
Ninth Report to Court of Duff &
Phelps Canada Restructuring Inc. as
Information Officer of Allied Systems
Holdings, Inc., Allied Systems
(Canada) Company, Axis Canada
Company and those other companies
listed on Schedule “A” hereto

January 16, 2014

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Court File No.:12-CV-9757-00CL

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, C.C-36, AS AMENDED**

**AND IN THE MATTER OF ALLIED SYSTEMS HOLDINGS, INC., ALLIED SYSTEMS
(CANADA) COMPANY, AXIS CANADA COMPANY AND THOSE OTHER COMPANIES
LISTED ON SCHEDULE "A" HERETO**

**APPLICATION OF ALLIED SYSTEMS HOLDINGS, INC. UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C.C-36,
AS AMENDED**

**NINTH REPORT OF DUFF & PHELPS CANADA RESTRUCTURING INC.
AS INFORMATION OFFICER OF
ALLIED SYSTEMS HOLDINGS, INC., ALLIED SYSTEMS (CANADA) COMPANY, AXIS
CANADA COMPANY AND THOSE OTHER COMPANIES
LISTED ON SCHEDULE "A" HERETO**

January 16, 2014

1.0 Introduction

1. On May 17, 2012, involuntary petitions were filed by BDCM Opportunity Fund II, LP, Black Diamond CLO 2005-1 Ltd. and Spectrum Investment Partners, L.P. ("Black Diamond/Spectrum") against Allied Systems Holdings, Inc. ("Allied Systems US") and its subsidiary, Allied Systems, Ltd. (L.P.) ("ASL") pursuant to Chapter 11 of Title 11 of the *United States Code* ("Chapter 11") ("Involuntary Petitions") in the United States Bankruptcy Court for the District of Delaware ("U.S. Court").

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2. On June 10, 2012, voluntary petitions were filed with the U.S. Court for relief under Chapter 11 by the US and Canadian subsidiaries of Allied Systems US (“Subsidiaries”)¹ (Allied Systems US, ASL and the Subsidiaries are collectively referred to as the “Chapter 11 Debtors” or “Allied Group”), including Allied Systems (Canada) Company (“Allied Canada”) and Axis Canada Company (“Axis Canada”) (jointly, the “Canadian Debtors”). In connection therewith, Allied Systems US and ASL consented to the Involuntary Petitions. The cases commenced or consented to by the Chapter 11 Debtors in the U.S. Court are herein defined as the “Chapter 11 Proceedings”.
 3. The Chapter 11 Debtors were granted ancillary relief under Part IV of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) pursuant to an Order of the Ontario Superior Court of Justice (“Court”, and together with the U.S. Court, the “Courts”) dated June 12, 2012 (the “Initial Order”) and a Court Order dated June 13, 2012 (the “Supplemental Order”, and together with the Initial Order, the “Orders”).
 4. Pursuant to the Orders, *inter alia*: a) the Chapter 11 Proceedings were recognized as a “foreign main proceeding” pursuant to Part IV of the CCAA; b) Allied Systems US was appointed as Allied Group’s foreign representative (“Foreign Representative”); c) certain orders made by the U.S. Court dated June 12, 2012 were recognized; and d) Duff & Phelps Canada Restructuring Inc. (“D&P”) was appointed as the Information Officer (the “Information Officer”).
 5. On July 16, 2012, this Court made an Order (“July 16th Order”): a) recognizing certain final orders of the U.S. Court that had previously been granted on an interim basis; b) approving certain ancillary relief in respect of Allied Group’s cash management system; and c) amending the Supplemental Order to provide for increased priority for the Administration Charge and the DIP Lender’s Charge (as both terms are defined in the Supplemental Order).
 6. This report (“Report”) is filed in D&P’s capacity as Information Officer.

¹ The U.S. subsidiaries are: Allied Automotive Group, Inc.; Allied Freight Broker LLC; Axis Areta, LLC; Axis Group, Inc.; Commercial Carriers, Inc.; CT Services, Inc.; Cordin Transport LLC; F.J. Boutell Driveaway LLC; GACS Incorporated; Logistic Systems, LLC; Logistic Technology, LLC; QAT, Inc.; RMX LLC; Transport Support LLC; and Terminal Services LLC. The Canadian subsidiaries are Allied Systems (Canada) Company and Axis Canada Company.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) Provide an update to the Court on the status of these proceedings and the Chapter 11 Proceedings, pursuant to the terms of the Supplemental Order; and
 - b) Provide an update on the transactions approved by Orders of the U.S. Court and recognized by Orders of this Court.

1.2 Currency

1. All currency references in this Report are to United States dollars, unless otherwise noted.

1.3 Restrictions

1. In preparing this Report, the Information Officer has relied upon unaudited financial information prepared by Allied Group's representatives, Allied Group's books and records and discussions with its representatives. The Information Officer has not performed an audit or other verification of such information. The Information Officer expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Information Officer.

2.0 Background

1. Allied Group was primarily engaged in the "car-haul" business, being the transport by specially designed tractor trailers of vehicles, such as automobiles, sport-utility vehicles and light trucks, from manufacturing plants, ports, auctions, and railway distribution points to automobile dealerships in the United States and Canada. In Canada, this business was conducted by Allied Canada.

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2. Allied Group's operations were centralized from its head office located in Atlanta, Georgia. Allied Group employed approximately 1,835 individuals, including approximately 440 active employees and independent contractors in Canada². Approximately 90% of Allied Group's active Canadian employees were members of either the International Brotherhood of Teamsters ("Teamsters") or Unifor, the successor union to the National Automobile, Aerospace, Transportation and General Works Union of Canada ("Unifor") unions.
 3. Pursuant to a first lien credit facility ("First Lien Facility") and second lien credit facility ("Second Lien Facility"), as amended, Black Diamond/Spectrum, Yucaipa American Alliance Fund I, LP and Yucaipa American Alliance (Parallel) Fund I, LP (together, "Yucaipa", including companies affiliated with Yucaipa) and other parties are lenders to Allied Group.
 4. At the commencement of the Chapter 11 proceedings, Allied Group owed approximately \$244 million and \$30 million in principal under the First Lien Facility and the Second Lien Facility, respectively.
 5. As a result of the Memorandum of Decision dated March 8, 2013 of Mr. Justice Charles E. Ramos of the Supreme Court of New York, which was confirmed by the U.S. Court on July 30, 2013, BD/Spectrum is the "Requisite Lender" under the First Lien Facility ("Requisite Lender")³. The Requisite Lender has certain voting and other rights with respect to the First Lien Facility, which include the right to credit bid on Allied Group's assets, on behalf of the First Lien Facility lenders.
 6. Further background concerning Allied Group was provided in the affidavit of Scott Macaulay, Senior Vice President and Chief Financial Officer of Allied Systems US, sworn June 11, 2012 ("Macaulay Affidavit") and the Information Officer's previous reports ("IO Reports"). The Macaulay Affidavit, the IO Reports and other materials filed with the Court in the Canadian proceedings are available on D&P's website at www.duffandphelps.com/restructuringcases. Information regarding the Chapter 11 Proceedings is posted on the "Restructuring News" portion of Allied Group's website at www.alliedautomotive.com.

² The number of active Canadian employees varies by season.

³ This is disputed by Yucaipa.

3.0 JCT Transaction

1. On September 17, 2013, the U.S. Court granted an order (“JCT Sale Order”) approving, *inter alia*, the sale agreement (“Sale Agreement”) between Allied Group and Jack Cooper Holdings Corp. (“JCT”) for all or substantially all of Allied Group’s assets, including the assets of the Canadian Debtors, other than the Excluded Assets (as detailed in Section 4 below).
2. The JCT Sale Order was recognized by Order of this Court dated October 10, 2013.
3. Details with respect to the sale process that resulted in the transaction with JCT and a description of the Sale Agreement are provided in the Information Officer’s Eighth Report to Court dated October 8, 2013.
4. On December 27, 2013, JCT completed the transaction contemplated by the Sale Agreement. JCT paid \$132.6 million on closing. The Information Officer understands that JCT (or its designees) retained all of the Canadian Debtors’ employees who were members of the Unifor and Teamsters unions, as well as all but seven of the non-union employees.
5. A copy of the Information Officer’s certificate dated December 27, 2013 is provided in Appendix “A”.
6. Allied Group is presently completing tax and other administrative filings with respect to the operations of the Canadian Debtors.

4.0 BD/Spectrum Transaction

1. On September 30, 2013, the U.S. Court granted an order (“BD/Spectrum Sale Order”) approving, *inter alia*, the sale agreement between Allied Group and BD/Spectrum for the Excluded Assets. The Excluded Assets include six parcels of real estate, two of which are located in Canada, a lease and fifty “low-boy” trailers (“BD/Spectrum Sale Agreement”).
2. The BD/Spectrum Sale Order was recognized by Order of this Court dated October 10, 2013.
3. The Information Officer understands that BD/Spectrum is awaiting the submission of re-zoning applications by Allied Group in respect of one of the Canadian properties prior to completing the transaction set out in the BD/Spectrum Sale Agreement. At present the date for the completion of this transaction has not been set.

5.0 Wind-Down Budget

1. The JCT Sale Order stipulates that Allied Group shall hold back cash received from the sale of its assets sufficient to fund a wind-down budget ("Wind-Down Budget"). The Wind-Down Budget must be agreed to by the First Lien Agents and Allied Group, in consultation with the Unsecured Creditors Committee and Yucaipa, or it must be set by the U.S. Court.
2. The purpose of the Wind-Down Budget is for Allied Group to have sufficient funds to complete the Chapter 11 proceedings and the CCAA proceedings.
3. Allied Group continues to consult with its stakeholders with respect to wind down alternatives and the Wind-Down Budget. The Information Officer has participated in discussions concerning the Wind-Down Budget as it relates to the Canadian Debtors. Allied Group is considering alternatives regarding the Canadian Debtors and has sought feedback from the Information Officer in this regard.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "Duff + Phelps Canada Restructuring Inc." The signature is written in a cursive, flowing style.

**DUFF & PHELPS CANADA RESTRUCTURING INC.
IN ITS CAPACITY AS INFORMATION OFFICER OF
ALLIED SYSTEMS HOLDINGS, INC., ALLIED SYSTEMS (CANADA) COMPANY, AXIS
CANADA COMPANY AND THOSE OTHER COMPANIES LISTED ON SCHEDULE "A"
HERETO AND NOT IN ITS PERSONAL CAPACITY**

Schedule “A”

SCHEDULE A – APPLICANTS

Allied Systems Holdings, Inc.

Allied Automotive Group, Inc.

Allied Freight Broker LLC

Allied Systems (Canada) Company

Allied Systems, Ltd. (L.P.)

Axis Areta, LLC

Axis Canada Company

Axis Group, Inc.

Commercial Carriers, Inc.

CT Services, Inc.

Cordin Transport LLC

F.J. Boutell Driveway LLC

GACS Incorporated

Logistic Systems, LLC

Logistic Technology, LLC

QAT, Inc.

RMX LLC

Transport Support LLC

Terminal Services LLC

Appendix “A”

INFORMATION OFFICER'S CERTIFICATE

Court File No. 12-CV-9757-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF ALLIED SYSTEMS HOLDINGS, INC., ALLIED SYSTEMS (CANADA)
COMPANY, AXIS CANADA COMPANY AND THOSE OTHER COMPANIES LISTED ON
SCHEDULE "A" HERETO

APPLICATION OF ALLIED SYSTEMS HOLDINGS, INC. UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

INFORMATION OFFICER'S CERTIFICATE (JACK COOPER HOLDINGS CORP. OR ITS DESIGNEES)

RECITALS

- A. Pursuant to an Order of the Honourable Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated June 13, 2012, as amended and supplemented from time to time, Duff & Phelps Canada Restructuring Inc. was appointed as the Information Officer in these proceedings (the "**Information Officer**").
- B. Pursuant to an Order of the Court dated October 10, 2013 (the "**Sale Approval Recognition and Vesting Order**"), the Court approved the Asset Purchase Agreement, dated as of September 12, 2013, by and among Jack Cooper Holdings Corp., as purchaser, Allied US and the subsidiaries of Allied US set forth on the signature pages thereto, as sellers (the "**Sale Agreement**") and provided for the vesting in the Jack Cooper Purchaser of the Chapter 11 Debtors' right, title and interest in and to, inter alia, the Jack Cooper Canadian Purchased Assets, effective upon the delivery by the Information Officer to the Jack Cooper Purchaser of a certificate confirming: (i) that the conditions to Closing as set out in sections 9.1 and 9.2 of the Sale Agreement have been satisfied or waived by the Chapter 11 Debtors and the Jack Cooper Purchaser; and (ii) the transactions contemplated by the Sale Agreement have been completed to the satisfaction of the Information Officer.
- C. Pursuant to Section 12.8 of the Sale Agreement, Jack Cooper Holdings Corp. has assigned certain of its rights and obligations under the Sale Agreement (including the right to acquire certain specified Jack Cooper Canadian Purchased Assets) to two Designated Purchasers, as more particularly described in Recitals D and E below.

D. Jack Cooper Holdings Corp. has assigned to Jack Cooper Canada 1 Limited Partnership ("**JCC1 Purchaser**") the right to receive or otherwise acquire the Jack Cooper Canadian Purchased Assets set forth in a Bill of Sale dated as of December 27, 2013 between Allied Systems (Canada) Company and Axis Canada Company, as sellers, and JCC1 Purchaser, as buyer (the "**JCC1 Acquired Assets**").

E. Jack Cooper Holdings Corp. has assigned to Jack Cooper Canada 2 Limited Partnership ("**JCC2 Purchaser**") the right to receive or otherwise acquire the Jack Cooper Canadian Purchased Assets set forth in a Bill of Sale dated as of December 27, 2013 between Allied Systems (Canada) Company and Axis Canada Company, as sellers, and JCC2 Purchaser, as buyer (the "**JCC2 Acquired Assets**").

F. Pursuant to the assignment referred to in Recital D above, title to the JCC1 Acquired Assets is to be held by Jack Cooper Canada GP 1 Inc., for the benefit of the JCC1 Purchaser.

G. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement or the Sale Approval Recognition and Vesting Order. The JCC1 Purchaser and JCC2 Purchaser are collectively referred to in the Sale Approval and Recognition Order and herein as the "**Jack Cooper Purchaser**".

THE INFORMATION OFFICER CERTIFIES that it has been advised by Allied US (or its counsel) and the Jack Cooper Purchaser (or its counsel) that:

1. the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Sellers and the Jack Cooper Purchaser, as applicable; and
2. subject only to the delivery of this Certificate, the transactions contemplated by the Sale Agreement have been completed to the satisfaction of the Sellers and the Jack Cooper Purchaser effective as of December 27, 2013 such that the JCC1 Acquired Assets have been acquired by the JCC1 Purchaser and the JCC2 Acquired Assets have been acquired by the JCC2 Purchaser.

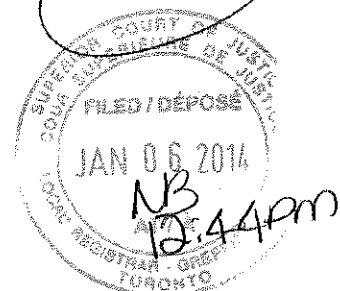
This Certificate was delivered by the Information Officer on December 27, 2013.

DUFF & PHELPS CANADA RESTRUCTURING
INC., SOLELY IN ITS CAPACITY AS
INFORMATION OFFICER AND NOT IN ITS
PERSONAL CAPACITY

Per: 

Name: Mitch Vininsky

Title: Director



SCHEDULE A - CHAPTER 11 DEBTORS

Allied Systems Holdings, Inc.
Allied Automotive Group, Inc.
Allied Freight Broker LLC
Allied Systems (Canada) Company
Allied Systems, Ltd. (L.P.)
Axis Areta, LLC
Axis Canada Company
Axis Group, Inc.
Commercial Carriers, Inc.
CT Services, Inc.
Cordin Transport LLC
F.J. Boutell Driveway LLC
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Court File No: 12-CV-9757-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**INFORMATION OFFICER'S CERTIFICATE
(JACK COOPER HOLDINGS CORP.
OR ITS DESIGNEES)**

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