

EXHIBIT "E"

CASH COLLATERAL AGREEMENT

This Cash Collateral Agreement (this "Agreement") is entered into as of the **[2nd]** day of August, 2005, by and among Allied Holdings, Inc., a Georgia corporation ("Parent"), Allied Systems, Ltd. (L.P.), a Georgia limited partnership ("Allied Systems" and together with Parent, each a "Debtor" and collectively, "Debtors"), and Wells Fargo Foothill, Inc. (formerly known as Foothill Capital Corporation), a California corporation ("Foothill"), as administrative agent for the Lenders (as defined below) ("Prepetition Administrative Agent").

W I T N E S S E T H:

WHEREAS, Debtors and Prepetition Administrative Agent are parties to that certain Amended and Restated Financing Agreement, dated as of September 4, 2003, by and among Debtors, each subsidiary of Parent listed as a "Guarantor" on the signature pages thereto, the lenders from time to time party thereto (each a "Lender" and collectively, "Lenders"), Ableco Finance LLC, a Delaware limited liability company, as collateral agent for the Lenders ("Prepetition Collateral Agent"), and Prepetition Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Financing Agreement"; capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Financing Agreement);

WHEREAS, pursuant to the Financing Agreement, Prepetition Administrative Agent has guaranteed and caused to be issued, and there remain outstanding, certain Letters of Credit for the account of Debtors, as more fully described on Schedule I attached hereto (such Letters of Credit listed on Schedule I and any drafts or acceptances thereunder are hereafter referred to individually as an "Existing Letter of Credit" and collectively as the "Existing Letters of Credit"); and

WHEREAS, on July 31, 2005 (the "Filing Date"), Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), and Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code; and

WHEREAS, on the Filing Date, the Bankruptcy Court (as defined in the hereinafter defined Payoff Letter) entered the Interim Order (as defined in the hereinafter defined Payoff Letter) authorizing, among other things, Debtors to pay in full all obligations owing under the Financing Agreement and the other Loan Documents, including, without limitation, the Obligations;

WHEREAS, Debtors desire to satisfy and pay in full all Obligations owed under the Financing Agreement and the other Loan Documents by (a) arranging for the issuance of a letter of credit in the face amount of the Existing Letters of Credit, (b) cash collateralizing the fees and expenses payable with respect to the Existing Letters of Credit and the Letter of Credit

Guaranties pursuant to this Agreement and (c) paying such other amounts as required by that certain Payoff Letter of even date herewith among Debtors, Prepetition Administrative Agent, Prepetition Collateral Agent and certain other parties (the "Payoff Letter"); and

WHEREAS, pursuant to the Payoff Letter, the Debtor is required to cash collateralize the fees and expenses payable with respect to the Existing Letters of Credit and the Letter of Credit Guaranties by depositing funds with Prepetition Administrative Agent, which Prepetition Administrative Agent shall reflect as an account on its general ledger balance (the balance of such account notation, including increases therein, are hereafter collectively referred to as the "Account");

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Cash Collateral Account. Debtors have transferred the amount of \$2,179,377.67 (the "Cash Collateral") in immediately available funds into the Account pursuant to Prepetition Administrative Agent's wire transfer instructions set forth on Schedule II attached hereto. Each Debtor hereby assigns, transfers, and conveys to Prepetition Administrative Agent, as security for the Letter of Credit Obligations, as defined below, all of such Debtor's right, title and interest in and to the Account and all funds now or hereafter on deposit in the Account, including all cash, cash equivalents and deposits, and proceeds thereof, and interest and earnings thereon (hereinafter collectively called the "Account Collateral"). Prepetition Administrative Agent may withdraw and use the Account Collateral for (a) payment of all accrued Letter of Credit Fees (as defined in Section 3 hereof), (b) payment of all charges, commissions, fees and costs charged by the L/C Issuer, (c) payment of all expenses of Prepetition Administrative Agent incurred in connection with the administration or maintenance of the Account, the Existing Letters of Credit and this Agreement, including, but not limited to, all reasonable fees and expenses of counsel to Prepetition Administrative Agent incurred after the date of this Agreement, and (d) payment of all other obligations of Debtors under this Agreement (clauses (a) through (d), collectively, the "Letter of Credit Obligations").

2. Assignment. Each Debtor agrees to execute any and all assignments or other forms necessary to assign the Account Collateral to Prepetition Administrative Agent as Prepetition Administrative Agent may request. Each Debtor acknowledges and agrees that they shall have no access or right to the Account or the Account Collateral, and, furthermore, that the Account and the Account Collateral are solely for the benefit of Prepetition Administrative Agent and shall be under the sole dominion and control of Prepetition Administrative Agent.

3. Letter of Credit Fees. Debtors hereby agree to pay to Prepetition Administrative Agent a fee (the "Letter of Credit Fee") equal to 4.325% per annum times the aggregate daily undrawn amount of all Existing Letters of Credit that were outstanding during the immediately preceding month. The Letter of Credit Fee, and any other Letter of Credit Obligations charged by Wells Fargo or incurred by Prepetition Administrative Agent during such month, shall be payable monthly in arrears, and Prepetition Administrative Agent may withdraw funds from the Account in the amount of such Letter of Credit Fee and such Letter of Credit Obligations on the first day of each calendar month (or, if sooner, upon the Termination Date). Prepetition

Administrative Agent shall furnish copies of reasonably detailed invoices or fee statements within five (5) business days of any such withdrawals to Debtors and the Committee. The Letter of Credit Fee shall be calculated on the basis of the actual number of days elapsed in a 360-day year. The Letter of Credit Fee shall be fully earned as accrued and non-refundable when paid. It is expressly acknowledged and agreed that the payment of the Letter of Credit Fee hereunder is only one of the Letter of Credit Obligations of Debtors, which Letter of Credit Fee shall be in lieu of the letter of credit fee required to be paid by Debtors pursuant to Section 3.03(b) of the Financing Agreement, but shall not be in lieu of, or otherwise reduce, the other Letter of Credit Obligations set forth in Section 1 hereof.

4. Interest on Cash Collateral. Foothill agrees to pay Debtors interest on the Cash Collateral in an amount equal to such interest rate mutually acceptable to the Debtors and the Prepetition Administrative Agent, which interest shall be payable monthly, and on the Termination Date, in arrears by depositing the amount payable in the Account and which amount shall then constitute additional Account Collateral.]

5. Power of Attorney. Each Debtor hereby appoints Prepetition Administrative Agent as such Debtor's true and lawful attorney-in-fact, to execute all documents and instruments and take all actions, in such Debtor's name or otherwise, as Prepetition Administrative Agent shall reasonably deem necessary or expedient, to cause the Account Collateral to be received by Prepetition Administrative Agent and to be made available to Prepetition Administrative Agent for the purposes of applying the same as specified herein. The power of attorney contained herein is irrevocable and is coupled with an interest.

6. Exoneration. As between any Debtor, on the one hand, and Prepetition Administrative Agent, on the other hand, each Debtor assumes all risks of the acts and omissions of, or misuse of Existing Letters of Credit by the respective beneficiaries of the Existing Letters of Credit. In furtherance and not in limitation of the foregoing, Prepetition Administrative Agent shall not be responsible for: (a) the form, validity, legality, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of the Existing Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (b) the validity, legality or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Existing Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (c) the failure of the beneficiary of a Existing Letter of Credit to comply duly with conditions required in order to draw upon such Existing Letter of Credit; (d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (e) errors in interpretation of technical terms; (f) any loss or delay in the transmission or otherwise of any document required to make a drawing under any Existing Letter of Credit or of the proceeds thereof; (g) the misapplication by the beneficiary of a Existing Letter of Credit of the proceeds of any drawing under such Existing Letter of Credit; and (h) consequences arising from causes beyond the control of Prepetition Administrative Agent.

7. Indemnification. Each Debtor shall, jointly and severally, pay, indemnify, and hold Prepetition Administrative Agent (together with its Affiliates, officers, directors, employees, agents, attorneys and attorneys-in-fact; each an "Indemnified Person") harmless (to

the fullest extent permitted by applicable law) from and against any and all claims, demands, suits, actions, investigations, proceedings and damages, and all reasonable attorneys' fees and disbursements and other costs and expenses actually incurred in connection therewith (as and when they are incurred and irrespective of whether suit is brought), at any time asserted against, imposed upon, or incurred by any of them (a) in connection with or as a result of or related to the execution, delivery, enforcement, performance or administration of this Agreement, any of the other Loan Documents, or the transactions contemplated hereby or thereby and (b) with respect to any investigation, litigation, or proceeding related to this Agreement, any other Loan Document or the use of the proceeds of the credit provided thereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event or circumstance in any manner related thereto (all the foregoing, collectively, the "Indemnified Liabilities"). No Debtor shall have any obligation to any Indemnified Person under this Section 8 with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of such Indemnified Person. This provision shall survive the termination of this Agreement and the repayment of the Letter of Credit Obligations.

8. Notices. All notices and other communications under this Agreement shall be in writing and shall be given in the manner and to the addresses set forth in the Financing Agreement.

9. Termination of Agreement. With the exception of the obligations set forth in Section 7 hereof, this Agreement shall terminate upon the occurrence of the following (the "Termination Date"): (a) the payment in full of all Letter of Credit Obligations (including, but not limited to, all obligations of Debtors pursuant to Section 3 hereof), (b) the expiration, termination or cancellation of all Existing Letters of Credit, and (c) Prepetition Administrative Agent's receipt of the original of all such Existing Letters of Credit (and releases duly executed by the beneficiaries, as applicable). On the Termination Date, Prepetition Administrative Agent shall deliver the Account Collateral minus all then outstanding Letter of Credit Obligations incurred and accrued during the term of this Agreement to Debtors (in accordance with the wire instructions set forth on Schedule III) and this Agreement shall terminate. No Existing Letter of Credit shall be renewed or extended.

10. Survival of Warranties and Agreements. Each Debtor hereby acknowledges and agrees that its obligations and the rights of Prepetition Administrative Agent set forth in Section 12.15 of the Financing Agreement shall survive the execution and delivery of this Agreement, the receipt of the Cash Collateral and the discharge of the Existing Letters of Credit, shall continue in full force and effect and shall not be limited in any way by the passage of time or the occurrence of any event, and such provisions are hereby incorporated herein by reference.

11. Expenses. Each Debtor agrees upon demand to pay, or reimburse Prepetition Administrative Agent for, all of Prepetition Administrative Agent's out-of-pocket costs and expenses of every type and nature (including, without limitation, the reasonable fees, expenses and disbursements of legal counsel) incurred by Prepetition Administrative Agent in connection with the administration of this Agreement and the matters contemplated hereunder, including consultation with attorneys in connection therewith and with respect to Prepetition Administrative Agent's rights and responsibilities under this Agreement.

12. Conflict. In the event of any conflict between this Agreement and the Financing Agreement with respect to the Existing Letters of Credit, this Agreement shall govern.

13. Investments. Prepetition Administrative Agent is authorized to invest and deposit the Account Collateral in accordance with its standard commercial practices with respect to depository accounts that cash collateralize letters of credit, notwithstanding that such practices may not strictly comply in all instances with the requirements of section 345 of the Bankruptcy Code or the U.S. Trustee's Guidelines.

14. Binding Agreement. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Georgia applicable to agreements made and to be performed wholly within the State of Georgia, without reference to the conflict or choice of law principles thereof. This Agreement, together with all documents referred to herein including the Bankruptcy Court orders referenced herein constitute the entire agreement between the parties with respect to the matters addressed herein and may not be modified except by a writing executed by Prepetition Administrative Agent and Debtors. TIME IS OF THE ESSENCE OF THIS AGREEMENT.

15. Section Headings. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

16. Severability. If any section, paragraph or part hereof shall for any reason be held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such section, paragraph or part thereof so adjudicated invalid, illegal or unenforceable shall be deemed separate, distinct and independent, and the remainder of this Agreement shall remain in full force and effect and shall not be affected by such holding or adjudication.

17. Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

DEBTORS:

ALLIED HOLDINGS, INC.

By: _____
Name:
Title:

ALLIED SYSTEMS, LTD. (L.P.)

By: Allied Automotive Group, Inc.

By: _____
Name:
Title:

WELLS FARGO FOOTHILL, INC.,
a California corporation, as administrative agent

By: _____
Name:
Title:

SCHEDULE I

Existing Letters of Credit

SCHEDULE II

Wire Transfer Instructions – Prepetition Administrative Agent

JPMorgan Chase Bank
New York, New York*
ABA# 021000021
Credit to: Wells Fargo Foothill, Inc.
Account No. 323-266193
Re: Allied

*Complete address, if needed:

JP Morgan Chase Bank
Funds Transfer Services
4 New York Plaza, 15th Floor
New York, NY 10004
Attention: Operations Manager

(SWIFT: CHASUS33)

SCHEDULE III

Wire Transfer Instructions – Debtors