor, Los Angeles, CA 90067-5061 (Attn: Lee R. Bogdanoff, Esq.), counsel to the Prepetition Collateral Agent;

f. **Paul Hastings Janofsky & Walker, LLP**, 600 Peachtree Street NW, Atlanta, GA 30308 (Attn: Jesse H. Austin, III, Esq.), counsel to the Prepetition Administrative Agent;

g. **Bingham McCutchen, LLP**, One State Street, Hartford, CT 06103 (Attn: Anthony J. Smits, Esq. and Jonathan B. Alter, Esq.), counsel to the *ad hoc* committee of senior noteholders; and

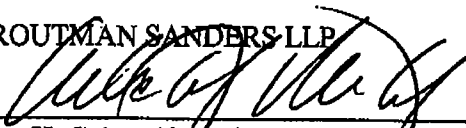
h. **United States Trustee**, 75 Spring Street, Room 362, Atlanta, Georgia 30303.

SO ORDERED, ADJUDGED, DECREED AND STIPULATED,
this 1 day of August, 2005.


United States Bankruptcy Judge

Prepared and presented by:

TROUTMAN SANDERS LLP


Ezra H. Cohen (Georgia State Bar No. 173800)
Jeffrey W. Kelley (Georgia State Bar No. 412296)
Mitchel H. Perkiel (*Pro Hac Vice* Pending)
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Atlanta, Georgia 30308-2216

Telephone No.: (404) 885-3348
Facsimile No.: (404) 962-6719

Proposed Attorneys for Debtors

August 2, 2005

Allied Holdings, Inc.
Allied Systems, Ltd. (L.P.)
160 Clairmont Avenue
Suite 200
Decatur, Georgia 30030
Attention: Chief Financial Officer

Re: Payoff Letter

Ladies and Gentlemen:

Reference is made to (a) that certain Amended and Restated Financing Agreement, dated as of September 4, 2003 (as amended, restated, supplemented or otherwise modified from time to time through the date hereof, the "Financing Agreement"), by and among Allied Holdings, Inc., a Georgia corporation ("Parent"), Allied Systems, Ltd. (L.P.), a Georgia limited partnership ("Allied Systems" and together with Parent, each a "Debtor" and collectively, "Debtors"), each subsidiary of Parent listed as a "Guarantor" on the signature pages thereto (Guarantors, together with Debtors, each a "Debtor Party" and collectively, "Debtor Parties"), the lenders from time to time party thereto (each a "Prepetition Lender" and collectively, "Prepetition Lenders"), Ableco Finance LLC, a Delaware limited liability company, as collateral agent for Prepetition Lenders (in such capacity, "Prepetition Collateral Agent"), and Wells Fargo Foothill, Inc., a California corporation ("Foothill"), formerly known as Foothill Capital Corporation, as administrative agent for Prepetition Lenders (in such capacity, "Prepetition Administrative Agent" and, together with Prepetition Collateral Agent, each a "Prepetition Agent" and collectively, "Prepetition Agents"), and (b) that certain "Emergency Interim Order (i) Authorizing Debtors to Obtain Postpetition Financing Pursuant to Section 364 of the Bankruptcy Code, (ii) Granting Liens and Super-Priority Claims, (iii) Granting Adequate Protection to Prepetition Secured Lenders (iv) Authorizing the Immediate Payoff of the Prepetition Credit Facility, and (v) Scheduling the Final Hearing on the Debtors' Motion to Incur Such Financing on a Permanent Basis and Approving the Form and Method of Notice Thereof", authorizing, among other things, Debtor Parties to pay in full all obligations owing under the Financing Agreement and the other Loan Documents (the Financing Agreement and the other Loan Documents, collectively, the "Agreements"), including, without limitation, the Obligations, entered by the United States Bankruptcy Court for the Northern District of Georgia, Newnan Division ("Bankruptcy Court"), on August 1, 2005 (such order, the "Interim Order") in the Chapter 11 case of Allied Holdings, Inc. and its companion debtors, jointly administered as Chapter 11 Case No. 05-12515 (and as such Interim Order may, consistent with the Interim Order, be modified, continued or superseded by a final order (the "Final Order"), and that certain "Recognition Order" to be requested in connection with cases commenced under the Companies' Creditors Arrangement Act (Canada) by the Canadian Entities (the "Recognition Order", and collectively with the Interim Order and the Final Order, the "Financing Orders"). Terms defined in the Financing Agreement and the Interim Order are

used herein with the meanings given to such terms in the Financing Agreement or the Interim Order, as the case may be, unless otherwise defined herein.

Debtors have advised Prepetition Agents that Debtors plan to terminate all Commitments under the Financing Agreement and repay in full all indebtedness and other amounts outstanding under the Agreements.

Based on Prepetition Administrative Agent's books and records, the total amount of principal, accrued interest, fees, expenses and costs and other amounts payable pursuant to the Agreements (other than (a) contingent reimbursement, indemnity and other similar obligations (excluding any such obligations itemized in Schedule I hereto) which by the terms of the Agreements are stated to survive the termination of the Agreements (the "Contingent Obligations") and (b) Letter of Credit Obligations in respect of Letters of Credit) due to Prepetition Agents and Prepetition Lenders, if paid in immediately available funds by wire transfer in accordance with the instructions on Exhibit A hereto, prior to the time set forth on Schedule I hereto as the Payoff Time (the "Payoff Time"), will be the amount set forth on Schedule I hereto as the Payoff Amount (as such amount may be changed as provided in the following paragraph, the "Payoff Amount").

Prepetition Administrative Agent, on behalf of Prepetition Agents and Prepetition Lenders, hereby confirms to you that payment in full of the Payoff Amount at or prior to the Payoff Time will not cause any charge under any of the Agreements to be payable which is not included in the Payoff Amount. The Payoff Amount is the effective dollar amount for the payoff only if the Payoff Amount is received at or prior to the Payoff Time and assuming that there will be no further advance of funds under the Financing Agreement (including, without limitation, any drawing under any Letter of Credit which is not reimbursed in full) prior to the Payoff Time. The Payoff Amount is subject to change in the event that, prior to the Payoff Time, funds are advanced under the Financing Agreement (including, without limitation, any drawing under any Letter of Credit which is not reimbursed in full) and/or the base rate of interest changes. In addition, the Payoff Amount is subject to change in the event that the payoff occurs after the Payoff Time. Debtors hereby advise Prepetition Agents that all Commitments under the Financing Agreement shall terminate upon payment by Debtors of the Payoff Amount at or prior to the Payoff Time.

There are currently outstanding for the account of Debtors certain Letters of Credit issued by Wells Fargo Bank, National Association ("Wells Fargo") pursuant to the Financing Agreement, in the aggregate face amount of \$43,587,553.45 (the "Existing Letters of Credit"). Prepetition Administrative Agent has provided Letter of Credit Guaranties with respect to the Existing Letters of Credit. Prepetition Administrative Agent agrees to accept (a) a letter of credit for the benefit of Foothill issued by Wachovia Bank, National Association at the request of General Electric Capital Corporation, as Administrative Agent under the DIP Facility Agreement ("DIP Administrative Agent"), in the face amount of \$43,587,553.45, in form and substance satisfactory to Prepetition Administrative Agent (the "Wachovia L/C"), which may be drawn upon by Foothill in the event of any payment by Wells Fargo on account of the Existing Letters of Credit, and (b) cash collateral in the amount of \$2,179,377.67 pursuant to a cash collateral agreement, substantially in the form attached hereto as Schedule II hereto (the "Cash Collateral").

Agreement"), in favor of Prepetition Administrative Agent, for the benefit of Prepetition Administrative Agent, Wells Fargo and/or the Revolving Loan Lenders (the "Cash Collateral"), which shall be used by Prepetition Administrative Agent to pay the fees and expenses payable to Prepetition Administrative Agent, Wells Fargo and/or the Revolving Loan Lenders with respect to the Existing Letters of Credit, the Letter of Credit Guaranties and the Cash Collateral Agreement. Prepetition Administrative Agent shall hold a senior lien and security interest in the Cash Collateral, free and clear of all other Liens other than the junior and subordinate lien of the DIP Facility Agents as provided in the Interim Order. Prepetition Administrative Agent hereby irrevocably agrees that, upon receipt by Prepetition Administrative Agent of (x) the Wachovia L/C, (y) executed counterparts of this letter and the Cash Collateral Agreement from Debtors and (z) the Cash Collateral in immediately available funds, Debtor Parties will have no further obligations, contingent or otherwise, to Prepetition Administrative Agent and the Prepetition Lenders in respect of the Existing Letters of Credit.

At or prior to the Payoff Time, in addition to the other payments referenced above, Debtors shall deliver to Prepetition Administrative Agent in immediately available funds by wire transfer in accordance with the instructions on Exhibit A hereto the Indemnification Fund to be held by Prepetition Administrative Agent in a segregated account for the purposes described in the Interim Order. Prepetition Agents shall hold a senior lien and security interest in the Indemnification Fund, free and clear of all other Liens other than the junior and subordinate lien of the DIP Facility Agents as provided in the Interim Order. The Interim Order specifies the terms under which DIP Facility Agents may draw on the Indemnification Fund.

In consideration of (a) the release of claims by Debtor Parties set forth in the Interim Order, (b) the payment in full of the Payoff Amount to Prepetition Administrative Agent at or prior to the Payoff Time and the termination by Debtors of all Commitments under the Financing Agreement and (c) the receipt by Prepetition Administrative Agent of the Wachovia L/C, executed counterparts of this letter and the Cash Collateral Agreement, the Cash Collateral and the Indemnification Fund, Prepetition Agents, on behalf of themselves and Prepetition Lenders, hereby:

(i) acknowledge and agree that payment to Prepetition Administrative Agent of the Payoff Amount at or prior to the Payoff Time will constitute payment in full of all indebtedness and other amounts owed by Debtor Parties and any related party to Prepetition Agents and/or Prepetition Lenders under the Agreements (other than the Contingent Obligations) at the Payoff Time and simultaneously with satisfaction of clauses (b) and (c) above, all Commitments will terminate;

(ii) upon satisfaction of clauses (b) and (c) above, agree to assign, without warranty or recourse and pursuant to documentation in form and substance satisfactory to Prepetition Administrative Agent, to the applicable Debtor Party those deposit accounts set forth on Schedule III hereto;

(iii) upon satisfaction of clauses (b) and (c) above, agree to execute, at the sole cost and expense of Debtors, such documents as may be reasonably requested by Debtors or DIP Administrative Agent to further memorialize that, except with respect to the Indemnification

Fund and the Cash Collateral, the Prepetition Agents' and Prepetition Lenders' liens, claims and interests and the Prepetition Lenders Administrative Claim shall be junior in all respects to the liens and security interests of DIP Administrative Agent in respect of the DIP Facility as provided in the Interim Order; and

(iv) agree that, upon the entry of the Final Order, all security interests and liens granted in favor of any Prepetition Agent and/or any Prepetition Lender under the Agreements (other than with respect to the Indemnification Fund and as provided in the Cash Collateral Agreement) shall automatically terminate and be fully released without further action by any party, and on the date of the latest to occur of the events set forth in Paragraph 9(c) of the Interim Order, (A) all of the Agreements shall automatically terminate (other than with respect to the Contingent Obligations and the obligations of the Revolving Loan Lenders under the Financing Agreement with respect to the Existing Letters of Credit and other than the Cash Collateral Agreement, all of which shall survive such termination), and (B) Debtor Parties and any related party shall have no further obligations or liabilities under the Agreements to any Prepetition Agent or any Prepetition Lender, other than the Contingent Obligations.

Upon the entry of the Final Order, on behalf of themselves and Prepetition Lenders, (a) authorize Debtors and the DIP Facility Agents to file Uniform Commercial Code termination statements, mortgage releases and all other documents necessary to evidence the release of the Prepetition Liens and (2) will take all such action and deliver all such other instruments and documents as may be reasonably requested by Debtors or the DIP Facility Agents to effectuate or evidence the termination of all Prepetition Liens and claims of the Prepetition Agents and Prepetition Lenders, in each case, at the sole cost and expense of Debtors. Prepetition Agents and Prepetition Lenders shall retain the Prepetition Lenders Administrative Claim in accordance with the Interim Order until the date of the latest to occur of the events set forth in Paragraph 9(c) of the Interim Order.

After receipt of the Payoff Amount by Prepetition Administrative Agent at or prior to the Payoff Time and receipt by Prepetition Administrative Agent of the Wachovia L/C, executed counterparts of this letter and the Cash Collateral Agreement, the Cash Collateral and the Indemnification Fund, Prepetition Administrative Agent will forward to DIP Administrative Agent, by wire transfer in accordance with the instructions on Exhibit B hereto no later than 12:00 noon (Eastern Time) on each Business Day, all payments made by Debtors' account debtors that have been received by Prepetition Administrative Agent as of 11:00 a.m. (Eastern Time) on such Business Day. After receipt of the Payoff Amount by Prepetition Administrative Agent at or prior to the Payoff Time and receipt by Prepetition Administrative Agent of the Wachovia L/C, executed counterparts of this letter and the Cash Collateral Agreement, the Cash Collateral and the Indemnification Fund, all other proceeds of any collateral described in the Financing Agreement will be promptly forwarded to DIP Administrative Agent by wire transfer in accordance with the instructions on Exhibit B hereto. By their acceptance hereof, each of Debtors and DIP Administrative Agent acknowledge and agree that (a) Prepetition Administrative Agent reserves all of its rights with respect to each automated clearinghouse transfer ("ACH") and each check and other instrument or payment item received by Prepetition Administrative Agent from Debtors, any of Debtors' account debtors or any other person for credit to any Debtor prior to full payment of the obligations owing by

Debtors to Prepetition Agents and Prepetition Lenders as contemplated hereby (such checks, instruments or other payment items being collectively called "Checks"), (b) Prepetition Administrative Agent has credited to Debtors' account or accounts the amount of all such ACH transfers and the face amount of all such Checks, but Prepetition Administrative Agent has not yet received full and final credit or payment therefor, and (c) Debtors and DIP Administrative Agent shall reimburse and pay to Prepetition Administrative Agent, promptly after Prepetition Administrative Agent's demand therefor made at any time within 60 days after the date hereof, in immediately available funds, the amount of any ACH transfer and the full face amount of any Check that is hereafter dishonored or returned to Prepetition Administrative Agent or remains unpaid for any reason plus any and all costs and expenses of protest, other bank charges, any costs or fees relating thereto, and any attorneys' fees, incurred by Prepetition Administrative Agent that arise as a result of any such dishonor or return, and DIP Administrative Agent's obligation to make such payment shall not be conditioned upon any Prepetition demand upon Debtors by Prepetition Administrative Agent.

For other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Debtor Party, on behalf of itself and its shareholders and subsidiaries, hereby waives, releases, remises and forever discharges Prepetition Agents and Prepetition Lenders and their agents, servants, employees, directors, officers, attorneys, accountants, consultants, affiliates, representatives, receivers, trustees, parents, shareholders, subsidiaries, predecessors, successors and assigns (collectively, the "Released Parties"), as provided in the Interim Order (the "Release"). The Release shall be and remain in full force and effect notwithstanding the discovery by any Debtor Party after the date hereof (a) of any new or additional claim against any Released Party, (b) of any new or additional facts in any way relating to the subject matter of the Release, (c) that any fact relied upon by it was incorrect or (d) that any representation made by any Released Party was untrue or that any Released Party concealed any fact, circumstance or claim relevant to such Debtor Party. Each Debtor Party acknowledges and agrees that the Release is intended to, and does, fully, finally and forever release all matters described in the Release, notwithstanding the existence or discovery of any such new or additional claims or facts, incorrect facts, misunderstanding of law, misrepresentation or concealment.

Each Debtor Party makes the following representations and warranties to the Released Parties, which representations and warranties shall survive the execution, delivery and performance of the Release: (a) no Person (including each Released Party) has made any statement or representation to such Debtor Party regarding any fact relied upon by it in entering into the Release; (b) such Debtor Party has made such investigation of the facts pertaining to the Release and all of the matters pertaining thereto as it deems necessary; (c) a responsible officer of such Debtor or Party has read the Release and understands the contents thereof; and (d) such Debtor Party has not previously assigned, transferred or granted, or purported to have assigned, transferred or granted, any of the claims, demands and causes or causes of action disposed of by the Release.

As to each and every claim released pursuant to the Interim Order, each Debtor Party hereby represents that it has received the advice of legal counsel with regard to the releases

contained therein, and having been so advised, each of them specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH A CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

As to each and every claim released pursuant to the Interim Order, each Debtor Party also waives the benefit of each other similar provision of applicable federal or state law, if any, pertaining to general releases after having been advised by its legal counsel with respect thereto.

The obligations of Prepetition Agents are as set forth herein are conditioned upon entry of the Interim Order in a form and substance approved jointly by Prepetition Agents in their respective sole discretion.

[Signatures appear on following page.]

This letter may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This letter shall be governed by, and be construed in accordance with, the laws of the state of New York. This letter shall be binding upon and inure to the benefit of the parties hereto and all their respective successors and assigns.

PREPETITION ADMINISTRATIVE AGENT:

WELLS FARGO FOOTHILL, INC., as
administrative agent under the Financing
Agreement

By: _____
Name:
Title:

PREPETITION COLLATERAL AGENT:

ABLECO FINANCE LLC, as collateral agent
under the Financing Agreement

By: _____
Name:
Title:

DIP ADMINISTRATIVE AGENT:

GENERAL ELECTRIC CAPITAL
CORPORATION, as administrative agent
under the DIP Facility Agreement

By: _____
Name:
Title:

Acknowledged and agreed to as of
the _____ day of August, 2005:

DEBTORS:

ALLIED HOLDINGS, INC.

By: _____
Name:
Title:

ALLIED SYSTEMS, LTD. (L.P.)

By: Allied Automotive Group, Inc.

By: _____
Name:
Title:

GUARANTORS:

ALLIED AUTOMOTIVE GROUP, INC.
ALLIED FREIGHT BROKER LLC
ALLIED SYSTEMS (CANADA) COMPANY
AXIS ARETA, LLC
AXIS CANADA COMPANY
AXIS GROUP, INC.
AXIS NETHERLANDS, LLC
COMMERCIAL CARRIERS, INC.
CORDIN TRANSPORT LLC
CT SERVICES, INC.
F.J. BOUTELL DRIVEAWAY LLC
GACS INCORPORATED
KAR-TAINER INTERNATIONAL LLC
QAT, INC.
RMX LLC
TERMINAL SERVICE LLC
TRANSPORT SUPPORT, LLC

By: _____
Name:
Title:

EXHIBIT A

Wire Transfer Instructions -- Prepetition Administrative Agent

The Payoff Amount shall be wired to:

JPMorgan Chase Bank
New York, New York*
ABA# 021000021
Credit to: Wells Fargo Foothill, Inc.
Account No. 323-266193
Re: Allied

*Complete address, if needed:

JP Morgan Chase Bank
Funds Transfer Services
4 New York Plaza, 15th Floor
New York, NY 10004
Attention: Operations Manager

(SWIFT: CHASUS33)

EXHIBIT B

Wire Transfer Instructions – DIP Administrative Agent

Account number 502-328-54 in the name of General Electric Capital Corporation at DeutscheBank Trust Company Americas in New York, New York ABA No. 021 001 033

SCHEDULE I

Payoff Amount

PAYOFF AMOUNT: approximately \$185,845,135.00 (inclusive of principal and the Prepayment Premium, but exclusive of accrued interest, accrued agency fees, accrued commitment fees, legal fees and other fees and expenses to be determined by the Payoff Time)

PAYOFF TIME: 2:00 p.m. (Atlanta, Georgia time) on August 2, 2005

SCHEDULE II

[FORM OF CASH COLLATERAL AGREEMENT]

SCHEDULE III

Bank of America, N.A.: Account Nos. 50320383, 55149684 and 50320121

JPMorgan Chase Bank/Bank One, N.A.: Account Nos. 363653384, 363653464, 363653614,
363653534 and 363653794

CASH COLLATERAL AGREEMENT

This Cash Collateral Agreement (this "Agreement") is entered into as of the 2nd day of August, 2005, by and among Allied Holdings, Inc., a Georgia corporation ("Parent"), Allied Systems, Ltd. (L.P.), a Georgia limited partnership ("Allied Systems" and together with Parent, each a "Debtor" and collectively, "Debtors"), and Wells Fargo Foothill, Inc. (formerly known as Foothill Capital Corporation), a California corporation ("Foothill"), as administrative agent for the Lenders (as defined below) ("Prepetition Administrative Agent").

WITNESSETH:

WHEREAS, Debtors and Prepetition Administrative Agent are parties to that certain Amended and Restated Financing Agreement, dated as of September 4, 2003, by and among Debtors, each subsidiary of Parent listed as a "Guarantor" on the signature pages thereto, the lenders from time to time party thereto (each a "Lender" and collectively, "Lenders"), Ableco Finance LLC, a Delaware limited liability company, as collateral agent for the Lenders ("Prepetition Collateral Agent"), and Prepetition Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Financing Agreement"; capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Financing Agreement);

WHEREAS, pursuant to the Financing Agreement, Prepetition Administrative Agent has guaranteed and caused to be issued, and there remain outstanding, certain Letters of Credit for the account of Debtors, as more fully described on Schedule I attached hereto (such Letters of Credit listed on Schedule I and any drafts or acceptances thereunder are hereafter referred to individually as an "Existing Letter of Credit" and collectively as the "Existing Letters of Credit"); and

WHEREAS, on July 31, 2005 (the "Filing Date"), Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), and Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code; and

WHEREAS, on the Filing Date, the Bankruptcy Court (as defined in the hereinafter defined Payoff Letter) entered the Interim Order (as defined in the hereinafter defined Payoff Letter) authorizing, among other things, Debtors to pay in full all obligations owing under the Financing Agreement and the other Loan Documents, including, without limitation, the Obligations;

WHEREAS, Debtors desire to satisfy and pay in full all Obligations owed under the Financing Agreement and the other Loan Documents by (a) arranging for the issuance of a letter of credit in the face amount of the Existing Letters of Credit, (b) cash collateralizing the fees and expenses payable with respect to the Existing Letters of Credit and the Letter of Credit Guaranties pursuant to this Agreement and (c) paying such other amounts as required by that

