

ALLIED HOLDINGS INC  
Form DEF 14A  
April 16, 2004

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**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement  o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material under Rule 14a-12

ALLIED HOLDINGS, INC.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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- o Fee paid previously with preliminary materials.

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- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**ALLIED HOLDINGS, INC.**

**160 Clairemont Avenue, Suite 200  
Decatur, Georgia 30030**

**NOTICE OF ANNUAL MEETING**

**May 19, 2004**

To the Shareholders of Allied Holdings, Inc.:

The annual meeting of shareholders of Allied Holdings, Inc. (the Company) will be held at the corporate offices of the Company, 160 Clairemont Avenue, 3rd Floor Conference Room, Decatur, Georgia 30030 on May 19, 2004 at 10:00 a.m., local time, for the following purposes:

1. To elect three directors for terms ending in 2007;
2. To approve the Company's Amended and Restated Long-Term Incentive Plan, including an amendment to increase the number of authorized shares which may be issued under the plan by an additional 150,000 shares; and
3. To take action on whatever other business may properly come before the meeting.

Only holders of record of common stock at the close of business on March 31, 2004 will be entitled to vote at the meeting. The stock transfer books will not be closed.

By Order of the Board of Directors,

Thomas M. Duffy  
*Executive Vice President, Secretary and General Counsel*

Decatur, Georgia  
April 20, 2004

**WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE VOTE BY PROXY PROMPTLY. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.**

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**ALLIED HOLDINGS, INC.**

**160 Clairemont Avenue, Suite 200  
Decatur, Georgia 30030**

**ANNUAL MEETING OF SHAREHOLDERS**

**May 19, 2004**

**PROXY STATEMENT**

This Proxy Statement is furnished to shareholders of Allied Holdings, Inc. (the Company) in connection with the solicitation by the Board of Directors of proxies to be used at the annual meeting of shareholders of the Company to be held on May 19, 2004 at 10:00 a.m., local time, at the corporate offices of the Company, 160 Clairemont Avenue, 3rd Floor Conference Room, Decatur, Georgia 30030, and any adjournments thereof.

The cost of soliciting proxies will be borne by the Company. In addition to solicitation of shareholders of record by mail, telephone, or personal contact, arrangements will be made with brokerage houses to furnish proxy materials to their principals, and the Company will reimburse them for their mailing expenses. Custodians and fiduciaries will be supplied with proxy materials to forward to beneficial owners of the Common Stock of the Company. No remuneration will be paid directly or indirectly for the solicitation of proxies.

An annual report to the shareholders, including financial statements for the year ended December 31, 2003, is enclosed with this Proxy Statement. This Proxy Statement and the accompanying materials are first being mailed to shareholders on or about April 20, 2004.

**VOTING AND OUTSTANDING STOCK**

At the close of business on the record date, March 31, 2004, the Company had outstanding and entitled to vote at the annual meeting 8,848,423 shares of Common Stock. Each share of Common Stock is entitled to one vote. For each proposal to be considered at the annual meeting, the holders of a majority of the outstanding shares of stock entitled to vote on such matter at the meeting, present in person or by proxy, shall constitute a quorum. Abstentions and broker non-votes will be treated as present for purposes of determining a quorum. Broker non-votes are votes that brokers holding shares of record for their customers (i.e., in street name) are not permitted to cast under applicable stock exchange regulations because the brokers have not received instructions (or have received incomplete instructions) from their customers as to certain proposals and as to which the brokers have advised the Company that they lack voting authority. Under current New York Stock Exchange and American Stock Exchange rules, brokers would have discretionary voting power for the election of directors (Proposal 1), but not for the Long-Term Incentive Plan proposal (Proposal 2).

With regard to the election of directors, votes may be cast for the nominees or may be withheld. The election of directors requires the affirmative vote of a plurality of the votes cast by shares entitled to vote at the annual meeting. Votes that are withheld and broker non-votes will have no effect on the election of directors.

With regard to the proposals to be considered at the annual meeting other than for the election of directors, votes may be cast for or against each of the proposals, or shareholders may abstain from voting on each of the proposals. The approval of each of these proposals requires the affirmative vote of a majority of the votes cast at the meeting in person or by proxy and entitled to vote on such proposals. Provided that the total votes cast represent greater than 50% of the Company's outstanding shares of Common Stock, abstentions and broker non-votes will have no effect on the outcome of such proposals. Because the stock exchanges have historically taken the position that a broker non-vote is not a vote cast, the failure to submit a proxy card or vote in person or the abstention from voting or the failure to give a broker instructions for how to vote on the

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Long-Term Incentive Plan (Proposal 2) could, depending on the number of votes cast, have the same effect as a vote against the proposal.

You may vote in person at the annual meeting or by proxy. Whether or not you expect to be present at the annual meeting, please vote by proxy promptly. To vote by proxy, you may select one of the following options:

*Vote by Telephone.* You can vote your shares by telephone by calling the toll-free telephone number (at no cost to you) shown on your proxy card. Telephone voting is available 24 hours-a-day, seven days-a-week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate the shareholder by using individual control numbers. Proxies granted by telephone using these procedures are valid under Georgia law. You can also consent to view future proxy statements and annual reports on the Internet instead of receiving them in the mail. If you vote by telephone, you do NOT need to return your proxy card.

*Vote by Internet.* You can also choose to vote on the Internet. The web site for Internet voting is shown on your proxy card. Internet voting is available 24 hours-a-day, seven days-a-week. You will be given the opportunity to confirm that your instructions have been properly recorded. Proxies granted over the Internet using these procedures are valid under Georgia law. If you vote on the Internet, you do NOT need to return your proxy card.

*Vote by Mail.* If you choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided. Please do so as soon as possible so that your shares may be represented at the annual meeting. If you wish to view future proxy statements and annual reports on the Internet, check the box provided on the card.

*Revocation of Proxy.* If you vote by proxy, you may revoke that proxy at any time before it is voted at the annual meeting. You may do this by: (i) voting again by telephone or on the Internet prior to the meeting; (ii) signing another proxy card with a later date and returning it to us prior to the meeting; or (iii) attending the meeting in person and casting a ballot.

**If you sign the proxy card or submit your vote by Internet or by telephone but do not specify how you want your shares to be voted, your shares will be voted FOR each nominee listed in Proposal 1 and FOR Proposal 2. The persons named in the enclosed proxy card and acting thereunder will have discretion to vote on any other matter that may properly come before the annual meeting in accordance with their best judgment.**

**PROPOSAL 1.**

**ELECTION OF DIRECTORS AND INFORMATION REGARDING DIRECTORS**

The Bylaws of the Company provide for the division of the Board into three classes, each class serving for a period of three years. Members of the three classes currently are as follows: (i) Guy W. Rutland, IV, Berner F. Wilson, Jr. and Thomas E. Boland; (ii) David G. Bannister, Robert J. Rutland, William P. Benton and Hugh E. Sawyer; and (iii) Guy W. Rutland, III, Robert R. Woodson and J. Leland Strange. Pursuant to the Bylaws, the Board of Directors set the number of directors serving on the Board at ten in February 2003. The Board has determined that the following directors, which constitute a majority of the Board (six), are independent in accordance with the American Stock Exchange rules governing director independence: Messrs. Bannister, Benton, Boland, Strange, Wilson and Woodson.

The directors whose terms will expire at the 2004 annual meeting of shareholders are Guy W. Rutland, IV, Berner F. Wilson, Jr., and Thomas E. Boland. Messrs. Rutland, Wilson and Boland each has been nominated to stand for reelection as director to hold office until the 2007 annual meeting of shareholders or until his successor is elected and qualified.

If any nominee is unable to stand for reelection, the Board of Directors may, by resolution, provide for a lesser number of directors, or designate a substitute nominee, in which event the persons named in the enclosed proxy will vote proxies that would otherwise be voted for all named nominees for the election of such

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substitute nominee. **The Board of Directors of the Company recommends that the shareholders vote FOR approval of the proposal to elect the three nominees for directors listed below.**

**Nominees for Election to Terms Expiring 2007 Annual Meeting**

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THOMAS E. BOLAND  
Director Since 2001  
Age 69

Mr. Boland retired as Chairman of the Board of Wachovia Corporation of Georgia and Wachovia Bank of Georgia, N.A., in April, 1994. Mr. Boland joined Wachovia (formerly The First National Bank of Atlanta) in 1954 and was a senior executive in various capacities until his retirement. Mr. Boland has been Special Counsel to the President of Mercer University of Macon and Atlanta since October 1995. Mr. Boland currently serves on the boards of directors of Citizens Bancshares, Inc. and its subsidiary Citizens Trust Bank in Atlanta and Neighbors Bancshares, Inc. and its subsidiary Neighbors Bank, Alpharetta, GA. Mr. Boland is past chairman of the board of directors of Minbanc Capital Corporation of Washington, D.C. and formerly served on the boards of directors of InfiCorp Holdings, Inc., Atlanta, VISA International and VISA U.S.A. of San Mateo, California.

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GUY W. RUTLAND, IV  
Director Since 1993  
Age 40

Mr. Rutland has been Senior Vice President of Performance Management and Chaplaincy of the Company since July 2001, and was Executive Vice President and Chief Operating Officer of Allied Automotive Group, Inc., a subsidiary of the Company, from February 2001 to July 2001. Mr. Rutland was Senior Vice President Operations of Allied Automotive Group, Inc. from November 1997 to February 2001. Mr. Rutland was Vice President Reengineering Core Team of Allied Automotive Group, Inc., from November 1996 to November 1997. From January 1996 to November 1996, Mr. Rutland was Assistant Vice President of the Central and Southeast Region of Operations for Allied Systems, Ltd., a subsidiary of the Company. From March 1995 to January 1996, Mr. Rutland was Assistant Vice President of the Central Division of Operations for Allied Systems, Ltd. From June 1994 to March 1995, Mr. Rutland was Assistant Vice President of the Eastern Division of Operations for Allied Systems, Ltd. From 1993 to June 1994, Mr. Rutland was assigned to special projects with an assignment in Industrial Relations/Labor Department and from 1988 to 1993, Mr. Rutland was Director of Performance Management.

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BERNER F. WILSON, JR.  
Director Since 1993  
Age 65

Mr. Wilson retired as Vice President and Vice-Chairman of the Company in June 1999. Mr. Wilson was Secretary of the Company from December 1995 to June 1998. Prior to October 1993, Mr. Wilson was an officer or Vice Chairman of several of the Company's subsidiaries. Mr. Wilson joined the Company in 1974 and held various finance, administration, and operations positions prior to his retirement in 1999. Mr. Wilson currently serves on the board of directors of Mountain Heritage Bank in Clayton, Georgia.

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**Incumbent Directors Terms Expiring 2006 Annual Meeting**

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DAVID G. BANNISTER  
Director Since 1993  
Age 48

Mr. Bannister is a private investor. Mr. Bannister was a Managing Director of Grotech Capital Group, a private equity group, from June 1998 to December 2003. Mr. Bannister was a Managing Director in the Transportation Group of BT Alex Brown Incorporated and was employed by that firm in various capacities from 1983 to June 1998. Mr. Bannister is also a director of Landstar System, Inc.

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WILLIAM P. BENTON  
Director Since 1998  
Age 80

Mr. Benton became a director of the Company in February 1998. Mr. Benton retired from Ford Motor Company as its Vice President of Marketing worldwide after a 37-year career with that company. During this time Mr. Benton held the following major positions: VP/General Manager of Lincoln/Mercury Division; VP/General Manager Ford Division; 4 years in Europe as Group VP Ford of Europe; and a member of the company's Product Planning Committee, responsible for all products of the company worldwide. Most recently Mr. Benton was vice chairman of Wells Rich Greene, an advertising agency in New York, from September 1986 to January 1997, and Executive Director of Ogilvy & Mather Worldwide, an advertising agency in New York from January 1997 to January 2002. Mr. Benton has been a director of Speedway Motor Sports, Inc. since February 1995, and a director of Sonic Automotive, Inc. since December 1997.

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ROBERT J. RUTLAND  
Director Since 1965  
Age 62

Mr. Rutland has been Chairman of the Company since 1995, and served as Chairman and Chief Executive Officer of the Company from February 2001 to June 2001 and from December 1995 to December 1999. Mr. Rutland was the President and Chief Executive Officer of the Company from 1986 to December 1995. Prior to October 1993, Mr. Rutland was Chief Executive Officer of each of the Company's subsidiaries. Mr. Rutland is a member of the board of directors of Fidelity National Bank, a national banking association.

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HUGH E. SAWYER  
Director Since 2001  
Age 49

Mr. Sawyer has been President and Chief Executive Officer of the Company since June 2001. Mr. Sawyer served as President and Chief Executive Officer of Aegis Communications Group, Inc. from April 2000 to June 2001. Mr. Sawyer served as President of Allied Automotive Group, Inc., a subsidiary of the Company, from January 2000 to April 2000. Mr. Sawyer was President and Chief Executive Officer of National Linen Service, a subsidiary of National Service Industries, Inc., from 1996 to 2000, and President of Wells Fargo Armored Service Corp., a subsidiary of Borg-Warner Corp., from 1988 to 1995. Mr. Sawyer is a member of the board of directors of Spiegel, Inc.

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**Incumbent Directors Terms Expiring 2005 Annual Meeting**

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GUY W. RUTLAND, III  
Director Since 1964  
Age 67

Mr. Rutland was elected Chairman Emeritus in December 1995 and served as Chairman of the Board of the Company from 1986 to December 1995. Prior to October 1993, Mr. Rutland was Chairman or Vice Chairman of each of the Company's subsidiaries.

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J. LELAND STRANGE  
Director Since 2002  
Age 62

Mr. Strange is Chairman of the board of directors, Chief Executive Officer and President of Intelligent Systems Corporation and has been with that company since its merger with Quadram Corporation in 1982. Mr. Strange is Chairman of the Georgia Tech Research Corp. He serves on the advisory board of the Georgia Institute of Technology's College of Management.

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ROBERT R. WOODSON  
Director Since 1993  
Age 72

Mr. Woodson retired as a member of the board of directors of John H. Harland Company in April 1999 and served as its Chairman from October 1995 to April 1997. Mr. Woodson was also the President and Chief Executive Officer of John H. Harland Company prior to October 1995. Mr. Woodson also served as a director of Haverty Furniture Companies, Inc. through May 2002.

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**Other Information About the Board and Its Committees**

All directors have served continuously since their first election or appointment. Robert J. Rutland and Guy W. Rutland, III are brothers. Guy W. Rutland, IV is the son of Guy W. Rutland, III. The Board of Directors held fourteen meetings during 2003. Each director attended at least 75% of the meetings of the Board of Directors and the meetings of committees of which he was a member. The Board of Directors has two standing committees, the Audit Committee and the Compensation and Nominating Committee. In accordance with applicable American Stock Exchange and Securities and Exchange Commission (SEC) requirements, the Board of Directors has determined that each director serving on the Audit Committee and Compensation and Nominating Committee is an independent director.

The Company encourages shareholder communication with the Board of Directors. Any shareholder who wishes to communicate with the Board of Directors or with any particular director, including any independent director, may send such correspondence to Thomas M. Duffy, Secretary, Allied Holdings, Inc., 160 Clairemont Avenue, Decatur, Georgia 30030. Such correspondence should indicate that you are a shareholder of the Company and clearly specify that it is intended to be forwarded to the entire Board of Directors or to one or more particular directors. Mr. Duffy will forward all correspondence satisfying such criteria.

The Board of Directors has adopted a policy that all directors on the Board of Directors are expected to attend annual meetings of the Company's shareholders and be available for questions from shareholders, except in the case of unavoidable conflicts. All of the directors on the Board of Directors attended the Company's previous annual meeting of shareholders held in June 2003.

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Certain information regarding the function of the Board's committees, their present membership, and the number of meetings held by each committee during 2003 is presented below.

**Audit Committee**

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the Company's financial matters. The Board of Directors of the Company has adopted a written charter for the Audit Committee, a copy of which is attached to this Proxy Statement as Appendix A and has been filed with the SEC as an exhibit to the Company's annual report on Form 10-K. Under the charter, the Audit Committee's principal responsibilities include hiring the Company's independent auditors; reviewing the plans and results of the audit engagement with the independent auditors; inquiring as to the adequacy of the Company's internal accounting controls; monitoring the compliance with material policies and laws, including the Company's code of conduct; and reviewing the Company's financial statements, reports and releases.

The Audit Committee oversees the Company's Code of Conduct, which applies to all of the Company's directors, executive officers and non-bargaining unit employees. The Code of Conduct has been filed as an exhibit to the Company's annual report on Form 10-K.

The members of our Audit Committee are David G. Bannister, William P. Benton, Robert R. Woodson and Thomas E. Boland, with Mr. Bannister serving as the Chairman. The Board has determined that Messrs. Bannister, Boland and Woodson each qualifies as an audit committee financial expert as that term is defined by the SEC rules adopted pursuant to the Sarbanes-Oxley Act of 2002. During 2003, the Audit Committee held ten meetings.

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**REPORT OF THE AUDIT COMMITTEE**

April 7, 2004

To the Board of Directors of Allied Holdings, Inc.:

In performing our functions, we act only in an oversight capacity. Our committee and the Board of Directors recognize that management and the independent auditors have more resources and time, and more detailed knowledge and information regarding the Company's accounting, auditing, internal control and financial reporting practices than does our committee. In its oversight role, our committee relies on the work and assurances of the Company's management, which is responsible for the preparation, presentation and integrity of the Company's financial statements and reports, financial reporting process and internal controls, and of the independent auditors, who are responsible for auditing the Company's annual financial statements and, in their report, express an opinion as to the conformity of such annual financial statements to generally accepted accounting principles.

In this context, we met and held discussions with management and the independent auditors. Management represented to us that the Company's financial statements were prepared in accordance with generally accepted accounting principles, and we have reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2003.

We have discussed with KPMG LLP the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

We have received and reviewed the written disclosures and the letter from KPMG LLP required by Independence Standard No. 1, *Independence Discussions with Audit Committees*, as amended, by the Independence Standards Board, and have discussed with KPMG LLP the accountants' independence.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003 for filing with the SEC.

The foregoing report has been furnished by the Audit Committee of Allied Holdings' Board of Directors.

David G. Bannister, Chairman                      William P. Benton                      Robert R. Woodson                      Thomas E. Boland

The foregoing report of the Audit Committee shall not be deemed to be incorporated by reference in any previous or future documents filed by the Company with the SEC under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates the Report by reference in any such document.

**Compensation and Nominating Committee**

The Compensation and Nominating Committee periodically reviews the compensation and other benefits provided to officers of the Company. The Board of Directors of the Company has adopted a written charter for the Compensation and Nominating Committee, a copy of which is attached to this Proxy Statement as Appendix B and has been filed as an exhibit to the Company's annual report on Form 10-K. Under the charter, the Compensation and Nominating Committee may establish compensation for the officers of the Company and approve employment agreements with the officers of the Company. The Compensation and Nominating Committee may also recommend to the Board of Directors changes to the Company's total compensation philosophy. In addition, the Compensation and Nominating Committee reviews the qualifications of all persons recommended to serve on the Board of Directors and makes recommendations to the Board of Directors regarding such persons.

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With respect to the Compensation and Nominating Committee's evaluation of director nominee candidates, the committee has no formal requirements or minimum standards for the individuals that it nominates. Rather, the Compensation and Nominating Committee considers each candidate on his or her own merits. However, in evaluating candidates, there are a number of factors that the committee generally views as relevant and is likely to consider. Some of these factors include the candidates :

professional experience, particularly experience that is germane to the Company's business, such as healthcare services, legal, human resources, finance, marketing, and regulatory experience;

whether the candidate is an audit committee financial expert (as defined by the SEC);

experience in serving on other boards of directors or in the senior management of companies that have faced issues generally of the level of sophistication that the Company faces;

contribution to diversity on the Board of Directors;

integrity and reputation;

ability to work collegially with others;

other obligations and time commitments and the ability to attend meetings in person; and

current membership on the Company's Board of Directors (our Board values continuity (but not entrenchment).

The Compensation and Nominating Committee does not assign a particular weight to the individual factors. Similarly, the committee does not expect to see all (or even more than a few) of these factors in any individual candidate. Rather, the Compensation and Nominating Committee looks for a mix of factors that, when considered along with the experience and credentials of the other candidates and existing Board members, will provide shareholders with a diverse and experienced board of directors. With respect to the identification of nominee candidates, the Compensation and Nominating Committee has not developed a formalized process. Instead, its members and the Company's senior management have recommended candidates whom they are aware of personally or by reputation. The Company historically has not utilized a recruiting firm to assist in the process but could do so in the future.

The Compensation and Nominating Committee welcomes recommendations from shareholders and evaluates shareholder nominees in the same manner that it evaluates a candidate recommended by other means. In order to make a recommendation, the Compensation and Nominating Committee asks that a shareholder send the committee:

a resume for the candidate detailing the candidate's work experience and academic credentials;

written confirmation from the candidate that he or she (1) would like to be considered as a candidate and would serve if nominated and elected, (2) consents to the disclosure of his or her name, (3) has read the Company's Code of Conduct and that during the prior three years has not engaged in any conduct that, had he or she been a director, would have violated the Code or required a waiver, (4) is, or is not, independent (as that term is defined in the American Stock Exchange Corporate Governance rules, and (5) has no plans to change or influence the control of the Company;

the name of the recommending shareholder as it appears in the Company's books, the number of shares of Common Stock that are owned by the shareholder and written confirmation that the shareholder consents to the disclosure of his or her name. (If the recommending person is not a shareholder of record, he or she should provide proof of share ownership);

personal and professional references, including contact information; and

any other information relating to the candidate required to be disclosed in a proxy statement for election of directors under Regulation 14A of the Securities Exchange Act of 1934.

The foregoing information should be sent to the Compensation and Nominating Committee, c/o Thomas M. Duffy, who will forward it to the chairperson of the committee. The committee does not necessarily



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respond directly to a submitting shareholder regarding recommendations. Also, the Company's Bylaws provide that shareholders may directly nominate directors for consideration at any annual meeting of shareholders. To nominate a candidate for election, a shareholder must follow the procedures set forth in the Company's Bylaws. These procedures are summarized under the heading "Shareholder Proposals at the Company's Next Annual Meeting of Shareholders" in this Proxy Statement.

The members of the Compensation and Nominating Committee are David G. Bannister, Robert R. Woodson, William P. Benton and J. Leland Strange, with Mr. Benton serving as the Chairman. During 2003, the Compensation and Nominating Committee held five meetings.

**Compensation of Directors**

For the year ended December 31, 2003, each director of the Company who was not also an employee received an annual fee of \$25,000 and a fee of \$1,500 for each meeting of the Board or any of its committees attended, plus reimbursement of expenses for attending meetings. An additional fee of \$5,000 was paid to the chairman of each committee of the Board.

**COMMON STOCK OWNERSHIP BY MANAGEMENT AND****CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information about beneficial ownership of the Common Stock as of March 31, 2004 by (i) each director and executive officer of the Company named herein, and (ii) all directors and executive officers of the Company as a group. Unless otherwise indicated, the beneficial owners of the Common Stock listed below have sole voting and investment power with respect to all shares shown as beneficially owned by them.

Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage of Shares Outstanding(2)
Robert J. Rutland(3)	1,123,894	12.7
Guy W. Rutland, III(4)	850,718	9.6
Guy W. Rutland, IV(5)	651,936	7.4
Hugh E. Sawyer(6)	570,000	6.1
Berner F. Wilson, Jr.(7)	105,409	1.2
Thomas M. Duffy(8)	89,863	1.0
David A. Rawden(9)	49,932	*
David G. Bannister(10)	27,667	*
Robert R. Woodson(10)	27,667	*
William P. Benton(10)	25,667	*
Thomas E. Boland(11)	23,333	*
J. Leland Strange(11)	20,333	*
Robert C. Chambers(12)	10,000	*
All executive officers and directors as a group (13) (13 persons)	3,576,419	37.2

\* Less than 1%

- (1) Under the rules of the SEC, a person is deemed to be a beneficial owner of any securities that such person has the right to acquire beneficial ownership of within 60 days as well as any securities owned by such person's spouse, children or relatives living in the same household.
- (2) Based on 8,848,423 shares outstanding as of March 31, 2004. Shares underlying outstanding stock options or warrants held by the person indicated and exercisable within 60 days of such date are deemed to be outstanding for purposes of calculating the percentage owned by such holder.

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- (3) Includes 18,099 shares owned by his wife as to which he disclaims beneficial ownership and 85,050 shares owned by him under the Restricted Stock Plan. A holder of shares under the Restricted Stock Plan has the power to vote such shares.
- (4) Includes 18,099 shares owned by his wife, 67,800 shares owned by a private foundation as to which he disclaims beneficial ownership and 8,167 shares owned by him under the Restricted Stock Plan.
- (5) Includes 647,211 shares held in a limited partnership of which he is directly the beneficiary and 4,725 shares owned by him under the Restricted Stock Plan.
- (6) Includes options to acquire 550,000 shares.
- (7) Includes 1,996 shares acquired by him under the Restricted Stock Plan and options to acquire 5,000 shares.
- (8) Includes 5,245 shares owned by his wife as to which he disclaims beneficial ownership, 2,732 shares owned by him under the Restricted Stock Plan, and options to acquire 78,333 shares.
- (9) Includes options to acquire 33,333 shares.
- (10) Includes options to acquire 21,667 shares for each individual.
- (11) Includes options to acquire 18,333 shares for each individual.
- (12) Includes options to acquire 10,000 shares.
- (13) Includes 102,670 shares issued under the Restricted Stock Plan and options to acquire 778,333 shares.

The following table sets forth certain information about beneficial ownership of each person known to the Company to own more than 5% of the outstanding Common Stock as of March 31, 2004, other than directors of the Company:

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Outstanding
Beck, Mack and Oliver LLC(1) 360 Madison Avenue New York, New York 10017	1,058,750	12.1
Alan W. Weber(2) 5 Evan Place Armonk, New York 10504	1,017,500	11.6
J. B. Capital Partners, L.P.(2) 5 Evan Place Armonk, New York 10504	968,400	11.1
Dimensional Fund Advisors Inc.(3) 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	466,635	5.3
Robert E. Robotti, Robotti & Company, LLC, Robotti & Company Advisors, LLC and The Ravenswood Investment Company, L.P.(4) 52 Vanderbilt Avenue, Suite 503 New York, New York 10017	461,890	5.3

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According to a Schedule 13G filed on January 27, 2004 on behalf of Beck, Mack and Oliver LLC ( BMO ), BMO possesses shared investment power over 1,058,750 shares and sole voting power as to 1,010,450 shares.

- (2) According to a Schedule 13G filed on February 12, 2004 on behalf of J.B. Capital Partners, L.P. ( J.B. Capital ) and Alan W. Weber, J.B. Capital possesses shared voting and investment power as to 968,400 shares, and Mr. Weber possesses sole voting and investment power as to 49,100 shares and shared voting and investment power as to 968,400 shares.

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- (3) According to a Schedule 13G filed on February 6, 2004 on behalf of Dimensional Fund Advisors Inc. ( Dimensional ), in its role as investment advisor or manager to certain investment companies, trust and accounts, Dimensional possesses voting and/or investment power over the 466,635 shares owned by such investment companies, trust and accounts. Dimensional disclaims beneficial ownership of such shares.
- (4) According to a Schedule 13G filed on February 12, 2004 on behalf of Robert E. Robotti, Robotti & Company, LLC and Robotti & Company Advisors LLC, in its role as a broker dealer and an investment advisor, and The Ravenswood Investment Company, L.P., of which Mr. Robotti serves as Managing Member of the General Partner of such limited partnership. Mr. Robotti possesses shared voting and investment power as to the securities but does not have sole voting or investment power as to the securities.

**EXECUTIVE COMPENSATION**

**Compensation and Nominating Committee Report on Executive Compensation**

The Compensation and Nominating Committee of the Board, which was formed in December 1993, reviews, establishes, administers and monitors the Company's executive compensation plans, policies and programs as one of its principal functions.

***Executive Compensation Components***

The executive compensation philosophy of the Company is to link compensation with enhancement of shareholder value and retain executive talent the Company considers important for its long-term success. The Company's executive compensation is based on the following three principal components, each of which is intended to support the overall compensation philosophy.

*Incentive Compensation.* For 2003, the Compensation and Nominating Committee awarded incentive compensation for certain of the named executive officers utilizing criteria related to the implementation and achievement of the Company's turnaround plan. The Compensation and Nominating Committee determined that incentive compensation should be based on results measured against the value driver metrics that were established by the Company during 2003.

The criteria related to the implementation and achievement of the Company's turnaround plan and used by the Compensation and Nominating Committee included, but was not limited to, renewal of collective bargaining agreements, customer management and retention, the elimination of nonperforming assets and expenses, deleveraging activities, improved cash management, execution in the Company's core business units, refinancing activities, and the renewal of the Company's primary insurance arrangements. The Compensation and Nominating Committee reviewed factors such as the achievements of the Company which were directly and specifically linked to executive officers individual performance in connection with the revitalization initiatives adopted by the Company during 2003 in determining the amount of incentive compensation paid to executive officers.

Based upon criteria utilized by the Compensation and Nominating Committee as defined by the Company's turnaround initiatives, the Company paid bonuses to executive officers for 2003 as follows: Mr. Sawyer was paid a bonus of \$275,000; Robert J. Rutland was paid a bonus of \$123,060; Mr. Duffy was paid a bonus of \$150,000; Mr. Rawden was paid a bonus of \$100,000; and Mr. Chambers was paid a bonus of \$102,000.

*Base Salary.* Base salary amounts for each of the named executive officers are specified in their employment agreements. The Committee believes these base salary amounts are appropriate given the need of the Company to attract and retain qualified executives, and are competitive with those paid to executives of other leading companies engaged in the transportation, logistics and trucking industries, and turnaround management.

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*Stock Compensation.* Executive officers are eligible to receive annual grants of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, performance units and performance shares under the Company's Amended and Restated Long-Term Incentive Plan (the LTI Plan). During 2003, the Compensation and Nominating Committee awarded stock options to various officers, including certain of the named executive officers, pursuant to the LTI Plan. The Company issued 250 shares of restricted stock in 2003 to each full time non-bargaining employee in the United States other than those at the level of Senior Vice President or above. None of the executive officers were issued restricted stock in 2003. The Compensation and Nominating Committee believes that stock options assist the Company in the long-term retention of its executives and serve to align the interests of the executives with the shareholders by increasing their ownership stake in the Company.

***CEO Compensation***

The Compensation and Nominating Committee believes that Hugh E. Sawyer's compensation as Chief Executive Officer for the year ended December 31, 2003 was appropriately related to the short and long-term performance of the Company. Mr. Sawyer's base salary in 2003 was \$555,000 as provided by his employment agreement and was reduced by \$53,063 due to the effect of five weeks of unpaid furlough taken in 2003 pursuant to a Company initiative. Mr. Sawyer was paid a bonus for the year ended December 31, 2003 of \$275,000 based upon criteria utilized by the Compensation and Nominating Committee as defined by the Company's turnaround initiatives. The Compensation and Nominating Committee believes that the base salary and benefits provided by Mr. Sawyer's employment agreement provide for appropriate compensation to Mr. Sawyer in light of the Company's goal of attracting and retaining a qualified chief executive, and considers the compensation received by Mr. Sawyer for 2003 to have been comparable to chief executive officers of other leading companies engaged in the transportation, logistics and trucking industries or companies engaged in revitalization efforts.

William P. Benton,  
Chairman

David G. Bannister

Robert R. Woodson

J. Leland Strange

The foregoing report of the Compensation and Nominating Committee shall not be deemed to be incorporated by reference in any previous or future documents filed by the Company with the SEC under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates the Report by reference in any such document.

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Remuneration paid for 2003, 2002 and 2001 to the following named executive officers and the principal positions of such individuals at December 31, 2003 is set forth in the following table:

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	
		Salary	Bonus(1)	Other Annual Compensation	Securities Underlying Options Awards(2)	All Other Compensation(3)
Hugh E. Sawyer	2003	\$496,937	\$275,000			\$ 3,619
President and Chief Executive Officer	2002	539,388	825,000(6)		100,000	6,717
	2001	287,337(4)	275,000		500,000	360,197
Robert J. Rutland	2003	385,966	123,060	\$37,606		17,185
Chairman	2002	402,650	307,650	29,870		152,164
	2001	402,128	175,000	59,931		72,148
David A. Rawden	2003	310,855	100,000			
Senior Vice President	2002	267,323(5)	239,340(7)		50,000	56,982
Business Process Engineering(8)	2001					
Thomas M. Duffy	2003	235,471	150,000	678		
Senior Vice President,	2002	245,157	200,000	542	10,000	
General Counsel, Secretary(9)	2001	235,894	150,000	7,353	50,000	
Robert C. Chambers	2003	287,740	102,000		67,500	
President of Axis Group, Inc.						

- (1) For 2002, each individual executed an agreement evidencing that they would be required to take a one-week non-paid furlough on or before June 1, 2003, and that they would not voluntarily terminate their employment with the Company before December 31, 2003.
- (2) For Mr. Sawyer, represents 100,000 shares subject to options granted in 2002 and 500,000 shares subject to options granted in 2001. For Mr. Rawden, represents 50,000 shares subject to options granted in 2002. For Mr. Duffy, represents 10,000 shares subject to options granted in 2002 and 50,000 shares subject to options granted in 2001. For Mr. Chambers, represents 67,500 shares subject to options granted in 2003.
- (3) Amounts in this column for Mr. Rutland in 2003 include the taxable compensation recognized by Mr. Rutland in regard to premiums paid on split dollar insurance agreements and in 2002 and 2001 include the imputed cost to the Company of the premiums paid on split dollar insurance agreements with Mr. Rutland based on an interest-free loan basis. Under certain circumstances, the Company will receive back the aggregate of the premiums paid by it. The amounts reported are required by the SEC's rules; however, the amounts exceed the taxable compensation recognized by the named executive officers in regard to the split dollar payments in 2002 and 2001. As a result of changes in the law, including the Sarbanes-Oxley Act of 2002, the Company discontinued paying the premiums on these policies as of July 30, 2002. See Agreements with Executive Officers and Directors. For Mr. Sawyer, the 2003 and 2002 amounts include premiums paid by the Company on a term life insurance policy on his life for the benefit of his family and the 2001 amount includes \$125,000 to reimburse him for amounts paid by him related to the early termination of his employment agreement with his former employer, \$75,000 to reimburse him for certain expenses incurred in relocating to Atlanta, GA and \$157,142 to reimburse him for income tax liabilities incurred due to such payments. For Mr. Rawden, includes \$32,810 to reimburse him for certain expenses incurred in relocating to Atlanta, GA and \$24,172 to reimburse him for income tax liabilities incurred due to such payments.

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- (4) Represents salary paid by the Company commencing June 18, 2001.
- (5) Represents salary paid by the Company commencing on March 4, 2002.
- (6) \$275,000 of Mr. Sawyer's bonus was paid upon the successful refinancing of the Company's primary lending facilities in February 2002.

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- (7) Mr. Rawden's bonus includes \$75,000, which was paid in March 2002 upon commencement of his employment as required by his employment agreement.
- (8) Became Executive Vice President and Chief Financial Officer in February 2004.
- (9) Became Executive Vice President, General Counsel and Secretary in February 2004.

The following table sets forth information regarding the grant of stock options to each of the named executive officers during 2003 and the value of such options held by each such person as of December 31, 2003:

**Option Grants for Last Fiscal Year**

<b>Individual Grants</b>	<b>Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (10 Years)*</b>	
<b>% of Total</b>	<b>5%</b>	<b>10%</b>