

**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 August 31, 2005)

The Applicants will make a motion to the Court, on Wednesday, August 31, 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:

1. The Applicants bring a motion for an order, in substantially the form attached as Schedule "B" hereto:
 - (a) 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;
 - (b) recognizing certain of the First Day Orders (hereinafter defined), which are listed in Schedule "C" hereto;
 - (c) recognizing the order made by the United States Bankruptcy Court Northern District of Georgia, Newnan Division (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 in Schedule "B" hereto) over and in respect of the Collateral (as that term is defined in the Financing Order); and
- (e) granting such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (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, 2004, the Applicants sought and obtained various first day orders from the U.S. Court, which provided additional protection to the Applicants and addressed other administrative matters (collectively, the "**First Day Orders**");
- (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) the Initial CCAA Recognition Order;
- (e) the Financing Order;
- (f) the provisions of the CCAA;

- (g) Rules 2.03, 3.02 and 37 of the *Rules of Civil Procedure*; and
- (h) 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:

1. the affidavit of E. Patrick Shea, sworn August 30, 2005 and the exhibits thereto;
2. such further and other materials as counsel may advise and this Honourable Court may permit.

August 30, 2005

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Solicitors for the Applicants

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"

Court File No. 05-CL-6007

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

THE HONOURABLE) WEDNESDAY THE 31st DAY OF
)
■ JUSTICE ■) 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
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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.

9. **THIS COURT ORDERS** that the DIP Lender Charge shall be deemed to be valid and effective notwithstanding any negative covenants, prohibitions or other similar provisions with respect to incurring debt or the creation of liens or securities contained in any existing agreement between the Applicants and any lender and that notwithstanding any provision to the contrary in such agreements,

- (a) the executions, delivery, perfection or registration of the DIP Lender Charge shall not create or be deemed to constitute a breach by the Applicants of any agreement to which any of the Applicants is a party, and
 - (b) the DIP Lender shall have no liability to any person whatsoever as a result of any breach of any agreement caused by or resulting from the Applicants entering into the DIP Facility or other document delivered pursuant thereto.
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SCHEDULE "A"

Allied Automotive Group, Inc.

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Allied Systems (Canada) Company

QAT, Inc.

RMX LLC

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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

SCHEDULE "C"

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
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Court File No. 05-CL-6007

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

NOTICE OF MOTION

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