



ALLIED SYSTEMS
HOLDINGS

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President
Chief Executive Officer

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Dear Allied Employees:

I am writing to give you an update on some developments affecting our company.

As you know, 2009 was an extremely difficult year, the most challenging in Allied's history. A number of factors combined to create the perfect storm. Automotive production reached its lowest level in 20 years. GM and Chrysler, two of our biggest customers, filed bankruptcy and required a government bailout to survive. More troubling, our bank credit lines (our company's life support) were temporarily taken over by a hostile investor at the urging of one of our car haul competitors.

Because of your efforts, we survived this storm. In fact, we did more than survive. We came out more determined than ever to prevail. We successfully negotiated new agreements with all of our customers. Under these agreements, we are able to retain the vast majority of our business and protect almost all of your jobs against the spread of non-union competition.

We also became more efficient and learned how to do more with less. Since emerging from bankruptcy, we've reduced non-bargaining headcount by 46% and slashed our corporate overhead expense by 34%.

Additionally, our largest shareholder, Yucaipa, invested \$70 million more to control the company's debt, strengthen our balance sheet and help replenish the fleet.

However, we still have a lot of unfinished business: we have to devote every dollar of cash flow (and then some) to buying the equipment necessary to meet our contractual commitments to our customers. We have not made an interest or principal payment to our lenders in over a year, and not a penny has been returned to the company's owners in many years.

Now, as we approach the expiration of the wage relief from our Teamster employees in the U.S., some have taken the position that Allied is obligated to "snap back" (immediately and completely) to the wages in place under the current national master agreement. We do not believe this is what our agreement relating to the wage relief provides. Moreover, given the massive challenges facing the industry and the fragile worldwide economy, the business simply cannot support a snap back without putting thousands of jobs at risk.

Frankly, if we were making the money we thought we would make, we would have no qualms about snapping back irrespective of what our agreement provides. However, our business is less than half the size we projected when we emerged from bankruptcy in 2007. We never imagined the automotive industry would reach the lows witnessed over the past 18 months and that our ability to continue to operate would be threatened.

So to protect everyone's livelihood, we are asking the judge that approved our bankruptcy plan of reorganization (which included the Teamster wage reduction) to confirm our understanding that the plan does not call for a snap back, but instead requires the parties to meet and negotiate a transitional wage agreement. We remain confident that through these negotiations Allied and the International Brotherhood of Teamsters can reach an agreement that will bring our Teamster wages back in line with those of our union competitors without destabilizing the company as it emerges from the unprecedented challenges of the last several years.

We continue to believe Allied has the best and brightest people in the industry, and with everyone's continued support, we will eventually restore the company's health. Your loyalty has made us very proud and even more committed to being a good employer.

We will keep you posted as we work through the process of transitioning to a new wage structure for our Teamster employees in the United States.

Yours very truly,

A handwritten signature in black ink, appearing to read "Mark J. Gendregske". The signature is written in a cursive style with a large, prominent initial "M".

Mark J. Gendregske
President,
Chief Executive Officer

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