

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

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

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

Applicants

MOTION RECORD
(returnable October 14, 2005)

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Committee

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1.	Notice of Motion, returnable October 14, 2005
2.	Affidavit of Thomas King, sworn October 12, 2005

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TAB 1

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

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

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

Applicants

**NOTICE OF MOTION
(returnable October 14, 2005)**

The Applicants will make a motion to the Court, on Friday, October 14, 2005, at 10:00 a.m. or as soon after that time as the motion can be heard, at 393 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

- (a) An order:
- (i) abridging the time for, or dispensing with, service or further service of this Notice of Motion on any parties other than those served with the Motion Record herein;
 - (ii) extending the stay of proceedings in the Initial CCAA Recognition Order (hereinafter defined) to February 28, 2006 or such other date as to this Honourable appears just;
 - (iii) recognizing the Rejection Order (hereinafter defined);
 - (iv) declaring that the Globocam Action (hereinafter defined) is stayed in accordance with the provisions of the Initial CCAA Recognition Order (as hereinafter defined);

- (v) discharging the Caution (hereinafter defined) and vacating the Certificate of Pending Litigation (hereinafter defined); and
- (vi) granting such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

- (a) on July 31, 2005, the Applicants filed voluntary petitions pursuant to Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court (the "**U.S. Proceeding**");
- (b) on August 1, 2005, the Applicants sought and obtained various first day orders from the U.S. Court (collectively, the "**First Day Orders**"), which provided additional protection to the Applicants and addressed other administrative matters, including the provision of post-petition debtor-in-possession financing ("**DIP Financing**");

Ancillary Proceedings in Canada

- (c) by Order dated August 2, 2005 (the "**Initial CCAA Recognition Order**"), this Honourable Court recognized the U.S. Proceeding 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**") and granted certain declaratory and other relief in connection with same, including recognition of certain of the First Day Orders (but not others as they were not available at that time);
- (d) by Order dated August 31, 2005, this Honourable Court recognized: (i) a number of the First Day Orders made by the United States Bankruptcy Court that were not available at the time of the hearing resulting in the Initial CCAA Recognition Order; and (ii) the final order of the United States Bankruptcy Court made August 24, 2005 authorizing the DIP Financing;

- (e) by Order dated September 30, 2005, this Honourable Court extended the stay of proceedings in the Initial CCAA Recognition Order to October 14, 2005 (the "**First Extension Order**");

Rejection of Executory Contracts

- (f) on September 6, 2005, the Debtors filed a motion (the "**Second Rejection Motion**") with the United States Bankruptcy Court seeking, among other things, an order permitting the rejection of: (i) certain real property leases in Canada; (ii) a transportation agreement with Volkswagon of America, Inc.; (iii) individual severance agreements with certain former employees of Allied Canada (the "**Severance Agreements**"); and (iv) a consulting agreement.
- (g) on September 27, 2005, the United States Bankruptcy Court heard the Second Rejection Motion and made an order: (i) authorizing the rejection of all of the contracts the Debtor's were seeking to reject save and except for the Severance Agreements; and (ii) adjourning the balance of the motion (namely, the request to reject the Severance Agreements) to October 25, 2005 (the "**Rejection Order**");

Termination of Employees

- (h) as part of its on-going restructuring efforts, Allied Canada will likely have to terminate certain of its non-union and, perhaps, union employees;
- (i) the First Day Orders include an order that permits, but does not require, the Debtors to continue any employee termination program in place prior to the commencement of the Chapter 11 Proceedings;
- (j) there was not a written employee termination program in place in Canada for non-union employees as at July 31, 2005. In the ordinary course of business if a non-union employee was terminated without cause, Allied

Canada dealt with that employee on a case-by-case basis in accordance with the applicable law;

- (k) Allied Canada intends to continue to deal with any non-union employees that are terminated without cause after July 31, 2005 in the same manner as it dealt with such employees prior to July 31, 2005;
- (l) Allied intends to provide any employees who are terminated without cause with the statutory pay in lieu of notice required by the *Canada Labour Code* as well as additional pay in lieu of notice negotiated with the terminated employee. In return for this additional pay in lieu of notice, employees will be asked to execute a release in favour of Allied Canada;
- (m) Allied Canada will deal with any terminated union employees in accordance with the applicable collective agreement;

Globocam Claim

- (n) On August 29, 2005 Globocam (Montreal) Inc. ("**Globocam**") commenced a proceeding against Allied Canada and a retired Allied employee seeking payment of certain funds owing by Allied Canada (the "**Globocam Action**");
- (o) It appears that the retired employee mistakenly executed the personal guarantee portion of Globocam's standard form agreement;
- (p) Allied Canada would never expect or require one of its employees to guarantee the obligations of Allied Canada;

Certificate of Pending Litigation against Windsor Property

- (q) on July 27, 2005, Wintru Developments Inc. ("**Wintru**") registered a caution (the "**Caution**") against title to certain of the real property of Allied Canada in Windsor, Ontario (the "**Windsor Property**");

- (r) on August 3, 2005, Wintru and 782777 Ontario Limited obtained an order without notice to Allied Canada permitting it to register a Certificate of Pending Litigation against the Windsor Property;
- (s) on August 4, 2005, Wintru and 782777 Ontario Limited registered a Certificate of Pending Litigation against the Windsor Property;
- (t) Allied has provided a copy of the Initial CCAA Recognition Order to counsel for Wintru and 782777 Ontario Limited and demand that the Caution and the Certificate of Pending Litigation be removed forthwith;
- (u) as of October 4, 2005, the Caution and the Certificate of Pending Litigation remain registered against the Windsor Property;

Extension of the Stay of Proceedings

- (v) the Debtors are in the early stages of reorganizing their business so as to enable the Allied Group to continue to carry on business going forward. At this stage in the reorganization process, the Debtors are focussing on streamlining and consolidating their operations to reduce operating costs;
- (w) on September 28, 2005, the Debtors filed Monthly Operating Reports for the period from July 31, 2005 through to August 31, 2005 with the United States Bankruptcy Court;
- (x) the Debtors are requesting an Order further extending the stay of proceedings in the Initial CCAA Recognition Order and extended by the First Extension Order to February 28, 2006;
- (y) the Debtors are diligently and in good faith working to develop a plan to reorganize the companies. The continuation of the stay in Canada is essential to ensure that all of the Debtors' creditors are treated equally;
- (z) the Initial CCAA Recognition Order;
- (aa) the First Extension Order;

- (bb) the provisions of the CCAA;
- (cc) Rules 2.03, 3.02 and 37 of the *Rules of Civil Procedure*; and
- (dd) such other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the affidavit of Thomas King, sworn October 12, 2005 and the exhibits thereto;
- (b) such further and other materials as counsel may advise and this Honourable Court may permit.

Date: October 13, 2005

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TO: THE ATTACHED SERVICE LIST

SCHEDULE "A"

Allied Automotive Group, Inc.

Allied Systems, Ltd. (L.P.)

Allied Systems (Canada) Company

QAT, Inc.

RMX LLC

Transport Support LLC

F. J. Boutell Driveaway LLC

Allied Freight Broker LLC

GACS Incorporated

Commercial Carriers, Inc.

Axis Group, Inc.

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

AH Industries, Inc.

TAB 2

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

**IN THE MATTER OF SECTION 18.6 OF THE
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**AND IN THE MATTER OF
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SUBSIDIARIES LISTED ON SCHEDULE "A" HERETO**

Applicants

**AFFIDAVIT OF THOMAS H. KING
(sworn October 12, 2005)**

**I, Thomas H. King, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY:**

1. I am the Executive Vice President and Chief Financial Officer of Allied Holdings, Inc. ("**Allied Holdings**" and, together with its direct and indirect subsidiaries, the "**Allied Group**"). In this capacity, I have knowledge of the corporate structure, business operations, lending relationships, and financial condition of Allied Holdings and the other applicants herein (collectively, the "**Debtors**"). As such I have personal knowledge of the matters hereinafter deposed, save and except those matters based expressly upon information, in which case I have stated the source of such information all of which I believe to be true.

Background

2. Allied Holdings is a publicly-held, Georgia corporation with its corporate headquarters located in Decatur, Georgia. I believe that the Allied Group is the largest transporter of new automobiles, sport-utility vehicles and light trucks in North America.

Its business operations fall into two main categories. The largest category of business operations is providing "short-haul" delivery services for new and used vehicles over a distance averaging less than three hundred miles. A smaller category of business operations is providing various support services with respect to vehicle transportation and distribution.

3. The Allied Group has over 6,400 employees. Most of these employees are based at the Allied Group's 133 terminals located throughout the United States, Canada and Mexico. Over 3,900 of these employees are unionized drivers represented by the collective bargaining units affiliated with the International Brotherhood of Teamsters (the "**Teamsters**"). The Allied Group also contracts with Teamster owner-operators in its system.

4. The Allied Group owns approximately 3,100 tractors and over 3,800 trailers specially designed for transporting vehicles. Allied also leases approximately 450 tractor-trailer units and uses over 650 tractor-trailer units owned by its owner-operators. Thus, in total, Allied has approximately 4,200 tractor-trailer units under management in its North American operations.

5. Three of the Debtors, Allied Systems (Canada) Company ("**Allied Canada**"), Axis Canada Company ("**Axis Canada**") and AH Industries, Inc. ("**AH**" and, together with Allied Canada and Axis Canada, the "**Canadian Debtors**") are headquartered and carry on business in Canada.

6. Allied Canada and Axis Canada are unlimited liability companies incorporated pursuant to the laws of Nova Scotia. AH is a corporation incorporated pursuant to the laws of Alberta.

7. There is a significant degree of inter-dependence between the Canadian Debtors and the other members of the Allied Group such that the companies are reliant upon each other for their individual continued operation.

8. On July 31, 2005, the Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the United States Bankruptcy Code (the "**Chapter 11 Proceedings**").

Pursuant to the terms of the *United States Bankruptcy Code*, all actions and proceedings have been stayed as against the Debtors. The facts leading up to the commencement of the Chapter 11 Proceedings are further described in my affidavit sworn August 2, 2005 filed with this Honourable Court.

9. The Debtors also sought and obtained a number of orders (the "**First Day Order**") from the United States Bankruptcy Code that, among other things, authorized the Debtors to continue to fund employee benefit plans, pay critical suppliers and obtain financing detailed below.

10. To provide financing for Allied during the reorganization, Allied entered into an agreement with General Electric Capital Corporation ("**GE Capital**"), Morgan Stanley Senior Funding, Inc. ("**Morgan Stanley**"), Marathon Structured Finance Fund, L.P. ("**Marathon**") and GECC Capital Markets Group, Inc. ("**GECCMG**") for the provision of post-petition debtor-in-possession financing ("**DIP Financing**"). On August 1, 2005, the United States Bankruptcy Court made an order (the "**Initial DIP Order**") authorizing the DIP Financing on an interim basis pending the hearing of a motion to approve the DIP Financing could made on proper notice to all affected parties. On August 24, 2005, the United States Bankruptcy Court made a final order (the "**Final DIP Order**") authorizing the DIP Financing.

11. The Debtors are in the early stages of reorganizing their business so as to enable the Allied Group to continue to carry on business going forward. At this stage in the reorganization process, the Debtors are focussing on a comprehensive business review and planning process in order to assess opportunities to improve financial performance through reductions in costs and the enhancement of pricing with certain customers.

Ancillary Proceedings in Canada

12. On August 2, 2005, the applicants sought and obtained an order (the "**Initial CCAA Recognition Order**") under section 18.6 of the Companies' Creditors Arrangement Act (the "**CCAA**") which, among other things, (a) recognized the Chapter

11 Proceeding as "foreign proceedings" as defined by section 18.6 of the CCAA; (b) imposed a stay of proceedings in respect of the Debtors until October 3, 2005; and (c) recognized three First Day Orders and the Initial DIP Order. Attached and marked as **Exhibit "A"** hereto is a true copy of the Initial CCAA Recognition Order.

13. In accordance with the Initial CCAA Recognition Order, Allied Canada has: (a) established a website at www.gowlings.com/restructuring/allied; (b) notified each of its known creditors of the commencement of the ancillary proceedings; and (c) published notice of the ancillary proceedings in The Globe and Mail and The National Post.

14. A number of the First Day Orders made by the United States Bankruptcy Court were not available at the time of the hearing resulting in the Initial CCAA Recognition Order. On August 31, 2005, an order was made recognizing these other First Day Orders as well as the Final DIP Order. Attached and marked as **Exhibit "B"** hereto is a true copy of this Order.

15. On September 30, 2005 Allied Canada sought and obtained an Order extending the stay of proceedings in the Initial CCAA Recognition Order to October 14, 2005 (the "**First Extension Order**"). Attached and marked as **Exhibit "C"** hereto is a true copy of the First Extension Order.

Financial Reporting

16. On September 28, 2005, the Debtors filed Monthly Operating Reports for the period from July 31, 2005 through to August 31, 2005 with the United States Bankruptcy Court. Attached and marked as **Exhibit "D"** hereto is a true copy of the Monthly Operating Reports filed by the Canadian Debtors.

Rejection of Executory Contracts

17. On September 6, 2005, the Debtors filed a motion (the "**Second Rejection Motion**") with the United States Bankruptcy Court seeking, among other things, an order permitting the rejection of: (a) certain real property leases in Canada; (b) a transportation agreement with Volkswagon of America, Inc. regarding the transportation

of vehicles at one location in the United States; (c) individual severance agreements with certain former employees of Allied Canada (the "**Severance Agreements**"); and (d) a consulting agreement. Attached and marked as **Exhibit "E"** hereto is a true copy of the Second Rejection Motion.

18. The parties impacted by the relief sought in the Second Rejection Motion were each provided with formal notice of the Second Rejection Motion. In addition, Allied Canada notified each of the landlords whose leases Allied Canada was seeking to reject and each of the employees whose severance agreement Allied Canada was seeking to reject of Allied Canada's intentions.

19. On September 27, 2005, the United States Bankruptcy Court heard the Second Rejection Motion and made an order: (a) authorizing the rejection of all of the contracts the Debtor's were seeking to reject save and except for the Severance Agreements; and (b) adjourning the balance of the motion (namely, the request to reject the Severance Agreements) to October 25, 2005. Attached and marked as **Exhibit "F"** hereto is a true copy of this Order.

20. In the case of real property leases rejected by Allied Canada, Allied Canada has paid or will pay occupation rent for the period from the commencement of the Chapter 11 Proceedings to the date Allied Canada actually vacates (or vacated) the leased premises.

Termination of Employees

21. As part of its on-going restructuring efforts, Allied Canada will likely have to terminate certain of its non-union and, perhaps, union employees.

22. The First Day Orders include an order that permits, but does not require, the Debtors to continue any employee termination program in place prior to the commencement of the Chapter 11 Proceedings.

23. There was not a written employee termination program in place in Canada for non-union employees as at July 31, 2005. In the ordinary course of business if a non-

union employee was terminated without cause, Allied Canada dealt with that employee on a case-by-case basis in accordance with the applicable law.

24. I am informed by Gowling Lafleur Henderson LLP ("**Gowlings**"), Canadian counsel for the Debtors and therefore believe that the *Canada Labour Code* applies to Allied Canada. I am further informed by Gowlings and therefore believe that The *Canada Labour Code* requires that Allied Canada provide any employee who has been employed for three months with two weeks pay in lieu of notice and in addition provided any employee who has been employed for 12 months with the greater of two days per year and five days' wages. Recognizing that employees who are terminated without cause may also be entitled to receive additional notice of termination at common law, it had been Allied Canada's practice prior to July 31, 2005 to negotiate with terminated employees for an additional period of pay in lieu of notice and to obtain a release in exchange for payment.

25. Allied Canada intends to continue to deal with any non-union employees that are terminated without cause after July 31, 2005 in the same manner as it dealt with such employees prior to July 31, 2005.

26. Allied Canada intends to provide any employees who are terminated without cause with the statutory pay in lieu of notice required by the *Canada Labour Code* as well as additional pay in lieu of notice negotiated with the terminated employee. In return for this additional pay in lieu of notice, employees will be asked to execute a release in favour of Allied Canada.

27. Allied Canada will deal with any terminated union employees in accordance with the applicable collective agreement.

Litigation Claims

28. As at July 31, 2005, Allied Canada was the defendant in a number of claims in various provinces arising out of traffic accidents (the "**Litigation Claims**"). The Litigation Claims were at various stages of the litigation process. Attached and marked as **Exhibit "G"** hereto is a list of the Litigation Claims.

29. As a result of the Chapter 11 Proceedings and the Initial CCAA Recognition Order, the Litigation Claims have been stayed.

30. Allied Canada is in the process of notifying all of the defendants in the Litigation Claims of the fact that the Litigation Claims have been stayed.

31. Allied Canada intends to put in place a procedure for determining all claims against the companies by Canadian creditors, including the Litigation Claims. In terms of timing, the date by which Allied's creditors will be required to file proofs of claim will be the same in the United States and Canada.

Globocam Claim

32. On August 24, 2005, Globocam (Montreal) Inc. ("**Globocam**") commenced an action against Allied Canada and a retired Allied employee seeking payment of \$80,897.15 (the "**Globocam Action**"). Attached and marked as **Exhibit "H"** hereto is a true copy of Globocam Action.

33. It appears that the retired employee mistakenly executed the personal guarantee portion of Globocam's standard form agreement (the "**Globocam Agreement**"). Attached and marked as **Exhibit "I"** hereto is a true copy of the Globocam Agreement.

34. Allied Canada would never expect or require one of its employees to guarantee the obligations of Allied Canada.

Certificate of Pending Litigation against Windsor Property

35. On July 27, 2005, Wintru Developments Inc. ("**Wintru**") registered a caution (the "**Caution**") against title to certain of the real property of Allied Canada in Windsor, Ontario (the "**Windsor Property**"). Attached and marked as **Exhibit "J"** is a true copy of the Caution.

36. On August 3, 2005, Wintru and 782777 Ontario Limited obtained an order without notice to Allied Canada permitting it to register a Certificate of Pending Litigation against the Windsor Property. Attached and marked as **Exhibit "K"** is a true copy of this Order.

37. On August 4, 2005, Wintru and 782777 Ontario Limited registered a Certificate of Pending Litigation against the Windsor Property. Attached and marked as **Exhibit "L"** is a true copy of the application and the parcel register for the Windsor Property evidencing this registration.

38. I am informed by Heath Whiteley of Gowlings and therefore believe that by email sent August 8, 2005 to counsel for Wintru and 782777 Ontario Limited he provided a copy of the Initial CCAA Recognition Order. Attached and marked as **Exhibit "M"** is a true copy of this email.

39. I am further informed by Mr. Whiteley and therefore believe that he communicated further with counsel for Wintru and 782777 Ontario Limited and demanded that their registrations be removed forthwith. Attached and marked as **Exhibit "N"** is a true copy of the further communication between Mr. Whiteley and counsel for Wintru and 782777 Ontario Limited in this regard.

40. As of October 4, 2005, the Caution and the Certificate of Pending Litigation remain registered against the Windsor Property. Attached and marked as **Exhibit "O"** is a true copy of the parcel register for the Windsor Property evidencing same


Extension of the Stay of Proceedings

41. The Debtors are requesting an Order further extending the stay of proceedings in the Initial CCAA Recognition Order and extended by the First Extension Order to February 28, 2006.

42. The Debtors are diligently and in good faith working to develop a plan to reorganize the companies. The continuation of the stay in Canada is essential to ensure that all of the Debtors' creditors are treated equally.

43. I swear this affidavit in support of a motion by the Debtors extending the stay of proceedings in the Initial Ancillary Proceedings Order and for no other or improper purpose.

SWORN BEFORE ME at the County of)
DeKalb, in the State of Georgia, of the)
United States of America, on this 12th day of)
October, 2005)



Notary Public



THOMAS H. KING

NOTARY PUBLIC, NEWTON COUNTY, GEORGIA
MY COMMISSION EXPIRES DEC. 22, 2007

SCHEDULE "A"

Allied Automotive Group, Inc.

Allied Systems, Ltd. (L.P.)

Allied Systems (Canada) Company

QAT, Inc.

RMX LLC

Transport Support LLC

F. J. Boutell Driveaway LLC

Allied Freight Broker LLC

GACS Incorporated

Commercial Carriers, Inc.

Axis Group, Inc.

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

AH Industries, Inc.

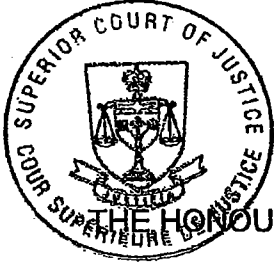
**This is ...Exhibit "A"... referred to in the
Affidavit of ...Thomas H. King...
sworn before me, this 12th day
of October, 2005**



Lisa Adhorne

Notary Public

**NOTARY PUBLIC, NEWTON COUNTY, GEORGIA
MY COMMISSION EXPIRES DEC. 22, 2007**



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

THE HONOURABLE

MR. JUSTICE FARLEY

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)
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TUESDAY THE 2nd DAY OF

AUGUST, 2005

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

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

Applicants

ORDER

THIS APPLICATION made by the Applicants for an order:

- (a) dispensing with service of the Notice of Application and Application Record herein on any interested party;
- (b) recognizing the proceedings commenced by the Applicants on August 1, 2005 before the United States Bankruptcy Court Northern District of Georgia, Newnan Division (the "**U.S. Court**") for protection under Chapter 11 of the United States Bankruptcy Code (the "**U.S. Proceedings**") as a "foreign proceeding" for the purposes of section 18.6 of the *Companies' Creditors Arrangement Act*, R.S.C., 1985, chapter C-36, as amended (the "**CCAA**");
- (c) staying all proceedings and remedies taken or that might be taken in Canada in respect of the Applicants or any of their property; and

- (d) granting certain other ancillary relief;

was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING (i) the Notice of Application, and (ii) the Affidavit of Thomas H. King sworn August 2, 2005 and the exhibit thereto (the "**King Affidavit**"), all filed; on hearing the submissions of counsel for the Applicants; upon being advised that no person who might be interested in these proceedings other than General Electric Capital Corporation (the "**Lender**") which was served with the Notice of Application and Application Record herein; and on being satisfied that circumstances exist that make this Order appropriate;

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record in support of this Application be and it is hereby abridged such that this Application is properly returnable today and further that service thereof upon any person other than the persons served with the Application Record herein be and it is hereby dispensed with.

Recognition of the U.S. Proceedings

2. **THIS COURT DECLARES** that the U.S. Proceedings be and it is hereby recognized as a "foreign proceeding" for the purposes of section 18.6 of the CCAA.
3. **THIS COURT DECLARES** that the Applicants are companies that are entitled to relief under section 18.6 of the CCAA.

Stay of Proceedings

4. **THIS COURT ORDERS** that the orders made in the U.S. Proceeding, including those orders described in the King Affidavit and listed in Schedule "B" to this Order are hereby recognized in their entirety and shall have effect throughout

Canada as if they were orders of this Court made in proceedings under the CCAA.

5. **THIS COURT ORDERS** that, until and including October 3, 2005, or such later date as the Court may order (the "**Stay Period**", and the period from the date hereof to the Stay Date being referred to as the "**Stay Period**"), no suit, application, proceeding, enforcement process, right or remedy (judicial or extra-judicial, statutory or non-statutory) shall be commenced, proceeded with or continued in Canada (collectively, the "**Proceedings**") by any person, firm, corporation, government, administrative or regulatory body or other entity or organization (including, without limitation, any former, existing or future shareholders, creditors, customers, suppliers, employees, pensioners, unions, regulators, contracting parties, lessors, licensors, co-venturers or partners of any of the Applicants) (collectively, "**Persons**" and individually a "**Person**") against or in respect of any of the Applicants or any of the present or future property, assets, rights, undertaking, estate and effects of any nature of any of the Applicants wheresoever located, and whether held directly or indirectly, as principal or nominee, beneficially or otherwise (collectively, the "**Property**"), and all Proceedings already commenced against or in respect of the Applicants or any of the Property are hereby stayed and suspended and the continuation thereof is restrained unless the prior written consent of the applicable Applicant is obtained or leave of this Court is granted.

6. **THIS COURT ORDERS** that, during the Stay Period, the right of any Person;
 - (a) to commence or continue realization steps or proceedings in Canada in respect of any security interest, encumbrance, lien, charge, mortgage or other security held in relation to, or any trust attaching to, any of the Property (including, without limitation, the right of any Person to take any step in asserting or perfecting any right or interest therein or to exercise any right of registration of securities, distress, seizure, repossession, revendication, stoppage in transit, foreclosure or sale); and

- (b) to assert, enforce or exercise in Canada any right, option or remedy available to it arising by law, under any agreement or otherwise (including, without limitation, any right under section 224(1.2) of the *Income Tax Act* (Canada) or substantially similar provision under provincial law (subject to any applicable provisions of the CCAA); any right of dilution, buy-out, divestiture, forced sale, demand, acceleration, termination, suspension, modification, cancellation, set-off or consolidation of accounts; any right of first refusal; any right to give notice of assignment of a claim; or any right to revoke any qualification or registration), against or in respect of any of the Applicants or any of the Property or arising out of, relating to or triggered by the occurrence of any default or non-performance by or the insolvency of any of the Applicants, the making of filing of these proceedings, the U.S. Proceedings, or any allegation, admission or evidence in these proceedings, or in the U.S. Proceedings.

is hereby stayed and restrained unless (a) the prior written consent of both the Applicant and the Lender is obtained or (b) leave of this Court is granted.

7. **THIS COURT ORDERS** that, without limiting the generality of paragraph 4, cash or cash equivalents placed on deposit by an Applicant with any Person during the Stay Period, whether in an operating account or otherwise and whether for its own account or for the account of any other entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of this Order or which may become due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof, provided that nothing in this paragraph 6 shall prevent any financial institution from (i) reimbursing itself for the amount of any cheques drawn by an Applicant and properly honoured by the financial institution, or (ii) holding the amount of any cheques or other instruments deposited into an Applicant's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

8. **THIS COURT ORDERS** that, during the Stay Period, all Persons having agreements or other arrangements with any of the Applicants or in connection with any of the Property, whether written or oral (including, without limitation, contracts for the supply of goods or services to or by any of the Applicants, insurance policies, outsourcing agreements, commercial leases, equipment leases and licenses):

- (a) are hereby restrained from accelerating, terminating, cancelling, suspending, withdrawing, failing to renew or extend on reasonable terms, modifying or otherwise interfering with such agreements or other arrangements or the rights of such Applicant or any other Person thereunder or exercising any other remedy provided for such agreements or arrangements, including without limitation any licenses, permits, approvals or consents in respect of such Applicant or in connection with such Property, and without limitation to the foregoing, the operation of any provision of any such agreement or other arrangement that purports to accelerate, terminate, cancel, suspend or modify such agreement or arrangement as a result of the occurrence of any default or non-performance by or the insolvency of any of the Applicants, the making or filing of these proceedings or the U.S. Proceedings or any allegation, admission or evidence in these proceedings, or the U.S. Proceedings is hereby stayed and restrained;
- (b) are hereby restrained from modifying, discontinuing or otherwise interfering with the supply of any goods, service, or other benefit by or to such Person thereunder (including, without limitation, any modification of, discontinuance of or interference with any telephone numbers, any directors' and officers' insurance, any form of telecommunications service or any oil, gas, electricity or other utility supply); and
- (c) shall continue to perform and observe the terms and conditions contained in such agreements or other arrangements (including, without limitation,

the payment of all sums to be paid in respect of services performed or to be performed by an Applicant),

so long as such Applicant pays the normal prices or charges for such goods and services received after the date of this Order as such prices or charges become due in accordance with present payment practices or as may be hereafter negotiated (other than deposits, stand-by fees or similar items which such Applicant shall not be required to pay), unless (a) the prior written consent of the applicable Applicant and the Lender is obtained or (b) the leave of this Court is granted.

- 8A. **THIS COURT ORDERS** that, notwithstanding any provision of this Order and the effect of the U.S. Proceedings and any orders made therein, the stay of proceedings shall not prevent the initiation or continuation of any grievance filed by or on behalf of any union member; provided, however, any enforcement of any monetary award made in any grievance shall be subject to the stays of proceedings confirmed and recognized by this Order.
9. **THIS COURT ORDERS** that, during the Stay Period, no landlord of any of the Applicants shall:
- (a) exercise any right to terminate or accelerate rent due under a lease with such Applicant;
 - (b) interfere with the quiet possession of real property by such Applicant;
 - (c) exercise any right of distraint, or take possession of any premises leased to such Applicant;
 - (d) interfere with the removal of inventory, chattels and equipment from premises leased by such Applicant; or
 - (e) hinder in any way the orderly liquidation of any Property from premises leased by such Applicant,

all subject to paragraph 9 hereof for the period commencing with the date of this Order and while such Applicant enjoys actual occupation of leased premises, at the presently payable rental rate calculated on a *per diem* basis, or otherwise as may be negotiated by such Applicant from time to time.

10. **THIS COURT ORDERS** that the provisions of the Emergency Interim Order authorizing the debtors to obtain post-petition financing pursuant to section 364 of the Bankruptcy Code of the United States made in the U.S. Proceedings (the "DIP Order") shall apply and shall be enforced throughout Canada as if the DIP Order was an order of this Court. For greater certainty, upon execution and delivery of the DIP Facility Documents (as defined in the DIP Order):
- (a) the DIP Facility Documents shall constitute legal, valid, and binding obligations of the Applicants as parties thereto, enforceable against each Applicant in accordance with their terms and the DIP Order;
 - (b) the DIP Facility Liens (as defined in the DIP Order) granted in and pursuant to the DIP Order to the DIP Facility Collateral Agent (as defined in the DIP Order), on behalf of itself and the DIP Facilities Lenders (as defined in the DIP Order) on and in respect of all of the assets, undertaking and property of the Applicants as security for all of the Applicants' Obligations and Postpetition Indebtedness (as defined in the DIP Order) arising under the DIP Facility and the DIP Facility Documents are hereby recognized and confirmed and shall be fully enforceable throughout Canada as if they were granted by an order of this Court made in proceedings under the *Companies' Creditors Arrangement Act* and shall be payable from and with recourse to, in addition to the Collateral (as defined in the DIP Order), any unencumbered prepetition or postpetition property of the Applicants whether now existing or hereafter arising;
 - (c) the DIP Facility Liens shall be effective throughout Canada upon the date of this Order and without the necessity of the execution by the Applicants

or the filing or recordation of mortgages, security agreements, lock box agreements, financing statements, or otherwise;

- (d) the DIP Facility Liens recognized and confirmed herein shall rank in priority to the Prepetition Liens (as defined in the DIP Order) and upon entry of the Final Order (as defined in the DIP Order), the Prepetition Liens shall be deemed extinguished.
11. **THIS COURT ORDERS** that to the extent any rights or obligations, or time or limitation periods (including, without limitation, the time to file grievances), relating to an Applicant or any of the Property may expire or terminate with the passage of time (other than the term of any lease of real property), the term of such rights or obligations or time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period and, without limitation to the foregoing, in the event that an Applicant becomes bankrupt or a receiver within the meaning of section 243(2) of the *Bankruptcy and Insolvency Act (Canada)* (the "**BIA**") is appointed in respect of an Applicant, the period between the date of this Order and the day on which the Stay Period in respect of such Applicant ends shall not be calculated in determining the 30-day periods referred to in sections 81.1 and 81.2 of the BIA.
12. **THIS COURT ORDERS** that no Person may commence or continue any action, suit or other proceeding against any former, present or future director or officer of an Applicant or any other person by applicable legislation that is deemed to be or is treated similar to a director of an Applicant or that presently or in the future manages the business and affairs of an Applicant (each, a "**Director**", and collectively the "**Directors**") in respect of any claim against such Director that arose before the commencement of these proceedings and that relates to obligations of such Applicant where such Director is or is alleged to be, under any law, liable in his or her capacity as such for the payment of such obligations until further order of this Court, if one is filed, is sanctioned by the Court or is refused by the creditors or the Court.

13. **THIS COURT ORDERS** that no Person shall commence or continue any proceeding against any of the directors, officers, employees, legal counsel or financial advisers of the Applicants, without first obtaining leave of this Court, upon seven (7) days written notice to the Applicants' counsel of record and to all those referred to in this paragraph whom it is proposed be named in such proceedings.

Information Officer

14. **THIS COURT ORDERS** that the Applicants shall appoint Rea Godbold of Grant Thornton Limited, or such other senior officer of Grant Thornton Limited or of the Applicants as the Applicants deem appropriate from time to time, as an information officer for the purposes of these proceedings and this Order (the "**Information Officer**"), subject to the following duties and terms:

- (a) the Information Officer shall deliver to the Court a report signed by the Information Officer, at least once every three months or at such other times as the Court may order or the Applicants and the Information Officer consider appropriate, summarizing the status of the U.S. Proceedings and such other information as the Information Officer believes to be material in connection therewith or as ordered by the Court (the "**Information Reports**"); and
- (b) the Applicants and the Information Officer shall incur no liability or obligations as a result of the appointment of the Information Officer or the fulfillment by the Information Officer of his or her duties in connection with this Order, and no action or other proceeding shall be commenced against the Applicants or the Information Officer as a result of or relating in any way to the appointment of the Information Officer or the fulfillment by the Information Officer of his or her duties, except with prior leave of this Court and upon further order securing the costs of the Information Officer and the Applicants, on a solicitor and his own client basis, in connection with any such action or proceeding; and

- (c) the Information Officer shall provide to the Lender or its counsel or agents (collectively, the "Lender Parties") such information regarding the Applicants as the Lender Parties may request from time to time acting reasonably.

General Terms

- 15. **THIS COURT ORDERS** that the Applicants shall, within 15 business days of the date of entry of this Order, publish a notice of this Order in substantially the form attached as Schedule "C" hereto on two separate days in the Globe & Mail (National Edition) and the National Post.
- 16. **THIS COURT ORDERS** that the Applicants be at liberty to:
 - (a) serve this Order, any other order in this proceedings, and all notices and other communications in connection therewith, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmissions to persons at their addresses as last shown on the records of the relevant Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date thereof, or if sent by prepaid ordinary mail, 3 business days after mailing; and
 - (b) take such additional proceedings under the CCAA, or such other proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, chapter B-3, as amended or the *Winding-up and Restructuring Act*, R.S.C. 1985, chapter W-11, as amended, as may be permitted by such statutes and as the Applicants at any time deem appropriate.
- 17. **THIS COURT ORDERS** that notwithstanding anything else contained herein, the Applicants may, by written consent of their counsel of record herein, agree to waive any of the protections provided to the Applicants herein.

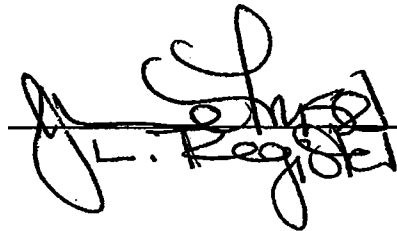
18. **THIS COURT ORDERS** that notwithstanding any other provision of this Order, any interested person may apply to this Court to vary or rescind this Order or seek other relief upon seven (7) days notice to the Applicants and to any other party likely to be affected by the order sought, except in the case of the Lender which may apply to this Court upon three (3) business days notice, or upon such other notice, if any, as this Court may order.
19. **THIS COURT ORDERS** that the Applicants may, from time to time, apply to this Court for directions in the discharge of their powers and duties hereunder or in respect of the proper execution of this Order.
20. **THIS COURT ORDERS** that this Order and the proceedings in this Application leading to the making of this Order, including the contents of any affidavit filed in this Application, shall not, in and of themselves, constitute or be relied upon in evidence or otherwise as constituting a default or failure to comply by the Applicants or any firm, person or corporation owned by or related to any of the Applicants with any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other instrument or requirement.
21. **THIS COURT SEEKS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and states and other subdivisions of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG 5 - 2005

PER/PAR:

NB


L. Register

SCHEDULE "A"

Allied Automotive Group, Inc.

Allied Systems, Ltd. (L.P.)

Allied Systems (Canada) Company

QAT, Inc.

RMX LLC

Transport Support LLC

F. J. Boutell Driveaway LLC

Allied Freight Broker LLC

GACS Incorporated

Commercial Carriers, Inc.

Axis Group, Inc.

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

AH Industries, Inc.

SCHEDULE "C"

NOTICE

**ALLIED HOLDINGS, INC.
ALLIED SYSTEMS (CANADA) COMPANY
AXIS CANADA COMPANY
AH INDUSTRIES, INC.
AND THOSE OTHER SUBSIDIARIES LISTED BELOW**

Applicants

This notice is being published pursuant to an Order of the Superior Court of Justice of Ontario made August 2, 2005 (the "Canadian Order"). The Applicants have filed for protection in the United States under Chapter 11 of the United States Bankruptcy Code (the "U.S. Proceedings") and have sought and obtained the Canadian Order under section 18.6 of the CCAA, granting a stay of proceedings against the Applicants and their property (the "Canadian Proceedings"). Further relief may be sought in the future by the Applicants pursuant to the CCAA or otherwise, as considered necessary or appropriate by the Applicants, to facilitate their restructuring pursuant to the U.S. Proceedings and otherwise.

Any person who wishes to be a party to the Canadian Proceedings or wants to receive a copy of the Canadian Order or any further information should visit www.gowlings.com/restructuring/Allied and/or contact Canadian counsel for the Applicants as follows:

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
Suite 4900, Commerce Court West
Toronto, Ontario M5L 1J3

John M. Whyte: (416) 862-5702; john.whyte@gowlings.com
Heath P.L. Whiteley: (416) 862-4400; heath.whiteley@gowlings.com
E. Patrick Shea: (416) 369-7399; patrick.shea@gowlings.com

Counsel for Allied Holdings Inc.; Allied Systems (Canada) Company; Axis Canada Company; AH Industries Inc.; Allied Automotive Group, Inc.; Allied Systems, Ltd. (L.P.); 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; Ace Operations, LLC

DATED this ■ day of ■, 2005 at Toronto, Canada.

Court File No. 05-CL-6007

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

O R D E R

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
4900 – Commerce Court West
Toronto, ON M5L 1J3

Heath P.L. Whiteley
LSUC No. 38528P
Tel: (416) 862-4400
Fax: (416) 862-7661 (fax)

Solicitors for the Applicants

**This is ...Exhibit "B"... referred to in the
Affidavit of ...Thomas H. King...
sworn before me, this 12th day
of October, 2005**



Lisa A. Stone

Notary Public

**NOTARY PUBLIC, NEWTON COUNTY, GEORGIA
MY COMMISSION EXPIRES DEC. 22, 2007**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) WEDNESDAY THE 31ST DAY OF
)
MADAM JUSTICE GREER) AUGUST, 2005



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

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

Applicants

ORDER

THIS MOTION made by the Applicants for an order:

- (a) dispensing with service of the Notice of Motion and Motion Record herein on any interested party; and
- (b) recognizing certain of the "First Day Orders" made by the United States Bankruptcy Court Northern District of Georgia, Newnan Division (the "**U.S. Court**") on August 1, 2005;
- (c) recognizing the order made by the U.S. Court on August 24, 2005, among other things, authorizing the Applicants to obtain post petition financing (the "**Financing Order**");
- (d) recognizing the DIP Lender Charge (as that term is hereinafter defined) over and in respect of the Collateral (as that term is defined in the Financing Order); and

- (e) granting certain other ancillary relief;

was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING (i) the Notice of Motion, and (ii) the Affidavit of E. Patrick Shea sworn August 30, 2005 and the exhibits thereto (the "**Shea Affidavit**"), filed; on hearing the submissions of counsel for the Applicants and counsel for General Electric Capital Corporation ("**GE Capital**"); and on being satisfied that circumstances exist that make this Order appropriate;

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record in support of this motion be and it is hereby abridged such that this Motion is properly returnable today and further that service thereof upon any person other than the persons served with the Motion Record herein be and it is hereby dispensed with.

Recognition of the Financing Order and Other First Day Orders

2. **THIS COURT ORDERS** that the Financing Order and those orders described in the Shea Affidavit and listed in Schedule "B" to this Order be and they are hereby recognized in their entirety and shall have effect throughout Canada as if they were orders of this Court made in proceedings under the CCAA.
3. **THIS COURT FURTHER ORDERS** that the Financing Order and those orders described in the Shea Affidavit and listed in Schedule "B" to this Order are binding upon all persons with any interest in the within proceedings.

DIP Lender Charge

4. **THIS COURT ORDERS** that the liens, security interests, mortgages and charges granted to GE Capital, Morgan Stanley Senior Funding, Inc. and Marathon Structured Finance Fund, L.P. (collectively, the "**DIP Lenders**") by the U.S. Court as security for the payment and performance of all obligations of the Applicants

under the debtor-in-possession credit facility (the "**DIP Facility**") established by the Financing Order are hereby recognized, constituted and confirmed as fixed, specific, floating and continuing liens, security interests, mortgages and charges (collectively, the "**DIP Lender Charge**") in, on and against all of the Collateral (as that term is defined in the Financing Order).

5. **THIS COURT ORDERS** that each of the Applicants are hereby authorized and empowered to incur the obligations under and in accordance with the terms of the DIP Facility.
6. **THIS COURT ORDERS** that the DIP Lenders shall not be required to file, register, record or perfect the DIP Lender Charge in any Canadian jurisdiction.
7. **THIS COURT ORDERS** that the DIP Lender Charge shall have priority in Canada over all present and future fixed or floating liens, charges, mortgages, hypothecs, security interests, pledges or other encumbrances attaching to the Collateral, subject and subordinate only to: (i) the "**Indemnification Fund**"; (ii) the "**LC Fund**"; (iii) all collateral encumbered by Senior Claims not primed by entry of the Financing Order; and (iv) the "**Carve-Out**" (as each of those terms is defined in the Financing Order); contemplated under the Financing Order and subject to encumbrances arising by operation of law without any grant of a security interest by such Applicant and that are given priority over prior fixed charges by Canadian statute law in the event of a bankruptcy of such Applicant.
8. **THIS COURT ORDERS** that the obligations of the Applicants pursuant to the DIP Facility and all documents delivered pursuant thereto constitute legal, valid and binding obligations of the Applicants enforceable against them in accordance with the terms thereof, and the payments made and security granted by the Applicants pursuant to such documents do not constitute fraudulent preferences or other challengeable or reviewable transactions under any applicable law in Canada.

SCHEDULE "A"

Allied Automotive Group, Inc.

Allied Systems, Ltd. (L.P.)

Allied Systems (Canada) Company

QAT, Inc.

RMX LLC

Transport Support LLC

F. J. Boutell Driveaway LLC

Allied Freight Broker LLC

GACS Incorporated

Commercial Carriers, Inc.

Axis Group, Inc.

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

AH Industries, Inc.

SCHEDULE "B"

- 1. Order authorizing the Applicants to, among other things, Continue Financing Arrangements for Insurance Premiums**
- 2. Order authorizing Payment of Pre-Petition Wages, Payroll Taxes, Certain Employee Benefits and Related Expenses**
- 3. Order Directing Joint Administration of Cases**
- 4. Order, among other things, Deeming Utilities Adequately Assured of Payment**
- 5. Order authorizing the Applicants to Honor Certain Pre-Petition Cargo Claims**
- 6. Order authorizing Continued Maintenance and Payment of Obligations with respect to the Applicants' Insurance Programs**
- 7. Order granting Administrative Expense Status to Applicants' Undisputed Obligations Arising from Post-Petition Delivery of Goods and Services**
- 8. Order authorizing Payment of Pre-Petition Claims of Certain Critical Vendors and Service Providers**
- 9. Order, among other things, authorizing Payment of Pre-Petition Customs Duties**

Court File No. 05-CL-6007

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

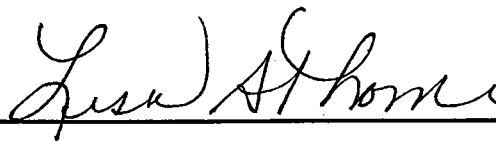
ORDER

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
1600 – First Canadian Place
Toronto, ON M5X 1G5

Heath P.L. Whiteley
LSUC No. 38528P
Tel: (416) 862-4400
Fax: (416) 863-3403

Solicitors for the Applicants

**This is ...Exhibit "C"... referred to in the
Affidavit of ...Thomas H. King...
sworn before me, this 12th day
of October, 2005**

A handwritten signature in cursive script, appearing to read "Lisa A. Thomas", is written over a solid horizontal line.

Notary Public

**NOTARY PUBLIC, NEWTON COUNTY, GEORGIA
MY COMMISSION EXPIRES DEC. 22, 2007**

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

THE HONOURABLE MR.)
JUSTICE CAMPBELL)
FRIDAY THE 30th DAY OF
SEPTEMBER, 2005



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

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

Applicants

ORDER

THIS MOTION made by the Applicants for an order extending the stay of proceedings was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING (i) the Notice of Motion, and (ii) the Affidavit of Christina Epp sworn September 29, 2005 and the exhibits thereto (the "**Epp Affidavit**"), filed; on hearing the submissions of counsel for the Applicants; and on being satisfied that circumstances exist that make this Order appropriate;

- 1. THIS COURT ORDERS** that the Stay Period (as defined in paragraph 5 of the Order of the Honourable Mr. Justice Farley dated August 2, 2005) be and the same is hereby extended to and including October 14, 2005.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 30 2005

PER/PAR

SCHEDULE "A"

Allied Automotive Group, Inc.

Allied Systems, Ltd. (L.P.)

Allied Systems (Canada) Company

QAT, Inc.

RMX LLC

Transport Support LLC

F. J. Boutell Driveaway LLC

Allied Freight Broker LLC

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Axis Areta, LLC

Logistic Technology, LLC

Logistic Systems, LLC

CT Services Inc.

Cordin Transport LLC

Terminal Services LLC

Axis Canada Company

Ace Operations, LLC

AH Industries, Inc.

Court File No. 05-CL-6007

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

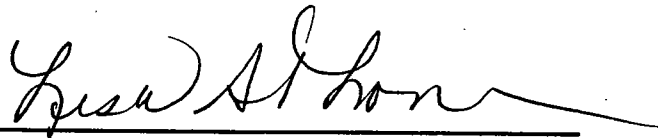
O R D E R

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, ON M5X 1G5

Heath P.L. Whiteley
LSUC No. 38528P
Tel: (416) 862-4400
Fax: (416) 863-3403

Solicitors for the Applicants

**This is ...Exhibit "D"... referred to in the
Affidavit of ...Thomas H. King...
sworn before me, this 12th day
of October, 2005**



Lisa A. Hon

Notary Public

**NOTARY PUBLIC, NEWTON COUNTY, GEORGIA
MY COMMISSION EXPIRES DEC. 22, 2007**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION**

In re:

**ALLIED SYSTEMS (CANADA) COMPANY,

Debtor.**

Chapter 11

Case No. 05-12518

Judge Drake

**DEBTOR'S MONTHLY OPERATING REPORT FOR THE PERIOD
FROM JULY 31, 2005 (PETITION DATE) TO AUGUST 31, 2005**

The above-named debtor (the "Debtor") hereby files the attached Monthly Operating Report containing its Periodic Financial Reports prepared in accordance with the Guidelines established by the United States Trustee and Federal Rule of Bankruptcy Procedure 2015. The Periodic Financial Reports have been prepared from files, records and documents of the Debtor available at the time of preparation and is accurate as set forth and represented in those files, records and documents. The attorneys for the Debtor have not reviewed the Debtor's business records upon which these Periodic Financial Reports are based and make no representation concerning the accuracy of the financial information provided herein.

This 28th day of September, 2005.

/s/ Thomas R. Walker

Ezra H. Cohen (GA State Bar No. 173800)
Jeffrey W. Kelley (GA State Bar No. 412296)
Harris B. Winsberg (GA State Bar No. 770892)
Thomas R. Walker (GA State Bar No. 732855)

Debtor's Address:

160 Clairemont Avenue
Decatur, GA 30030-2557

TROUTMAN SANDERS LLP
Bank of America Plaza
600 Peachtree Street, N.E. - Suite 5200
Atlanta, Georgia 30308-2216
Telephone No.: (404) 885-3000
Facsimile No.: (404) 885-3900

- and -

Mitchel H. Perkiel, Esq.
TROUTMAN SANDERS LLP
The Chrysler Building
405 Lexington Avenue
New York, New York 10174
Telephone No.: (212) 704-6000
Facsimile No.: (212) 704-6288

ATTORNEYS FOR THE DEBTOR

Allied Systems (Canada) Company
Case No. 05-12518

Monthly Operating Report
For the Period from July 31, 2005 (Petition Date) to August 31, 2005

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1. Consolidated Balance Sheet – Allied Holdings,
Inc. and its Debtor Subsidiaries (Unaudited)

ALLIED HOLDINGS, INC. AND ITS DEBTOR SUBSIDIARIES
(DEBTOR-IN-POSSESSION AS OF JULY 31, 2005)
CONSOLIDATED BALANCE SHEET
(In thousands)
(Unaudited)

August 31, 2005

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$1,415
Receivables, net of allowances	44,810
Related party receivables	11,321
Inventories	4,631
Deferred income taxes	3,361
Prepayments and other current assets	25,917
Total current assets	91,455

PROPERTY AND EQUIPMENT, NET 121,382

GOODWILL, NET 3,936

OTHER NONCURRENT ASSETS 35,877

INVESTMENT IN RELATED PARTIES 31,488

Total assets \$284,138

LIABILITIES AND STOCKHOLDERS' DEFICIT

LIABILITIES NOT SUBJECT TO COMPROMISE:

CURRENT LIABILITIES:

Current maturities of long-term debt	\$100,000
Borrowings under revolving credit facilities	38,363
Accounts and notes payable	13,027
Accrued liabilities	25,163
Total current liabilities	176,553

LONG-TERM LIABILITIES:

Postretirement benefits other than pensions	4,419
Deferred income taxes	4,408
Other long-term liabilities	20,718
Total long-term liabilities	29,545

LIABILITIES SUBJECT TO COMPROMISE 212,030

STOCKHOLDERS' DEFICIT (133,990)

Total liabilities and stockholders' deficit \$284,138

2. Consolidated Statement of Operations – Allied
Holdings, Inc. and its Debtor Subsidiaries
(Unaudited)

ALLIED HOLDINGS, INC. AND ITS DEBTOR SUBSIDIARIES
(DEBTOR-IN-POSSESSION AS OF JULY 31, 2005)
CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands)
(Unaudited)

	For the Month Ended August 31, 2005
REVENUES	\$72,278
OPERATING EXPENSES:	
Salaries, wages and fringe benefits	38,838
Operating supplies and expenses	12,605
Purchased transportation	2,273
Insurance and claims	2,804
Operating taxes and licenses	252
Depreciation and amortization	2,181
Rents	9,292
Communications and utilities	576
Other operating expenses	411
(Gain) loss on disposal of operating assets, net	(27)
Total operating expenses	69,205
Operating income	3,073
OTHER INCOME (EXPENSE):	
Interest expense	(1,930)
Investment income	5
Foreign exchange gain, net	961
	(964)
INCOME BEFORE INCOME TAXES & REORGANIZATION ITEMS	2,109
REORGANIZATION ITEMS	(2,546)
LOSS BEFORE INCOME TAXES	(437)
INCOME TAXES	-
NET LOSS	(\$437)

3. Notes to Monthly Operating Report

ALLIED SYSTEMS (CANADA) COMPANY
Case No. 05-12518

NOTES TO MONTHLY OPERATING REPORT
DEBTOR'S MONTHLY FINANCIAL REPORTS (BUSINESS)

Reporting Period July 31, 2005 to August 31, 2005

TOTAL CASH DISBURSEMENTS DURING THE REPORTING PERIOD:

\$ 6,254,701.71

The accompanying unaudited consolidated balance sheet and consolidated statement of operations of Allied Holdings, Inc., and its debtor subsidiaries have been prepared on the basis of the Company's internal reporting practices using the accounting policies of the Company, which are in accordance with generally accepted accounting principles. The statements do not, however, include all of the information and notes required by generally accepted accounting principles for complete financial statements. Furthermore, these statements are preliminary and subject to internal and external reviews and are subject to change as a result of those reviews as well as an annual audit by our external auditors.

I declare under penalty of perjury that this statement and the accompanying documents and reports are true and correct to the best of my knowledge and belief.

This 28th day of September 2005



Thomas H. King
Chief Financial Officer
Allied Holdings, Inc.

4. Attachment 1 – Accounts Receivable
Rollforward and Accounts Receivable Aging

ALLIED SYSTEMS (CANADA) COMPANY
Case No. 05-12518

ATTACHMENT 1

MONTHLY ACCOUNTS RECEIVABLE AGING AND RECONCILIATION

Reporting Period July 31, 2005 to August 31, 2005

ACCOUNTS RECEIVABLE AT PETITION DATE: \$ 8,427,378

ACCOUNTS RECEIVABLE RECONCILIATION:

Beginning of Month Balance	\$ 8,427,378
PLUS: Current Months Billings	\$ 13,711,111
LESS: Collections During the Month	<u>\$(12,485,223)</u>
End of Month Balance	<u>\$ 9,653,266</u>

AGING:

	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
Trade Accounts Receivable	\$ 7,902,358	\$ 1,506,865	\$ 391,120	\$ (147,076)	\$ 9,653,266

5. Attachment 2 – Accounts Payable Aging –
Summary (Postpetition Only) and Payments to
Secured Creditors

ALLIED SYSTEMS (CANADA) COMPANY
Case No. 05-12518

ATTACHMENT 2
ACCOUNTS PAYABLE AGINGS - SUMMARY (POST PETITION ONLY) AND
PAYMENTS TO SECURED CREDITORS

Reporting Period July 31, 2005 to August 31, 2005

ACCOUNTS PAYABLE AGINGS - SUMMARY (POST PETITION ONLY)

Canadian Account

Accounts Payable Aging (Postpetition Only)	<u>Amount</u>
0 to 30 Days	\$ 1,364,982.26
31 to 60 Days	-
61 to 90 Days	-
Over 90 Days	-
TOTAL ACCOUNTS PAYABLE FOR THIS REPORTING PERIOD:	<u><u>\$ 1,364,982.26</u></u>

US Account

Accounts Payable Aging (Postpetition Only)	<u>Amount</u>
0 to 30 Days	\$ 1,062.69
31 to 60 Days	-
61 to 90 Days	-
Over 90 Days	-
TOTAL ACCOUNTS PAYABLE FOR THIS REPORTING PERIOD:	<u><u>\$ 1,062.69</u></u>

PAYMENTS TO SECURED CREDITORS:

See ATTACHMENT 8

Note: Canadian Account, Covered into USD \$'s.

6. Attachment 3 – Fixed Asset Report

ATTACHMENT 3

MONTHLY FIXED ASSET REPORT (AMOUNTS IN USD)

Reporting Period beginning: July 31, 2005 and ending August 31, 2005

FIXED ASSETS FAIR MARKET VALUE AT PETITION DATE 7/31/05: \$ 153,972,884

Co #	COMPANY NAME	CASE #	FAIR MARKET VALUE 07/31/05
90	Allied Holdings, Inc.	06-12515	4,050,656
51	Allied Automotive Group, Inc.	05-12516	58,791
04	Allied Systems, Ltd.	05-12517	111,310,094
20	Allied Systems (Canada) Company	05-12518	36,075,078
82	OAT, Inc.	05-12519	660,755
85	Transport Support LLC	05-12521	16,590
52	Axis Group, Inc.	06-12528	729,702
55	Kartainer Int'l, Inc.	05-12527	95,257
61	CT Services, Inc.	05-12532	584,088
62	Cordin Transport LLC	05-12533	102,403
77	Terminal Services, LLC	05-12534	91,985
59	Axis Canada Company	05-12535	197,476
	TOTAL		153,972,884

FIXED ASSET RECONCILIATION:

Co #	COMPANY NAME	CASE #	NBV 07/31/05	EXCHANGE VARIANCE	DEPRECIATION EXPENSE	ADDITIONS	RETIREMENTS OR SALES	INTERCOMPANY TRANSFERS IN	OUT	NBV 08/31/05
90	Allied Holdings, Inc.	05-12515	4,020,659		(71,464)	0				3,949,195
51	Allied Automotive Group, Inc.	05-12516	92,629		(8,167)	0				86,462
04	Allied Systems, Ltd.	05-12517	81,327,896		(1,400,531)	774,806				80,702,171
20	Allied Systems (Canada) Company	05-12518	34,703,372	384,525	(620,213)	7,992				34,475,678
82	OAT, Inc.	05-12519	202,920		(4,120)	22,544				221,344
85	Transport Support LLC	05-12521	7,625		(1,111)	0				6,515
52	Axis Group, Inc.	06-12528	764,931		(46,952)					717,979
55	Kartainer Int'l, Inc.	05-12527	95,266		(8,881)					86,388
61	CT Services, Inc.	05-12532	713,982		(18,649)	42,100				737,433
62	Cordin Transport LLC	05-12533	102,402		(3,044)	0				99,358
77	Terminal Services, LLC	05-12534	91,986		(3,056)	0				88,930
59	Axis Canada Company	05-12535	197,494	2,572	(4,396)	15,573				211,243
	TOTAL		122,321,162	387,097	(2,188,582)	863,016	0	0	0	121,382,691

7. Attachment 6 – Certificate of Compliance with
Tax Filing Requirements

ALLIED HOLDINGS, INC. et al
Consolidated for administration under Cases Nos.: 05-12515, 05-12516, 05-12517,
05-12518, 05-12519, 05-12520, 05-12521, 05-12522, 05-12523, 05-12524, 05-12525,
05-12526, 05-12527, 05-12528, 05-12529, 05-12530, 05-12531, 05-12532, 05-12533,
05-12534, 05-12535, 05-12536 and 05-12537

ATTACHMENT 6
Certificate of Compliance with Tax Filing Requirements

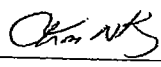
Reporting Period July 31, 2005 to August 31, 2005

RE: Allied Holdings, Inc. et al

In lieu of filing a statement indicating the status of postpetition taxes and copies of the files/paid tax documentation, I hereby certify as Chief Financial Officer for Allied Holdings, Inc., that to the best of my knowledge and belief, we are in compliance with the filing requirements for State and Federal Payroll Tax Returns, State and Federal Income Tax Returns, Sales and Use Tax Returns for the periods covered by the operating report (July 31, 2005 through August 31, 2005) for which such returns are due.

Sincerely,

September 28, 2005



Thomas H. King
Chief Financial Officer

8. Attachment 7 – Confirmation of Insurance

SCHEDULE 3.18

Insurance

Insurance Policies
for
Allied Holdings, Inc. and Subsidiaries

Coverage	Effective Date	Expiration Date	Insurer	Policy Number	Sublimits
Property Including Motor Truck Cargo and Automobile Physical Damage	6/1/2005	6/1/2006	Continental Casualty	RMP210723589 Policy Limit	\$35,000,000 Loss Limit applicable to Fixed Real and Personal Property, Business Income and Extra Expense subject to Sublimits listed below
				Sublimit	160 Clairmont Avenue, Decatur, GA \$20,100,000 Real and Personal Property \$1,000,000 Business Interruption \$8,000,000 Extra Expense
				Sublimit	All Other Scheduled Locations \$25,000 Business Income \$25,000 Extra Expense
				Sublimit	Owned Motor Vehicles and Non-Owned Motor Vehicles While Located in the terminals
					\$10,000,000 Per Occurrence Loss Limit
				Sublimit	Non-Owned Motor Vehicles In or On any one Conveyance \$1,000,000 Per Occurrence
				Peril	All risk of Direct Physical Damage
				Peril	Flood \$5,000,000 Annual Aggregate at all Locations
				Sublimit	Locations in 100 Year Flood Plain \$1,000,000 Annual Aggregate subject to \$5,000,000 Policy Aggregate
				Peril	Earth Movement \$5,000,000 Annual Aggregate at all Locations
				Sublimit	California, Hawaii, Puerto Rico locations \$1,000,000 Annual Aggregate subject to \$5,000,000 Policy Aggregate

Coverage	Effective Date	Expiration Date	Insurer	Policy Number	Summary
					Boiler and Machinery
				Valuation	Replacement or Repair subject to policy form
					Business Interruption, Business Income and Extra Expense Actual Loss Sustained
				Exclusions and Conditions	Per Policy Form
Excess Property(Flood)	6/1/2005	6/1/2006	Lloyd's of London	DRV0016 Peril	Excess Flood -- Physical Damage on Rigs(Tractors and Trailers) while parked at the scheduled terminals
					\$7,000,000 Annual Aggregate excess of \$1,000,000 Annual Aggregate
				Deductible	\$1,000,000 Primary plus the Primary Deductible
				Valuation	Replacement Cost
					No coinsurance
				Exclusions and Conditions	Per Policy Form
Flood	11/19/2004	11/19/2005	Hartford Fire Insurance Co	99012295402004	3300 Almonaster Ave, New Orleans, LA Maintenance \$191,400 Building \$157,500 Contents \$5,000 Deductible each
Flood	11/27/2004	11/27/2005	Hartford Fire Insurance Co	99012295412004	3300 Almonaster Ave, New Orleans, LA Office \$60,500 Building \$27,600 Contents \$5,000 Deductible each
Flood	11/27/2004	11/27/2005	Hartford Fire Insurance Co	99012295472004	6709 Grade Ln, Louisville, KY \$500,000 Building \$262,500 Contents \$5,000 Deductible each
Flood	11/27/2004	11/27/2005	Hartford Fire Insurance Co	99012295452004	6209 Specter St., Meridian, MS \$240,000 Building \$125,000 Contents \$5,000 Deductible each
Flood	11/27/2004	11/27/2005	Hartford Fire Insurance Co	99012940822004	300 Sico Rd, Wilmington, DE \$48,000 Building \$35,000 Contents \$5,000 Deductible each
Flood	11/27/2004	11/27/2005	Hartford Fire Insurance Co	99012940762004	300 Victoria Ter, Ridgfield, NJ \$300,000 Building \$110,000 Contents \$5,000 Deductible each

