

# INTERNATIONAL BROTHERHOOD OF TEAMSTERS

JAMES P. HOFFA  
General President

25 Louisiana Avenue, NW  
Washington, DC 20001



C. THOMAS KEEGEL  
General Secretary-Treasurer

202.624.6800  
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September 4, 2008

Mr. Mark Gendregske, Chief Executive Officer  
Allied Systems Holdings, Inc.  
2302 Parklake Drive, Building 15, Suite 600  
Atlanta, Georgia 30345

Re: **Allied Systems Holdings, Inc.**  
**Performance Bonus Grievance**

Dear Mr. Gendregske:

On September 2, 2008, you confirmed that Allied Systems Holdings, Inc. ("ASHI") has paid performance bonuses to non-bargaining unit personnel in breach of Paragraph 2 of Exhibit A to the Term Sheet for the Plan of Reorganization for Allied Holdings, Inc. We discussed this matter this week because of recent reports that several individuals in terminal management have bragged to bargaining unit drivers that they have recently received large "bonus" checks from ASHI. Also in breach of Paragraph 2 of Exhibit A to the Term Sheet, ASHI has not provided a written monthly report of any bonus payments or increases in compensation to employees since May 29, 2007.

## Grievance

The Teamsters membership at Allied Systems, Ltd. and Transport Support, Inc. has, since May 29, 2007, contributed more than \$35 million dollars of their compensation to support the reorganization of Allied Systems Holdings, Inc. ("ASHI"). ASHI expects the wage concessions totaling \$35 million dollars per year from U.S. Teamsters membership to continue until May, 2010. The agreement reached in 2007 was confirmed by the Order of the U. S. Bankruptcy Court and the modifications to the NMATA, the collective bargaining agreement between Allied Systems Holdings, Inc. and TNATINC, was evidenced in the July, 2007 Memorandum of Understanding signed by Thomas M. Duffy, Vice-President of Allied Systems Holdings, Inc. That Memorandum acknowledges that the Term Sheet Exhibit A is a part of the collective bargaining agreement between ASHI and TNATINC on behalf of the Local Unions.

Paragraph 2 of Term Sheet Exhibit A, entitled "Equality of Sacrifice", provides that in consideration for the willingness of the U.S. Teamsters work force to agree to these wage modifications to the NMATA the following commitment is made:

FRED ZUCKERMAN, Director, Automobile Transporters Industry Division  
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"No pay increases while Teamsters suffer reductions. At any time during the three year concession period described herein, no person employed by Reorganized Allied, regardless whether in the NMATA bargaining unit, management, or the executive cadre, or whether such person is in a different bargaining unit or is unrepresented, shall receive any wage increase during the term of this agreement, except to meet market conditions to retain non-bargaining unit employees or in connection with transfers or promotions of non-bargaining unit employees. Allied shall provide a written report at least once a month to TNATINC on any use of such exceptions."

As you have admitted during our telephone conversations since September 2<sup>nd</sup>, ASHI has paid significant bonuses to non-bargaining unit personnel without notifying TNATINC as required under Paragraph 2. The justifications you have given during our telephone conversations for the payment of such bonus payments do not meet any of the exceptions in Paragraph 2, even if the matters had been properly reported in writing each month.

#### **Information Demand**

TNATINC demands that ASHI produce the following documents and information regarding activities relevant to Paragraph 2 of Term Sheet Exhibit A, entitled "Equality of Sacrifice".

1. Salary and compensation data for each ASHI or affiliate non-NMATA bargaining unit employee from May 29, 2007 to the date of response to this request. Such data shall be in the form of itemized actual payments made to such employees from ASHI or an affiliate. The response under this item shall include any communication made to employees describing the reasons or purpose of any payments. In accordance with the language of Paragraph 2 of the Term Sheet Exhibit A, above, this data is requested regarding management, the executive cadre, persons in a different bargaining unit and unrepresented non-management personnel. The individuals shall be identified in this response by name, title and work location.

2. Any monthly reports issued to TNATINC by ASHI under Paragraph 2 of Term Sheet Exhibit A since May 29, 2007.

3. All internal memoranda by and between executives of ASHI, and/or between executives of ASHI and any other party, including, but not limited to, Yucapa Companies, regarding the application of or meaning of Paragraph 2 of Term Sheet Exhibit A, entitled "Equality of Sacrifice".

**Remedy Requested**

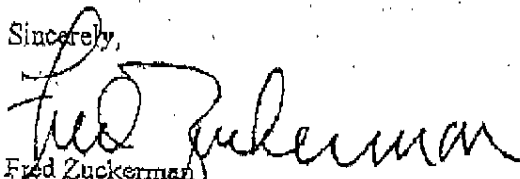
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As remedy, because of the egregious breach of the basic commitments made under the Term Sheet, TNATINC demands that the fifteen percent (15%) bargaining unit wage concessions be rescinded for the remainder of the concession period and that ASHI be ordered to reimburse all affected NMATA bargaining unit employees the value of all concession amounts, retroactive to May 29, 2007, with an appropriate amount of interest. Alternatively, TNATINC requests an appropriate remedy by the National Joint Arbitration Committee or a Board of Arbitration that makes NMATA bargaining unit employees whole for the entire concession period from May 29, 2007 through May 29, 2010. TNATINC reserves the right to present other remedies and alternative remedies after receipt of the requested documents and data described above.

**Local Level Requested**

Please contact me at your earliest opportunity to schedule a local level meeting regarding this grievance. Pursuant to the obligations of Allied Systems Holdings, Inc. under paragraph 8 of Exhibit A to the Term Sheet for the Plan of Reorganization the dispute resolution procedures for this grievance are set out at Article 7 of the NMATA.

Sincerely,



Fred Zuckerman  
Co-Chairman, TNATINC