

QUALITY DISTRIBUTION INC
Form PRER14A
July 08, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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. 1)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

QUALITY DISTRIBUTION, INC.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

4041 Park Oaks Boulevard, Suite 200

Tampa, Florida 33610

[July] [], 2015

Dear Fellow Shareholder:

You are cordially invited to attend a special meeting of shareholders of Quality Distribution, Inc., which will be held on [], 2015, beginning at [] a.m. (Eastern Time). The meeting will be held at [].

At the special meeting, our shareholders will be asked to consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger, dated as of May 6, 2015 (as it may be amended from time to time, the merger agreement), by and among Quality Distribution, Inc., Gruden Acquisition, Inc. (Parent) and Gruden Merger Sub, Inc. (Merger Sub), pursuant to which Merger Sub will merge with and into Quality Distribution, Inc. (the merger) and each share of our common stock outstanding immediately prior to the effective time of the merger (other than certain shares as set forth in the merger agreement) will be canceled and converted into the right to receive \$16.00 in cash, without interest and less any applicable withholding taxes. If the merger is completed, we will become a wholly owned subsidiary of Parent, an entity which will be indirectly owned by funds advised by Apax Partners LLP.

After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and adoption at the special meeting.

Our board of directors unanimously recommends that shareholders vote FOR the proposal to approve and adopt the merger agreement and thereby approve and adopt the transactions contemplated by the merger agreement, including the merger.

At the special meeting, shareholders will also be asked to vote on (i) an advisory (non-binding) proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger and (ii) a proposal to approve the adjournment of the special meeting from time to time, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement. **Our board of directors unanimously recommends that shareholders vote FOR each of these proposals.**

The enclosed proxy statement describes the merger, the merger agreement and related agreements, and provides specific information concerning the special meeting. In addition, you may obtain information about us from documents filed with the Securities and Exchange Commission. We urge you to, and you should, read the entire proxy statement carefully, including the annexes and the documents incorporated by reference therein, as it sets forth the details of the merger agreement and other important information related to the merger.

Your vote is very important. The merger cannot be completed unless holders of a majority of the outstanding shares of our common stock vote in favor of the proposal to approve and adopt the merger agreement. If you fail to vote in favor of the approval and adoption of the merger agreement, the effect will be the same as a vote against the approval and adoption of the merger agreement.

Although shareholders may exercise their right to vote their shares in person, we recognize that many shareholders may not be able to attend the special meeting. Accordingly, we have enclosed a proxy card and provided other methods, including a toll-free telephone number and use of the Internet, that will enable your

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shares to be voted on the matters to be considered at the special meeting even if you are unable to attend in person. We have provided instructions on the proxy card for authorizing your shares to be voted by telephone or the Internet. Submitting a proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card or vote by telephone or the Internet to ensure that your shares will be represented at the special meeting if you are unable to attend.

If you hold your shares in street name through a broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the proposal to approve and adopt the merger agreement.

If you have any questions or need assistance in voting your shares, or if you need to obtain copies of the accompanying proxy statement, proxy cards, election forms or other documents incorporated by reference in the proxy statement, please contact our proxy solicitor, Georgeson, toll free at 866-216-0459.

Thank you for your continued support.

Very truly yours,

Gary R. Enzor

Chairman and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The attached proxy statement is dated [], 2015 and is first being mailed to shareholders of Quality Distribution, Inc. on or about [], 2015.

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

4041 Park Oaks Boulevard, Suite 200

Tampa, Florida 33610

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the Shareholders of Quality Distribution, Inc.:

NOTICE IS HEREBY GIVEN that a Special Meeting of the Shareholders (the special meeting) of Quality Distribution, Inc. (we, our or us) will be held at [], on [], 2015, at [], Eastern Time, to consider and vote on a proposal:

1. to approve and adopt the Agreement and Plan of Merger, dated as of May 6, 2015 (as it may be amended from time to time, the merger agreement), by and among Quality Distribution, Inc., Gruden Acquisition, Inc. and Gruden Merger Sub, Inc.;
2. to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger contemplated by the merger agreement (the merger); and
3. to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

The holders of record of our common stock, no par value, at the close of business on [], 2015, the record date for the special meeting, are entitled to notice of and to vote at the special meeting or at any adjournment or postponement thereof. All shareholders are cordially invited to attend the special meeting in person.

After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and adoption at the special meeting.

Our board of directors unanimously recommends that shareholders vote FOR the proposal to approve and adopt the merger agreement, FOR the advisory (non-binding) proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger and FOR the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

Your vote is important, regardless of the number of shares of common stock you own. The approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, requires the affirmative vote of holders of a majority of the outstanding shares of common stock and is a condition to the consummation of the merger. The advisory (non-binding) proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger, as well as the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, each requires the affirmative vote of holders of a majority of the shares of common stock voted on such proposal at the special meeting. **Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card or vote your shares of**

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common stock by telephone or the Internet to ensure that your shares of common stock will be represented at the special meeting if you are unable to attend. A failure to vote your shares of common stock or an abstention from voting will have the same effect as a vote against the proposal to approve and adopt the merger agreement.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of (i) the proposal to approve and adopt the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, (ii) the advisory (non-binding) proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger, and (iii) the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement. If you fail to attend the special meeting in person or submit your proxy, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote against the proposal to approve and adopt of the merger agreement, but this will not affect the advisory (non-binding) vote to approve compensation that will or may become payable to our named executive officers in connection with the merger or the vote regarding the adjournment of the special meeting, if necessary or appropriate to, among other things, solicit additional proxies.

If the Agreement and Plan of Merger is effected, shareholders dissenting therefrom may be entitled, if they comply with the provisions of the FBCA regarding appraisal rights, to be paid the fair value of their shares. Notwithstanding the foregoing, we have concluded that shareholders are not entitled to assert appraisal rights under Chapter 607 of the FBCA and have attached a copy of sections 607.1301 - 607.1333 of the FBCA solely for statutory notice purposes.

You may revoke your proxy at any time before the vote on the approval and adoption of the merger agreement, at the special meeting by following the procedures described in the accompanying proxy statement.

By order of the Board of Directors,

John T. Wilson

Corporate Secretary

Dated [], 2015

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SUMMARY

This summary discusses material information contained elsewhere in this proxy statement, including with respect to the merger agreement, the merger and the other agreements entered into in connection with the merger. We encourage you to read carefully this entire proxy statement, its annexes and the documents incorporated by reference herein, as this summary does not contain all of the information that may be important to you. The items in this summary include page references directing you to a more complete description of that topic in this proxy statement.

Unless stated otherwise or the context otherwise requires, in this proxy statement all references to:

the Company, we, our, or us refer to Quality Distribution, Inc., a Florida corporation;

the merger agreement refers to the Agreement and Plan of Merger, dated as of May 6, 2015, as it may be amended from time to time, by and among the Company, Parent and Merger Sub, a copy of which is included as Annex A to this proxy statement; and

the merger refers to the merger of Merger Sub with and into the Company, with the Company continuing as the surviving corporation.

The Parties to the Merger Agreement (Page 22)

Quality Distribution, Inc.

We operate the largest chemical bulk tank truck network in North America and are also the largest provider of intermodal ISO tank container and depot services in North America. We also provide logistics services to the unconventional oil and gas market. We operate an asset-light business model and service customers across North America through our network of 96 terminals servicing the chemical market, 14 terminals servicing the energy market and 9 ISO tank depot terminals (intermodal) servicing the chemical and other bulk liquid markets. Additional information about us is contained in our public filings with the Securities and Exchange Commission (SEC), which are incorporated by reference herein. See *The Parties to the Merger Agreement Quality Distribution, Inc.* and *Where You Can Find Additional Information*.

Our common stock is currently traded on the NASDAQ Global Market (the NASDAQ) under the symbol QLTY.

Gruden Acquisition, Inc. and Gruden Merger Sub, Inc.

Gruden Acquisition, Inc. (Parent) is a Delaware corporation formed by Apax VIII-A L.P., Apax VIII-B L.P., Apax VIII-1 L.P. and Apax VIII-2 L.P. (Apax Investors), funds advised by Apax Partners LLP (Apax). Gruden Merger Sub, Inc. is a Florida corporation and a wholly owned subsidiary of Parent. Both Parent and Merger Sub were formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. Neither Parent nor Merger Sub has engaged in any business except for activities incidental to their formation and as contemplated by the merger agreement. See *The Parties to the Merger Agreement Gruden Parent, Inc. and Gruden Merger Sub, Inc.*

The Special Meeting (Page 23)

The special meeting will be held at [], on [], 2015, at [], Eastern Time.

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Proposals to be Voted on at the Special Meeting (Page 23)

At the special meeting, you will be asked to consider and vote upon the following proposals:

to approve and adopt the merger agreement;

to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger; and

to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

The Merger (Page 28 and Annex A)

The merger agreement provides that at the effective time of the merger, Merger Sub will be merged with and into the Company, with the Company as the surviving corporation in the merger (the surviving corporation). At the effective time of the merger, each outstanding share of our common stock, no par value (common stock), other than shares owned by the Company or Parent, will be converted into the right to receive \$16.00 in cash (the merger consideration), without interest and less any applicable withholding taxes, and each share of Merger Sub's common stock will be converted into one share of common stock of the surviving corporation. As a result, following the merger we will be a privately held company, wholly owned by Parent, and our common stock will be delisted from the NASDAQ and deregistered under the Securities Exchange Act of 1934, as amended (the Exchange Act). The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached to this proxy statement as Annex A.

Record Date and Quorum (Page 23)

The holders of record of our common stock as of the close of business on [], 2015 (the record date for determining those shareholders entitled to notice of and to vote at the special meeting), are entitled to receive notice of and to vote at the special meeting. As of the close of business on the record date, there were [] shares of common stock outstanding.

The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding as of the close of business on the record date will constitute a quorum. Under our amended and restated by-laws, in the absence of a quorum at the special meeting, the special meeting may be adjourned by a majority of the shares represented at the meeting to another place, date or time.

Required Vote (Page 24)

To complete the merger, under Florida law, shareholders holding at least a majority of the shares of common stock outstanding at the close of business on the record date must vote **FOR** the proposal to approve and adopt the merger agreement. In addition, under the merger agreement, the receipt of this vote is a condition to the consummation of the merger. A failure to vote your shares of common stock or an abstention from voting your shares will have the same effect as a vote against the proposal to approve and adopt the merger agreement.

The proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger, as well as the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement, each requires the affirmative vote of holders of a majority of the shares of common stock voted on such proposal at the special meeting.

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Conditions to the Merger (Page 79)

Each party's obligation to complete the merger is subject to the satisfaction or waiver of the following conditions:

the approval and adoption of the merger agreement by the required vote of the shareholders;

the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), which was satisfied by the Federal Trade Commission's (the FTC) grant of early termination of the HSR Act waiting period on June 1, 2015, and the obtaining of the CFIUS Approval (as described below).

the absence of any order, injunction, ruling, decree or judgment issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger; and

The obligations of Parent and Merger Sub to complete the merger are subject to the satisfaction (or waiver if permissible under applicable law) of the following additional conditions:

the accuracy of the representations and warranties of the Company (subject to materiality, material adverse effect and other qualifications specified in the merger agreement);

the Company having performed in all material respects, the obligations under the merger agreement required to be performed by it at or prior to the closing;

since the date of the merger agreement, there having not been any circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a company material adverse effect and that is continuing; and

the delivery of an officer's certificate by the Company certifying that the conditions in the first two bullets above have been satisfied. Our obligation to complete the merger is subject to the satisfaction (or waiver if permissible under applicable law) of the following additional conditions:

the accuracy of the representations and warranties of Parent and Merger Sub (subject to materiality, material adverse effect and other qualifications specified in the merger agreement);

Parent having performed in all material respects, the obligations under the merger agreement required to be performed by it at or prior to the closing; and

the delivery of an officer's certificate by Parent certifying that the conditions in the two bullets above have been satisfied.

When the Merger Becomes Effective (Page 65)

We anticipate completing the merger in the third calendar quarter of 2015, subject to the approval and adoption of the merger agreement by our shareholders as specified herein and the satisfaction of the other closing conditions.

Recommendation of the Company's Board of Directors (Pages 23 and 44)

After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and

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adoption at the special meeting. Our board of directors unanimously recommends that shareholders vote **FOR** the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, **FOR** the proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger and **FOR** the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

For a description of the reasons considered by our board of directors in deciding to recommend approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, by our shareholders, see *The Merger (Proposal 1) Reasons for the Merger*.

Opinion of the Company's Financial Advisor (Page 44 and Annex B)

In connection with the merger, the Company's financial advisor, RBC Capital Markets, LLC, referred to as RBC Capital Markets, delivered a written opinion, dated May 6, 2015, to the Company's board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the \$16.00 per share cash consideration to be received by holders of Company common stock pursuant to the merger agreement. The full text of RBC Capital Markets' written opinion, dated May 6, 2015, is attached as Annex B to this proxy statement and sets forth, among other things, the procedures followed, assumptions made, factors considered and qualifications and limitations on the review undertaken by RBC Capital Markets in connection with its opinion. **RBC Capital Markets delivered its opinion to the Company's board of directors for the benefit, information and assistance of the Company's board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the merger consideration from a financial point of view. RBC Capital Markets' opinion did not address any other aspect of the merger, the merger agreement or any related documents and no opinion or view was expressed as to the underlying business decision of the Company to engage in the merger or the relative merits of the merger compared to any alternative business strategy or transaction that might be available to the Company or in which the Company might engage. RBC Capital Markets' opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or act in connection with the merger or any other matter.**

Treatment of Outstanding Equity Awards (Page 55)

Stock Options

At the effective time of the merger, each stock option to purchase shares of the Company's common stock that is outstanding immediately prior to the effective time, whether or not vested, will vest and be canceled in exchange for the right to receive an amount in cash (subject to any applicable withholding) equal to the product of (i) the total number of shares of the Company's common stock subject to the stock option as of the effective time of the merger and (ii) the amount by which the merger consideration exceeds the exercise price per share of the Company's common stock underlying the stock option.

Time-Based Vesting Restricted Stock and Restricted Stock Units

At the effective time of the merger, each time-based vesting restricted stock award or restricted stock unit award that is outstanding prior to the effective time, which we refer to as a Company RSA, will vest and be canceled in exchange for the right to receive an amount in cash (subject to any applicable withholding) determined by multiplying (i) the merger consideration by (ii) the total number of shares of the Company's common stock subject to such Company RSA as of the effective time of the merger.

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Performance-Based Vesting Restricted Stock Units

At the effective time of the merger, each performance-based vesting restricted stock unit award that is outstanding immediately prior to the effective time, which we refer to as a Company PSA, will be canceled and the holder will be entitled to receive an amount in cash (subject to any applicable withholding) equal to the amount determined by multiplying (i) the merger consideration and (ii) the sum of (x) 100% of the total number of shares of the Company's common stock subject to any such Company PSA granted in 2014, assuming vesting at the maximum level, and (y) 25% of the total number of shares of the Company's common stock subject to any such Company PSA granted in 2015, assuming vesting at the target level.

Interests of the Company's Directors and Executive Officers in the Merger (Page 55)

In considering the recommendation of our board of directors with respect to the proposal to approve and adopt the merger agreement, you should be aware that some of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our shareholders generally. Interests of officers and directors that may be different from or in addition to the interests of our shareholders include, among others:

accelerated vesting of certain equity and equity-based awards simultaneously with the effective time of the merger and the settlement of such awards in exchange for cash. The aggregate value of the equity and equity-based awards held by executive officers and directors for which vesting accelerates at the effective time of the merger is estimated to be \$15,417,043.

separation payments and other benefits that are payable to our executive officers under their employment agreements in the event of a termination of employment under certain conditions following the consummation of the merger. If each executive officer experiences a qualifying termination of employment immediately after the merger, the aggregate value of cash severance and benefits continuation to be received by the executive officers is estimated to be \$3,939,787.

arrangements that provide for tax reimbursements for employees who may become subject to excise taxes pursuant to Section 4999 of the Internal Revenue Code. Assuming that each executive officer enters into an agreement or an amendment to an existing agreement that provides for a tax reimbursement and each such executive officer's employment is terminated in connection with the merger, the aggregate value of the tax reimbursement is estimated to be \$5,192,737 and if no executive officer's employment is terminated in connection with the merger, the aggregate value of the tax reimbursement is estimated to be \$1,422,129.

a retention bonus pool that allows for grants to certain of our employees with an aggregate value not to exceed \$3 million, with each retention award to be paid in cash in equal installments on each of the first three anniversaries of the closing date of the merger, generally subject to continued employment through the payment date; and

continued indemnification and insurance coverage following consummation of the merger under indemnification agreements and the merger agreement.

If the proposal to approve and adopt the merger agreement is approved and adopted by our shareholders, the shares of common stock held by our directors and executive officers will be treated in the same manner as outstanding shares of common stock held by all other shareholders of the Company entitled to receive the merger consideration.

These interests are discussed in more detail in the section entitled *The Merger (Proposal 1) Interests of Our Directors and Executive Officers in the Merger*. Our board of directors was aware of the different or additional interests set forth herein and considered such interests along with other matters in approving the merger agreement and the transactions contemplated thereby, including the merger.

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Financing (Page 52)

Parent estimates that the total amount of funds required to complete the merger and related transactions and pay related fees and expenses will be approximately \$[] million. Parent expects this amount to be funded through a combination of the following:

debt financing consisting of (i) a senior secured first lien term loan facility in an aggregate principal amount of \$400.0 million, (ii) a senior secured second lien term loan facility in an aggregate principal amount of \$135.0 million, and (iii) an asset based revolving credit facility in an aggregate principal amount of \$100.0 million, on terms and conditions set forth in the debt commitment letter (as defined and described in *The Merger (Proposal 1) Financing*); and

a cash equity investment by Apax Investors in Parent of up to \$322 million.

The consummation of the merger is not subject to a financing condition (although the funding of the debt and cash equity financing is subject to the satisfaction of the conditions set forth in the commitment letters under which the financing will be provided).

Parent Fee Commitment Letter (Page 52)

Concurrently with the execution of the merger agreement, Apax Investors also executed and delivered a parent fee commitment in our favor (the parent fee commitment letter), pursuant to which Apax Investors absolutely and irrevocably committed, subject to the terms and conditions of the parent fee commitment letter, to make a cash equity investment in Parent, up to an aggregate amount of up to \$32.5 million, for purpose of allowing Parent to pay:

a reverse termination fee of \$32.0 million if the merger agreement is terminated under specified circumstances which are described in *The Merger Agreement Termination Fees*; and

certain additional amounts, including certain reimbursement and indemnification obligations of Parent under the merger agreement. Apax Investors' obligations under the parent fee commitment letter are subject to an aggregate cap equal to \$32.5 million.

Material U.S. Federal Income Tax Consequences of the Merger (Page 61)

For U.S. federal income tax purposes, the receipt of cash by a U.S. Holder (as defined under *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page []) in exchange for such U.S. Holder's shares of Quality Distribution, Inc. common stock in the merger generally will result in the recognition of gain or loss in an amount equal to the difference, if any, between the cash such U.S. Holder receives in the merger and such U.S. Holder's adjusted tax basis in the shares of Quality Distribution, Inc. common stock surrendered in the merger. **Shareholders (including Non-U.S. Holders (as defined under *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [])) should consult their own tax advisors concerning the U.S. federal income tax consequences relating to the merger in light of their particular circumstances and any consequences arising under the laws of any U.S. state or local or non-U.S. taxing jurisdiction.** A more complete description of the material U.S. federal income tax consequences of the merger is provided under *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [].

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Regulatory Approvals (Page 63)

HSR Act and U.S. Antitrust Matters.

Under the HSR Act and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Antitrust Division of the United States Department of Justice (Antitrust Division) and the FTC and all statutory waiting period requirements have been satisfied or early termination has been granted by the applicable agencies. On May 20, 2015, we and Parent each filed our respective Notification and Report Forms with the Antitrust Division and the FTC. The FTC granted early termination of the HSR Act waiting period on June 1, 2015.

CFIUS Approval.

The merger is subject to approval by CFIUS, which requires that the Committee on Foreign Investment in the United States (CFIUS) has determined that there are no unresolved national security concerns with respect to the merger and the other transactions contemplated by the merger agreement, has determined that the transaction is not a covered transaction and not subject to review under applicable law or has sent a report to the President of the United States requesting the President's decision on the CFIUS notice submitted by us and Parent and either (1) the period under the Defense Production Act of 1950, as amended, during which the President may announce his decision to take action to suspend, prohibit or place any limitations on the merger or the other transactions contemplated by the merger agreement has expired without any such action being threatened, announced or taken or (2) the President has announced a decision not to take any action to suspend, prohibit or place any limitations on the merger or the other transactions contemplated by the merger agreement (the CFIUS Approval).

On June 29, 2015, we and Parent submitted a joint voluntary notice to CFIUS. CFIUS formally accepted our filing on July 6, 2015 and commenced its 30-day review period. CFIUS may determine that an additional 45-day investigation period is warranted at the conclusion of the initial 30-day review period.

Solicitations of Other Offers (Page 73)

Go-Shop Period

From the date of the merger agreement until 11:59 p.m. (Eastern Time) on June 15, 2015, which period we refer to as the go-shop period, we and our subsidiaries and our respective representatives were permitted to, directly or indirectly:

initiate, solicit, facilitate and encourage any inquiry or the making of any proposals or offers relating to certain alternative transactions, including by providing access to non-public information relating to the Company and its subsidiaries pursuant to an acceptable confidentiality agreement (as defined in *The Merger Agreement Restrictions on Solicitations of Acquisition Proposals*), as long as we promptly provide the same non-public information to Parent that was not previously provided to Parent; and

engage and enter into, continue and otherwise participate in discussions or negotiations with respect to potential alternative transactions (as defined in *The Merger Agreement Restrictions on Solicitations of Acquisition Proposals*) or otherwise cooperate with, or assist or participate in, or facilitate, any such inquiries, proposals, discussions or negotiations.

Upon the conclusion of the go-shop period we were required to immediately cease and terminate any existing solicitation activities, discussions or negotiations with, any third party (other than excluded parties) relating to any acquisition proposal.

Within three business days following the end of the go-shop period, we were required to provide Parent with a written list identifying each excluded party (as defined in *The Merger Agreement Restrictions on Solicitations of Acquisition Proposals*), if any.

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See *The Merger (Proposal 1) Background of the Merger* beginning on page 40 for information regarding the results of the go-shop process to date.

No-Shop Period

Except as otherwise provided in the merger agreement, from and after 12:00 a.m. (Eastern Time), on June 16, 2015 until the effective time of the merger, or if earlier, the termination of the merger agreement in accordance with its terms, we and our affiliates and our respective representatives may not:

initiate, solicit, knowingly facilitate or knowingly encourage the submission of an acquisition proposal; or

engage in, enter into, continue or otherwise participate in any discussions or negotiations regarding or provide any information relating to us or our subsidiaries or afford access to our, or our subsidiaries' business, properties, assets, books or records to any third party in connection with or for the purpose of facilitating or encouraging an acquisition proposal.

Notwithstanding the foregoing restrictions, if, prior to obtaining the required vote of our shareholders to approve and adopt the merger agreement, (i) we receive an unsolicited acquisition proposal from a third party that in the good faith judgment of our board of directors, after consultation with outside legal and financial advisors, constitutes, or would reasonably be expected to lead to, a superior proposal (as defined below under *The Merger Agreement Restrictions on Solicitations of Acquisition Proposals*) and (ii) other than with respect to taking such actions with an excluded party (for so long as such person remains an excluded party), our board of directors determines in good faith, after consultation with outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law, then we may take the following actions:

provide nonpublic information to the third party and its representatives after entering into an acceptable confidentiality agreement, as long as we promptly provide the same non-public information to Parent that was not previously provided to Parent; and

engage in discussions or negotiations with a third party and its representatives with respect to the acquisition proposal.

Change of Recommendation; Superior Proposal

Under the merger agreement, generally, our board of directors may not:

withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify), in a manner adverse to Parent, our board of directors' recommendation of the merger contained in this proxy statement; (ii) approve, authorize, adopt or recommend or otherwise declare advisable, or propose publicly to approve, authorize, adopt or recommend or otherwise declare advisable, any acquisition proposal; or (iii) fail to include in the proxy statement when filed the recommendation of our board of directors to the shareholders of the Company to approve and adopt the merger agreement (we refer to any of the foregoing actions as an "change of recommendation"); or

other than an acceptable confidentiality agreement, authorize, adopt, approve recommend or otherwise declare advisable, or cause or permit us to execute or enter into, any letter of intent, memorandum of understanding or definitive merger agreement or other similar agreement relating to any acquisition proposal, which we refer to as "acquisition proposal documentation."

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Notwithstanding the foregoing restrictions, subject to our compliance with our obligations under the merger agreement, including providing Parent with advance notice and giving Parent an opportunity to make revisions to the merger agreement, at any time prior to the approval and adoption of the merger agreement by our shareholders, our board of directors may:

make a change of recommendation if there is a change, event, occurrence, state of facts or development that was unknown to our board of directors as of the date of the merger agreement and subsequently becomes known to our board of directors (which such change, event, occurrence, state of facts or development we refer to as an *intervening event*), and our board of directors determines in good faith (after consultation with its outside legal counsel) that the failure to make such change of recommendation would be inconsistent with the directors' fiduciary duties under applicable law; or

make a change of recommendation and/or authorize the termination of the merger agreement in order to enter into a definitive agreement with respect to an acquisition proposal if our board of directors determines in good faith (after consultation with its outside legal counsel and financial advisor) that such acquisition proposal constitutes a superior proposal, provided that we may terminate the merger agreement only if we pay to Parent the applicable termination fee under the merger agreement prior to or concurrently with such termination (as described in more detail below under *The Merger Agreement - Termination*).

Termination (Page 81)

The merger agreement may be terminated by mutual written consent of the Company and Parent at any time before the effective time of the merger. In addition, at any time prior to the effective time of the merger (regardless whether our shareholders have previously approved and adopted the merger agreement) either the Company or Parent may terminate the merger agreement if:

the effective time of the merger has not occurred on or before November 6, 2015 (the *termination date*);

any permanent injunction or other order has been issued by any court of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the merger and such injunction or other order has become final and non-appealable; or

the meeting of our shareholders to approve and adopt the merger agreement (including any adjournment, postponement or recess thereof) has been held and the approval by our shareholders of the proposal to approve and adopt the merger agreement has not been obtained.

provided that the party seeking to terminate the merger agreement has not breached or failed to fulfill any provision of the merger agreement in any manner that was the primary cause of failure of any condition set forth above to have been satisfied on or before the termination date.

We may terminate the merger agreement:

if, at any time prior to receiving the shareholder approval, our board of directors authorizes us to enter into a definitive agreement with respect to a superior proposal to the extent permitted by, and subject to our compliance with, the applicable terms and conditions of the merger agreement, provided that immediately prior, or substantially concurrently (i) we pay to Parent the applicable termination fee and (ii) enter into such definitive agreement with respect to a superior proposal;

if, Parent or Merger Sub has breached any of their respective representations or warranties or failed to perform any covenants or other agreements contained in the merger agreement and such breach or failure would result in certain closing conditions not being satisfied, and such breach is incapable of being cured by the termination date or, if curable, is not cured by Parent prior to the earlier of (x) the 30th day after Parent's receipt from us of written notice of such breach or (y) the termination date; or

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if, (i) all of the conditions to Parent's and Merger Sub's obligation to consummate the merger are satisfied or have been waived (other than those conditions that by their terms are to be satisfied at the closing, each of which is then capable of being satisfied if the closing were to occur), (ii) we have notified Parent and Merger Sub in writing that we are ready and willing to consummate the merger, and (iii) Parent and Merger Sub fail to consummate the merger within two business days following the date the closing should have occurred pursuant to the merger agreement (a "Parent Failure to Close Termination").

Parent may terminate the merger agreement:

if prior to obtaining the required vote of our shareholders, our board of directors effects a change of recommendation or there will have been a material breach of our covenants regarding acquisition proposals and the go-shop period, the proxy statement or the shareholders meeting which impairs, prevents or materially delays the consummation of the transactions contemplated by the merger agreement and, with respect to our covenants regarding the proxy statement and the shareholders meeting, such breaches cannot be or are not cured reasonably promptly after written notice thereof; or

if, we have breached any of our representations or warranties or failed to perform any covenants or other agreements contained in the merger agreement and such breach or failure would result in certain closing conditions not to be satisfied, and such breach is incapable of being cured by the termination date or, if curable, is not cured prior to the earlier of (x) the 30th day after our receipt of written notice of such breach from Parent or (y) the termination date.

Termination Fees (Page 82)

The merger agreement provides that, upon termination of the merger agreement under certain circumstances, including termination of the merger agreement by Parent as a result of a change of recommendation by our board of directors or our termination to accept a superior proposal, we will be required to pay Parent a termination fee of (i) \$8.2 million if such termination occurs in respect of a superior proposal from an excluded party or (ii) in all other circumstances, \$16.7 million.

Upon termination of the merger agreement by us or Parent under specified circumstances, Parent will be required to pay us a termination fee of \$32.0 million.

See *The Merger (Proposal 1) The Merger Agreement Termination Fees* beginning on page 82 for information regarding circumstances under which either the Company or Parent will be obligated to pay a termination fee.

Reimbursement of Expenses (Page 82)

If the merger agreement is terminated by either party because of the failure of our shareholders to approve and adopt the merger agreement, and an acquisition proposal has been publicly announced and not publicly withdrawn prior to our shareholders' meeting to approve and adopt the merger agreement, we will be required to reimburse Parent and its affiliates for all expenses and out-of-pocket costs incurred by Parent, Merger Sub or their respective affiliates in connection with the merger agreement and the transactions contemplated by the merger agreement, including the financing, up to a maximum amount of \$3 million. If we subsequently become obligated to pay a termination fee to Parent, any such expense reimbursement paid by us will reduce the amount of any termination fee payable to Parent.

See *The Merger (Proposal 1) The Merger Agreement Termination Fees* beginning on page 82 for information regarding circumstances under which we will be obligated to pay expense reimbursement.

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Appraisal Rights (Page 90)

At the close of business on [], 2015, the record date for the special meeting, the Company's common stock was listed on the NASDAQ. Further, on the record date for the special meeting, the Company's common stock was held by at least 2,000 shareholders and the market value of the common stock held by non-affiliates exceeded \$10,000,000. Therefore, pursuant to section 607.1302(2)(a) of the FBCA, shareholders are not entitled to assert appraisal rights (including those who give timely written notice of intent to demand payment and do not vote any shares in favor of the merger agreement) in connection with the merger agreement, the merger or the other matters to be voted on at the special meeting. Notwithstanding the fact that appraisal rights are not available, a copy of sections 607.1301 - 607.1333 of the FBCA is attached hereto solely for statutory notice purposes.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some commonly asked questions regarding the special meeting, the merger agreement and the merger. These questions and answers may not address all questions that may be important to you as a shareholder. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents incorporated by reference herein.

Q: Why am I receiving this proxy statement?

A: On May 6, 2015, the Company entered into the merger agreement providing for the merger of Merger Sub, a wholly owned subsidiary of Parent, with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Parent. We are sending you this proxy statement and the accompanying materials in connection with the solicitation of proxies by our board of directors and to help you decide how to vote your shares of common stock with respect to the matters to be considered at the special meeting. The merger cannot be completed unless holders of a majority of the outstanding shares of our common stock vote in favor of the proposal to approve and adopt the merger agreement.

Q: What is the proposed transaction?

A: The proposed transaction is the merger of Merger Sub with and into the Company pursuant to the merger agreement. Following the effective time of the merger, we will become a privately held company, wholly owned by Parent, and our common stock will be delisted from the NASDAQ and deregistered under the Exchange Act.

Q: What will I receive in the merger?

A: If the merger is completed you will be entitled to receive \$16.00 in cash, without interest and less any applicable withholding taxes, for each share of our common stock that you own. For example, if you own 100 shares of common stock, you will be entitled to receive \$1,600 in cash in exchange for your shares of common stock, less any applicable withholding taxes. You will not be entitled to receive shares in the surviving corporation or in Parent.

Q: What was the market price of our shares at the time we entered into the merger agreement as compared to the merger consideration agreed to by the parties in the merger agreement?

A: On May 6, 2015, the date on which we entered into the merger agreement, the closing price of our common stock was \$9.80 per share, as compared to the merger consideration of \$16.00 per share agreed to by the parties in the merger agreement.

Q: Where and when is the special meeting?

A: The special meeting will take place at [] on [], 2015, at [], Eastern Time.

Q: What matters will be voted on at the special meeting?

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A: You will be asked to consider and vote on the following proposals:

to approve and adopt the merger agreement;

to approve, on an advisory (non-binding) basis, compensation that will or may be become payable to our named executive officers in connection with the merger; and

to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

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Q: Who is entitled to vote at the special meeting? How many votes do I have?

A: The holders of our common stock at the close of business on [], 2015, the record date for the special meeting, are entitled to receive notice of and to vote (in person or by proxy) at the special meeting and any adjournment thereof. You are entitled to one vote for each share of common stock that you owned as of the close of business on the record date.

Q: What vote of our shareholders is required to approve the proposal to approve and adopt the merger agreement?

A: Under Florida law, shareholders holding a majority of the shares of common stock outstanding at the close of business on the record date must vote **FOR** the proposal to approve and adopt the merger agreement. In addition, under the merger agreement, the receipt of this vote is a condition to the consummation of the merger. A failure to vote your shares of common stock or an abstention from voting your shares will have the same effect as a vote **AGAINST** the proposal to approve and adopt the merger agreement.

As of the close of business on [], 2015, the record date for the special meeting, there were [] shares of common stock outstanding.

Q: How will our directors and executive officers vote on the proposal to approve and adopt the merger agreement?

A: Our directors and executive officers have informed us that, as of the date of this proxy statement, they intend to vote in favor of the proposal to approve and adopt the merger agreement.

As of the close of business on [], 2015, the record date for the special meeting, our directors and executive officers owned, in the aggregate, []% of our outstanding shares of common stock.

Q: How does our board of directors recommend that I vote?

A: Our board of directors approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of us and our shareholders. Our board of directors unanimously recommends that our shareholders vote **FOR** the proposal to approve and adopt the merger agreement. Our board of directors also unanimously recommends that our shareholders vote, **FOR** the proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger and **FOR** the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

Q: What factors did our board of directors consider in evaluating the merger agreement and the merger?

A: In evaluating the merger agreement and the merger, our board of directors consulted with our senior management team and outside legal and financial advisors and, in reaching its unanimous decision to approve the merger agreement and the merger and to recommend that our shareholders approve and adopt the merger agreement our board of directors considered a variety of factors, including positive factors and potential benefits of the merger, as well as negative factors concerning the merger.

Some of the selected positive factors considered by our board of directors included, among other things:

the fact that the merger consideration consists solely of cash;

the fact that the merger consideration of \$16.00 per share represents an approximate premium of 62% to the \$9.85 closing price per share of our common stock on May 5, 2015, the day before our board of directors approved and adopted the merger agreement;

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the business reputation and capabilities of Apax; and

the opinion of RBC Capital Markets, dated May 6, 2015, to our board of directors as to the fairness, from a financial point of view, of the \$16.00 per share cash consideration to be received by holders of Company common stock pursuant to the merger agreement. Some of the negative factors considered by our board of directors included, among other things:

the fact that, subsequent to the completion of the merger, the Company will no longer exist as an independent public company and that the nature of the transaction as a cash transaction would preclude our shareholders from participating in any value creation that the business could generate, as well as any future appreciation in our value beyond the merger consideration;

the risk that necessary regulatory approvals and clearances may be delayed, conditioned or denied; and

the restrictions on the conduct of our business prior to the completion of the merger, which could delay or prevent us from undertaking business opportunities that may arise or any other action we would otherwise take with respect to our operations absent the pending completion of the merger.

The above factors were not given greater weight than other factors considered by our board of directors. For a more detailed description of the numerous factors considered by our board of directors when evaluating the merger agreement and the merger, which we encourage shareholders to read in their entirety, see *The Merger (Proposal 1) Reasons for the Merger* beginning on page 41.

After careful consideration of both positive and negative factors associated with the merger agreement and the merger, our board of directors unanimously determined that, in the aggregate, the positive factors far outweighed the negative factors. Therefore, our board of directors unanimously concluded that entering into the merger agreement and consummating the merger was in the best interests of our shareholders.

Q: Do any of our directors or executive officers have interests in the merger that may differ from, or be in addition to, my interests as a shareholder?

A: Yes. In considering the recommendation of our board of directors with respect to the proposal to approve and adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our shareholders generally. Our board of directors was aware of, and considered, these differing interests, among other matters, in evaluating and negotiating the merger agreement, and our board of directors unanimously recommends that the merger agreement be approved and adopted by our shareholders. See *The Merger (Proposal 1) Interests of Our Directors and Executive Officers in the Merger*.

Q: What vote of our shareholders is required to approve other matters to be presented at the special meeting?

A: The proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger, as well as the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement, each require the affirmative vote of holders of a majority of the shares of common stock voted on such proposal at the special meeting.

Q: What is a quorum?

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- A: A quorum will be present if holders of a majority of the shares of common stock outstanding as of the close of business on the record date are present in person or represented by proxy at the special meeting. Under our amended and restated by-laws, if a quorum is not present at the special meeting, a majority of the shares represented at the meeting may adjourn the meeting to another place, date or time.

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If you submit a proxy but fail to provide voting instructions or abstain on any of the proposals listed on the proxy card, your shares will be counted for purpose of determining whether a quorum is present at the special meeting.

If your shares are held in street name by your broker, bank or other nominee and you do not tell the nominee how to vote your shares, these shares will not be counted for purposes of determining whether a quorum is present for the transaction of business at the special meeting.

Q: What effects will the merger have on the Company?

A: Our common stock is currently registered under the Exchange Act and quoted on the NASDAQ under the symbol QLTY. As a result of the merger, the Company will cease to be a publicly traded company and will be a wholly owned subsidiary of Parent. Following the consummation of the merger, the registration of our common stock and our reporting obligations under the Exchange Act will be terminated. In addition, our common stock will no longer be listed on any stock exchange or quotation system, including the NASDAQ.

Q: What happens if the merger is not consummated?

A: If the merger agreement is not approved and adopted by our shareholders, or if the merger is not consummated for any other reason, our shareholders will not receive any payment for their shares. Instead, we will remain a public company and shares of our common stock will continue to be listed and traded on the NASDAQ, and we will continue to file periodic reports with the SEC. Under specified circumstances, we may be required to reimburse certain of Parent's expenses incurred in respect of the transactions contemplated by the merger agreement or pay Parent a termination fee, or we may be entitled to receive a reverse termination fee from Parent, upon the termination of the merger agreement. See *The Merger Agreement Termination Fees*.

Q: What will happen if shareholders do not approve the advisory (non-binding) proposal on executive compensation that will or may become payable to our named executive officers in connection with the merger?

A: The approval of this proposal is not a condition to the completion of the merger. SEC rules require us to seek approval on an advisory (non-binding) basis of certain payments that will or may become payable to our named executive officers in connection with the merger. The vote on this proposal is an advisory vote and will not be binding on us or on Parent. If the merger agreement is approved and adopted by our shareholders and the merger is completed, the merger-related compensation may be paid to our named executive officers even if shareholders fail to approve this proposal.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes and the documents incorporated by reference herein, and to consider how the merger affects you. Then complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying postage-paid envelope or grant your proxy electronically over the Internet or by telephone, so that your shares can be voted at the special meeting. If you hold your shares in street name, please refer to the voting instruction forms provided by your bank, broker or other nominee to vote your shares. **Please do not send your stock certificates with your proxy card.** Your vote is important. A failure to vote your shares of common stock will have the same effect as a vote AGAINST the proposal to approve and adopt the merger agreement.

Q: How do I vote my shares of common stock?

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A: If you are a shareholder of record (that is, if your shares of common stock are registered in your name with Georgeson, our transfer agent), there are four ways to vote:

by completing, dating, signing and returning the enclosed proxy card by mail using the accompanying postage-paid envelope;

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by calling the toll-free number (within U.S. or Canada) listed on your proxy card;

by submitting a proxy by Internet, at the address provided on your proxy card; or

by attending the special meeting and voting in person.

If you hold your shares in street name through a broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the proposal to approve and adopt the merger agreement.

Q: What should I do if I want to attend the special meeting and vote in person?

A: All holders of shares of common stock as of the close of business on the record date for the special meeting, including shareholders of record and beneficial owners of common stock registered in the street name of a bank, broker or other nominee, are invited to attend the special meeting. If you are a shareholder of record, please be prepared to provide proper identification, such as a driver's license. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or voting instruction form provided by your bank, broker or other nominee or other similar evidence of ownership, along with proper identification.

Even if you plan to attend the special meeting in person, we encourage you to complete, sign, date and return the enclosed proxy or vote electronically over the Internet or via telephone to ensure that your shares will be represented at the special meeting. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. If you hold your shares in street name, because you are not the shareholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid legal proxy from your bank, broker or other nominee.

Q: Can I revoke my proxy?

A: Yes. You can revoke your proxy at any time before the vote is taken at the special meeting. If you are a shareholder of record, you may revoke your proxy by notifying our Corporate Secretary in writing at Quality Distribution, Inc., Attn: Corporate Secretary, 4041 Park Oaks Boulevard, Suite 200, Tampa, FL 33610, or by submitting a new proxy by telephone, the Internet or mail, in each case, dated after the date of the proxy being revoked. In addition, you may revoke your proxy by attending the special meeting and voting in person (simply attending the special meeting will not cause your proxy to be revoked). Please note that if you hold your shares in street name and you have instructed a broker, bank or other nominee to vote your shares, the above-described options for revoking your voting instructions do not apply, and instead you must follow the instructions received from your broker, bank or other nominee to revoke your voting instructions.

Q: What happens if I do not vote?

A: The vote required to approve and adopt the merger agreement is based on the total number of shares of common stock outstanding as of the close of business on the record date, not just the shares that are voted. If you do not vote, it will have the same effect as a vote against the proposal to approve and adopt the merger agreement.

If the merger is completed, whether or not you voted at the special meeting, you will be entitled to receive the merger consideration for your shares of common stock upon completion of the merger.

Q:

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If my shares are held in street name by my broker, bank or other nominee, will my broker, banker or other nominee vote my shares for me?

- A: Your broker will *not* vote your shares on your behalf unless you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct it to vote your

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shares. Without those instructions, your shares will not be voted, which will have the same effect as voting AGAINST the approval and adoption of the merger agreement, but will have no effect for purposes of the advisory (non-binding) vote on merger-related executive compensation or the proposal to approve the proposal to adjourn the special meeting, if necessary or appropriate to, among other things, solicit additional proxies.

Q: Will my shares held in street name or another form of record ownership be combined for voting purposes with shares I hold of record?

A: No. Because any shares you may hold in street name will be deemed to be held by a different shareholder than any shares you hold of record, any shares so held will not be combined for voting purposes with shares you hold of record. Similarly, if you own shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Shares held by a corporation or business entity must be voted by an authorized officer of the entity. Shares held in an individual retirement account must be voted under the rules governing the account.

Q: What happens if I sell my shares of common stock before completion of the merger?

A: If you transfer your shares of common stock before completion of the merger, you will have transferred your right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares of common stock through completion of the merger.

The record date for shareholders entitled to vote at the special meeting is earlier than the date on which the merger will be consummated. Consequently, if you transfer your shares of common stock after the record date but before the special meeting, you will have transferred your right to receive the merger consideration in the merger, but retained the right to vote at the special meeting.

Q: Should I send in my stock certificates or other evidence of ownership now? How will I receive merger consideration for my shares?

A: **No, do not send in your certificates now.** After the merger is completed, if you hold shares represented by certificates, you will receive a letter of transmittal from the paying agent for the merger with detailed written instructions for exchanging your shares of common stock for the merger consideration and if you hold book entry shares you will receive a check or wire transfer for the merger consideration with respect to such shares. If your shares of common stock are held in street name by your broker, bank or other nominee, you may receive instructions from your broker, bank or other nominee as to what action, if any, you need to take to effect the surrender of your street name shares in exchange for the merger consideration.

Q: I do not know where my stock certificate is how will I get the merger consideration for my shares?

A: If the merger is completed, the transmittal materials you will receive after the completion of the merger will include the procedures that you must follow if you cannot locate your stock certificate. This will include an affidavit that you will need to sign attesting to the loss of your stock certificate. You may also be required to provide a customary indemnity agreement in order to cover any potential loss.

Q: Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares of common stock?

A: At the close of business on [], 2015, the record date for the special meeting, the Company's common stock was listed on the NASDAQ. Further, on the record date for the special meeting, the Company's common stock was held by at least 2,000 shareholders and the market

value of the common stock held by non-

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affiliates exceeded \$10,000,000. Therefore, pursuant to section 607.1302(2)(a) of the FBCA, shareholders are not entitled to assert appraisal rights (including those who give timely written notice of intent to demand payment and do not vote any shares in favor of the merger agreement) in connection with the merger agreement, the merger or the other matters to be voted on at the special meeting. Notwithstanding the fact that appraisal rights are not available, a copy of sections 607.1301 - 607.1333 of the FBCA is attached hereto solely for statutory notice purposes.

Q: Will I have to pay taxes on the merger consideration I receive?

A: The receipt of cash in exchange for shares of common stock pursuant to the merger generally will be a taxable transaction for U.S. federal income tax purposes. You should consult your tax advisor regarding the particular tax consequences to you of the exchange of shares of common stock for cash pursuant to the merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

Q: What are the U.S. federal income tax consequences of exchanging my shares of Quality Distribution, Inc. common stock pursuant to the merger?

A: If you are a U.S. Holder (as defined under The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 61), the exchange of shares of Quality Distribution, Inc. common stock for cash in the merger generally will result in the recognition of gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received in the merger and your adjusted tax basis in the shares of Quality Distribution, Inc. common stock surrendered in the merger. Shareholders (including Non-U.S. Holders (as defined under The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 61)) should consult their own tax advisors concerning the U.S. federal income tax consequences relating to the merger in light of their particular circumstances and any consequences arising under the laws of any U.S. state or local or non-U.S. taxing jurisdiction.

Q: What does it mean if I get more than one proxy card or voting instruction card?

A: If your shares are registered differently or are held in more than one account, you will receive more than one proxy card or voting instruction card. Please complete and return all of the proxy cards or voting instruction cards you receive (or submit each of your proxies by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

Q: Who can help answer my other questions?

A: If you have more questions about the merger, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact Georgeson, which is acting as our proxy solicitation agent in connection with the merger.

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480 Washington Boulevard, 26th Floor

Jersey City, NJ 07310

Shareholders, Banks and Brokers

Call Toll Free:

866-216-0459

Or email: Quality@georgeson.com

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement, and the documents herein incorporated by reference, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time and which could cause the actual results to differ materially from such forward-looking statements. In some cases, you can identify forward-looking statements by words such as believe, expect, may, could, should, plan, project, anticipate, intend, estimate, contemplate, would and the negative of these terms and other similar expressions that contemplate future events. Such forward-looking statements include statements about the expected completion and timing of the merger and other information relating to the merger. Although we believe that the expectations reflected in forward-looking statements contained in or incorporated by reference into this proxy statement are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on our business or operations. The forward-looking statements contained in or incorporated by reference into this proxy statement speak only as of the date on which such statements were made, and we undertake no obligation to update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. Important factors that could cause actual results to differ materially from those indicated by any forward-looking statements contained in or incorporated by reference in this proxy statement include:

the inability to consummate the merger within the expected time period, or at all, for any reason, including due to the failure to obtain the shareholder approval and adoption of the merger and the merger agreement or failure to satisfy the other conditions to the completion of the merger (including the receipt of required regulatory approvals);

the occurrence of any event, change or other circumstance that could result in the termination of the merger agreement, and the possibility that we would be required to pay either a \$8.2 million or \$16.7 million termination fee, as applicable, in connection therewith, which fees could require the Company to seek loans or use its available cash that would have otherwise been available for operations, dividends or other general corporate purposes;

if the merger agreement is terminated, under certain circumstances, we may be obligated to reimburse Parent for costs incurred related to the merger, which costs could require us to seek loans or use our available cash that would have otherwise been available for operations, dividends or other general corporate purposes;

the failure of Parent to obtain the equity or debt financing contemplated by the financing commitments entered into in connection with the merger agreement, or alternative financing if necessary, or the failure of any such financing to be sufficient to consummate the merger and the other transactions contemplated by the merger agreement;

the diversion of management and employee attention from our ongoing business operations due to the pendency of the merger;

the effect of the announcement of the merger on our ability to retain and hire key personnel and maintain relationships with our customers, suppliers, and others with whom we do business, or on our operating results and business generally;

changes in general economic conditions or the economic conditions of the industries and markets within which we operate;

the nature, cost and outcome of any pending or future legal proceedings against us or others relating to the transactions contemplated by the merger agreement;

the effect of the costs, fees, expenses and charges related to the transactions contemplated by the merger agreement;

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declines in our stock price which may occur if the merger is not completed within the expected time frame or at all;

the potential adverse effect on our business, properties and operations because of certain covenants we agreed to in the merger agreement;

certain of our executive officers and directors have interests in the merger that are different from, or in addition to, the interests of the Company shareholders generally, which could have influenced their decision to support or approve the merger;

the merger agreement contains provisions that could discourage a potential acquiror of the Company from seeking to acquire the Company or could result in a competing proposal being offered at a lower price than it might otherwise be;

At the close of business on [], 2015, the record date for the special meeting, the Company's common stock was listed on the NASDAQ. Further, on the record date for the special meeting, the Company's common stock was held by at least 2,000 shareholders and the market value of the common stock held by non-affiliates exceeded \$10,000,000. Therefore, pursuant to section 607.1302(2)(a) of the FBCA, shareholders are not entitled to assert appraisal rights (including those who give timely written notice of intent to demand payment and do not vote any shares in favor of the merger agreement) in connection with the merger agreement, the merger or the other matters to be voted on at the special meeting. Notwithstanding the fact that appraisal rights are not available, a copy of sections 607.1301 - 607.1333 of the FBCA is attached hereto solely for statutory notice purposes.

the merger agreement contains provisions that grant our board of directors the ability to terminate the merger agreement in certain circumstances based on the exercise of the directors' duties;

the fact that receipt of the all-cash merger consideration would be taxable to our shareholders that are treated as U.S. persons for U.S. federal income tax purposes; and

other risks detailed in our filings with the SEC, including those discussed in the sections titled *Risk Factors* and *Cautionary Statement Regarding Forward-Looking Information* in our most recent filings on Forms 10-K and 10-Q.

Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, you should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements.

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THE PARTIES TO THE MERGER AGREEMENT

Quality Distribution, Inc.

Quality Distribution, Inc. is a Florida corporation with principal executive offices located at 4041 Park Oaks Boulevard, Suite 200, Tampa, FL 33610. We operate the largest chemical bulk tank truck network in North America through QCI, and are also the largest provider of intermodal International Organization for Standardization tank container and depot services in North America through Boasso. We also provide logistics and transportation services, including the transportation of crude oil, production fluids and fresh water to the unconventional oil and gas market through QCER. We operate an asset-light business model and service customers across North America through a network of 96 terminals servicing the chemical market, 14 terminals servicing the energy market and 9 ISO tank depot services terminals (intermodal) servicing the chemical and other bulk liquid markets. A detailed description of our business is contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which is incorporated by reference into this proxy statement. See *Where You Can Find Additional Information*.

Gruden Acquisition, Inc. and Gruden Merger Sub, Inc.

Gruden Acquisition, Inc. is a Delaware corporation formed by funds advised by Apax Partners LLP. Gruden Merger Sub, Inc. is a Florida corporation and a wholly owned subsidiary of Parent. Both Parent and Merger Sub were formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. Neither Parent nor Merger Sub has engaged in any business except for activities incidental to their formation and as contemplated by the merger agreement. The principal executive offices of both Parent and Merger Sub are located at 601 Lexington Ave, 53rd floor, New York, NY 10022.

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THE SPECIAL MEETING

Date, Time and Place of the Special Meeting

This proxy statement is being furnished to our shareholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held at [] on [], 2015, starting at [], Eastern Time, or at any adjournment or postponement thereof.

Purpose of the Special Meeting

The purpose of the special meeting is for our shareholders to consider and vote upon the merger agreement. Our shareholders must approve and adopt the merger agreement for the merger to occur. If our shareholders fail to approve the proposal to approve and adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached as Annex A to this proxy statement and the material provisions of the merger agreement are described under *The Merger Agreement*. Our shareholders are also being asked to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

In addition, in accordance with Section 14A of the Exchange Act, we are providing our shareholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may be paid or become payable to our named executive officers in connection with the merger, the value of which is disclosed in *The Merger Interests of Our Directors and Executive Officers in the Merger*. This advisory (non-binding) vote on compensation is a vote separate and apart from the vote to approve the merger. Accordingly, a shareholder may vote to approve the compensation that may be paid or become payable to our named executive officers in connection with the merger and still vote not to approve and adopt the merger agreement, or vice versa. Because the vote is advisory, it will not be binding on us or Parent. Accordingly, if the merger is approved and adopted by our shareholders, we intend to pay the disclosed compensation to our named executive officers in accordance with our existing contractual obligations regardless of the outcome of the advisory (non-binding) vote on the compensation that may be paid or become payable to our named executive officers in connection with the merger.

Recommendation of Our Board of Directors

After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and adoption at the special meeting. Certain factors considered by our board of directors in reaching its decision to approve the merger and to approve and adopt the merger agreement can be found in the section entitled *The Merger Reasons for the Merger*.

Our board of directors unanimously recommends that shareholders vote FOR approval and adoption the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, FOR the proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger and FOR the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

Record Date and Quorum

The holders of record of our common stock as of the close of business on [], 2015, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting and any adjournment thereof. As of the close of business on the record date, [] shares of common stock were outstanding.

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The presence at the special meeting, in person or by proxy, of the holders of a majority of shares of common stock outstanding as of the close of business on the record date will constitute a quorum, permitting us to conduct business at the special meeting. Under our amended and restated by-laws, in the absence of a quorum at the special meeting, the special meeting may be adjourned by a majority of the shares represented at the meeting to another place, date or time.

Once a share is present, either in person or by proxy, at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment or postponement of the special meeting. However, if a new record date for the special meeting is set by our board of directors, then a new quorum will have to be established. Proxies received, but marked as abstentions, will be included in the calculation of the number of shares considered to be present at the special meeting.

Required Vote

To complete the merger, under Florida law, shareholders holding a majority of the shares of common stock outstanding at the close of business on the record date must vote **FOR** the proposal to adopt of the merger agreement. In addition, under the merger agreement, the receipt of this vote is a condition to the consummation of the merger. The failure to vote your shares of common stock or an abstention from voting your shares will have the same effect as a vote **AGAINST** the proposal to approve and adopt the merger agreement.

The proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger, as well as the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, each require the affirmative vote of holders of a majority of the shares of common stock voted on such proposal at the special meeting. As a result, abstentions and failures to vote will have no effect on the outcome of these proposals.

Voting by the Company's Directors and Executive Officers

At the close of business on the record date, our directors and executive officers were entitled to vote [] shares of common stock, or approximately []% of the shares of common stock outstanding on the record date. We currently expect our directors and executive officers will vote their shares in favor of each of the proposals to be considered at the special meeting, although none of them is obligated to do so.

Voting; Proxies; Revocation

Attendance

All holders of shares of common stock as of the close of business on the record date for voting at the special meeting, including shareholders of record and beneficial owners of common stock registered in the street name of a bank, broker or other nominee, are invited to attend the special meeting. If you are a shareholder of record, please be prepared to provide proper identification, such as a driver's license. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or voting instruction form provided by your bank, broker or other nominee or other similar evidence of ownership, along with proper identification.

Voting in Person

Shareholders of record will be able to vote in person at the special meeting. If you are not a shareholder of record, but instead hold your shares in street name through a bank, broker or other nominee, you must provide a legal proxy executed in your favor from your bank, broker or other nominee in order to be able to vote in person at the special meeting.

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Submitting a Proxy or Providing Voting Instructions

To ensure that your shares are voted at the special meeting, we recommend that you provide voting instructions promptly by proxy, even if you plan to attend the special meeting in person.

Shares Held by Record Holder. If you are a shareholder of record, you may provide voting instructions by proxy using one of the methods described below.

Submit a Proxy by Telephone or via the Internet. This proxy statement is accompanied by a proxy card with instructions for submitting voting instructions. You may vote by telephone by calling the toll-free number or via the Internet by accessing the Internet address as specified on the enclosed proxy card. Your shares will be voted as you direct in the same manner as if you had completed, signed, dated and returned your proxy card, as described below.

Submit a Proxy Card. If you complete, sign, date and return the enclosed proxy card by mail so that it is received in time for the special meeting, your shares will be voted in the manner directed by you on your proxy card.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of each of (i) the proposal to approve and adopt the merger agreement, (ii) the proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger and (iii) the proposal to approve the proposal to adjourn of the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

If you fail to return your proxy card, unless you attend the special meeting and vote in person, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote AGAINST the proposal to approve and adopt the merger agreement, but will not affect the vote on the proposal to approve, on an advisory basis, the compensation payable to our named executive officers in connection with the merger or the proposal to adjourn the special meeting, if necessary or appropriate to, among other things, solicit additional proxies in favor of the approval and adoption of the merger agreement.

Shares Held in Street Name. If your shares are held by a bank, broker or other nominee on your behalf in street name, your bank, broker or other nominee will send you instructions as to how to provide voting instructions for your shares by proxy. Many banks and brokerage firms have a process for their customers to provide voting instructions by telephone or via the Internet, in addition to providing voting instructions by proxy card.

In accordance with the applicable rules, banks, brokers and other nominees who hold shares of common stock in street name for their customers do not have discretionary authority to vote the shares with respect to any of the proposals to be acted on at the special meeting. If you hold your shares in street name, the failure to instruct your broker, bank or other nominee on how to vote your shares will result in a broker non-vote, and each broker non-vote will count as a vote AGAINST the proposal to approve adopt the merger agreement, but will not affect the vote on the proposal to approve, by advisory (non-binding) vote, compensation that will or may become payable to our named executive officers in connection with the merger or the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meetings to approve the proposal to approve and adopt the merger agreement.

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Revocation of Proxies

Any person giving a proxy pursuant to this solicitation has the power to revoke and change it any time before it is voted. If you are a shareholder of record, you may revoke your proxy at any time before the vote is taken at the special meeting by:

submitting a new proxy with a later date, by using the telephone or Internet proxy submission procedures described above, or by completing, signing, dating and returning a new proxy card by mail;

attending the special meeting and voting in person; or

delivering to our Corporate Secretary of the Company a written notice of revocation c/o Quality Distribution, Inc., 4041 Park Oaks Boulevard, Suite 200, Tampa, FL 33610.

Please note, however, that only your last-dated proxy will count. Attending the special meeting without taking one of the actions described above will not in itself revoke your proxy. Please note that if you want to revoke your proxy by mailing a new proxy card to the Company or by sending a written notice of revocation, you should insure that you send your new proxy card or written notice of revocation in sufficient time for it to be received by us before the special meeting.

If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee in order to revoke your proxy or submit new voting instructions.

Abstentions

An abstention occurs when a shareholder attends a meeting, either in person or by proxy, but abstains from voting. Abstentions will be included in the calculation of the number of shares of common stock represented at the special meeting for purposes of determining whether a quorum has been achieved. Abstaining from voting will have the same effect as a vote **AGAINST** the proposal to approve and adopt the merger agreement, but will not affect the vote on the approval, on an advisory basis, of compensation payable to our named executive officers in connection with the merger or the proposal to adjourn the special meeting, if necessary or appropriate to, among other things, solicit additional proxies in favor of the approval and adoption of the merger agreement.

Adjournments and Postponements