



Allied Systems Holdings

BANKRUPTCY UPDATE

JUNE 25, 2013

Revised Process to Sell Allied Approved by U.S. Bankruptcy Court

On Wednesday, June 19, U.S. Bankruptcy Court Judge Sontchi approved revised motions by Allied Systems Holdings that establishes a process for interested parties to bid on Allied and bring it out of bankruptcy. Additionally, Judge Sontchi approved replacement debtor-in-possession (DIP) financing by Black Diamond and Spectrum to fund Allied through the sales process.

As we reported in our last update, Judge Sontchi rejected the one-sided bid process and unfavorable lending terms motions as originally submitted, stating that those proposals were “dead on arrival.” The revised motions do NOT contain the most offensive provisions that led the Teamsters Union and the Unsecured Creditors Committee (“UCC,” of which the Teamsters are a member) to oppose the original motions and the court to reject those motions.

Specifically, the revised DIP financing is no longer tied to Black Diamond being the lead (“stalking horse”) bidder and has better economic terms than originally proposed. Similarly, the bidding procedures are more neutral (no stalking horse), the process is open to any bidder prepared to bid cash, and restricts individual secured creditors from bidding their disputed debt. (However, if a lender – Yucaipa or Black Diamond/Spectrum – is found by the bankruptcy court to be the “requisite lender,” that entity can bid its secured debt, known as credit bidding, to compete with any cash bids). The bid procedures also specifically provide that in evaluating bids, relevant parties can take into consideration whether a bidder is assuming contracts, including collective bargaining agreements.

In terms of next steps, all qualifying bids are due on Thursday, August 8. If there are competing bids the auction will be held on Wednesday, August 14, and the hearing to approve a sale to the winning bidder will be on Thursday, August 22.

“Clearly the hard work of the Creditors Committee and the Teamsters Union have finally broken through the legal stalemate between Allied’s lenders to provide a path for Allied to exit bankruptcy,” said Roy Gross, Co-Director of the Teamsters Carhaul Division. “After almost a year in bankruptcy we now have a level playing field for interested parties to bid on Allied. Allied has a dedicated and highly skilled workforce and they make the Company a real asset to any interested bidder,” added Gross.

For the latest information, visit www.teamster.org/allied or click on the “Allied Systems Holdings Bankruptcy” button under “Top Issues.”