

QUALITY DISTRIBUTION LLC

Form 424B3

May 02, 2008

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Filed pursuant to Rule 424(b)(3)  
Registration No. 333-150274

PROSPECTUS

# Quality Distribution, LLC

## QD Capital Corporation

**Offer to Exchange All Outstanding \$50,000,000 Principal Amount At Maturity of**

**Senior Floating Rate Notes due 2012, Series B**

**For**

**Senior Floating Rate Notes due 2012, Series B**

**Which Have Been Registered Under the Securities Act of 1933**

**The Exchange Offer:**

We will exchange all old notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that have been registered.

You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer.

The exchange offer expires at 5:00 p.m., New York City time, on June 2, 2008, unless we extend the offer.

**The Exchange Notes:**

The terms of the exchange notes to be issued in the exchange offer are substantially identical to the old notes, except that the exchange notes will be freely tradable by persons who are not affiliated with us.

No public market currently exists for the old notes. We do not intend to list the exchange notes on any securities exchange and, therefore, no active public market is anticipated.

The exchange notes, like the old notes, will be guaranteed on a senior basis by our parent, Quality Distribution, Inc., and each of our existing and certain future U.S. restricted subsidiaries.

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The exchange notes, like the old notes, will be unsecured and rank equally with all of our existing and future senior debt and rank senior to our existing and future subordinated debt, and will be effectively subordinated to all of our secured debt, to the extent of the value of the assets securing such debt, and to all liabilities of our non-guarantor subsidiaries.

Like the old notes, if we fail to make payments on the exchange notes, Quality Distribution, Inc. and our subsidiary guarantors must make them instead. The exchange notes and guarantees will also be junior to all of our secured debt and all liabilities of our non-guarantor subsidiaries.

Each broker-dealer that receives exchange notes pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes.

If the broker-dealer acquired the old notes as a result of market-making or other trading activities, such broker-dealer may use this prospectus for the exchange offer, as supplemented or amended, in connection with its resales of the exchange notes.

**You should carefully consider the risk factors beginning on page 1 of this prospectus before participating in the exchange offer.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is May 2, 2008.

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**You should rely only on the information contained in this document. We have not authorized anyone to provide you with any other information. This document may only be used where it is legal to sell these securities.**

The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our notes. In this prospectus, unless the context otherwise requires or indicates, (i) the terms "our company," "QD LLC," "we," "us" and "our" refer to Quality Distribution, LLC, a Delaware limited liability company, and its consolidated subsidiaries and their predecessors, (ii) "QDI" refers to Quality Distribution, Inc., our parent company, (iii) "QD Capital" refers to QD Capital Corporation, our wholly owned subsidiary and a co-issuer of the Senior Floating Rate Notes due 2012, Series B, and (iv) the "Issuers" refers to QD LLC (without its consolidated subsidiaries and their predecessors) and QD Capital.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this document. Copies of this information are available without charge to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to Quality Distribution, Inc., Attention: Investor Relations, 4041 Park Oaks Boulevard, Suite 200, Tampa, Florida 33610. Oral requests should be made by telephone (813) 630-5826. To obtain delivery, you must request the information no later than May 26, 2008, which is five business days before the expiration of the Exchange Offer.

**MARKET AND INDUSTRY DATA**

Market and industry data and other statistical information used throughout this prospectus are based on independent industry publications, government publications and other published independent sources, including *Bulk Transporter's Tank Truck Carrier 2006 Annual Gross Revenue Report*. Some data are also based on our good faith estimates, which are derived from our review of management's knowledge of the industry and independent sources. Although we believe that this information is reliable, we cannot guarantee its accuracy and completeness, nor have we independently verified it. We also obtain certain other market share and industry data from internal company analyses and management estimates, and based on our knowledge of the industry. While we believe such internal company analyses and management estimates are reliable, no independent sources have verified such analyses and estimates. Although we are not aware of any misstatements regarding the market share and the industry data that we present in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors" and "Cautionary Statement Regarding Forward Looking Statements."



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### SUMMARY

*This summary highlights information contained elsewhere in this prospectus but might not contain all of the information that is important to you. Before participating in the exchange offer, you should read this entire prospectus carefully, including the Risk Factors section and the consolidated financial statements and the notes thereto included elsewhere in this prospectus. Excepted as otherwise noted, the financial data included in the prospectus comes from the consolidated financial statements of our parent, Quality Distribution, Inc. and its subsidiaries. Quality Distribution, Inc. is a guarantor of our 9% Senior Subordinated Notes due 2010, our Senior Floating Rate Notes due 2012 and our asset-based lending facility and has no material assets or operations other than its ownership of 100% of our membership interests. As a result, the consolidated financial position and results of operations of Quality Distribution, Inc. are substantially the same as ours.*

### Our Business

We operate the largest for-hire chemical bulk tank truck network in North America based on bulk service revenues as reported in *Bulk Transporter's Tank Truck Carrier 2006 Annual Gross Revenue Report*, the most recent such report available from *Bulk Transporter*, and we believe we have more than twice the revenues of our closest competitor in our primary chemical bulk transport market in the U.S. The bulk tank truck market in North America includes all products shipped by bulk tank truck carriers and consists primarily of liquid and dry bulk chemicals (including plastics) and bulk dry and liquid food-grade products. We primarily transport a broad range of chemical products and provide our customers with tank wash facilities, ISO depot services, leasing, transloading services, logistics and other value-added services. We are a core carrier for many of the Fortune 500 companies engaged in chemical processing, including Dow Chemical, Procter & Gamble, DuPont and PPG Industries, and we provide services to most of the top 100 chemical producers with U.S. operations.

Our bulk service network consists primarily of company operated terminals, independently owned third-party affiliate terminals and independent owner-operator drivers. Affiliates are independent companies we contract with to operate trucking terminals and tank washes exclusively on our behalf in defined markets. The affiliates provide the capital necessary to service their contracted business and are also responsible for most of the operating costs associated with servicing the contracted business. Owner-operators are generally individual drivers who own or lease their tractors and agree to drive exclusively for us and our affiliate partners. We believe the use of affiliates and independent owner-operators provides the following key competitive advantages to us in the marketplace:

Locally owned and operated affiliate terminals can provide superior, tailored customer service.

Affiliates and independent owner-operators are paid a fixed, contractual percentage of revenue for each load they transport creating a variable cost structure that provides protection against cyclical downturns.

Reliance on affiliate and independent owner-operators creates an asset-light business model that generally reduces our capital investment.

Our revenue is principally a function of the volume of shipments by the bulk chemical industry, the number of miles driven per load, our market share, and the allocation of shipments between tank truck transportation and other modes of transportation such as rail. The volume of shipments of chemical products is, in turn, affected by many other industries, including consumer and industrial products, automotive, paints and coatings, and paper, and tends to vary with changing economic conditions.

### Our Industry

We estimate, based on industry sources, that the highly fragmented North American for-hire segment of the chemical bulk transport market generated revenues of approximately \$6.5 billion in 2006. We specifically operate in the for-hire chemical and food grade bulk transport market (estimated at \$4.0 billion in 2006) where we believe, based on published reports, we have achieved leading market share (estimated at 18%), based on revenues. Our competition in the for-hire segment is comprised of more than 200 smaller, primarily regional carriers. Based on revenues as reported in *Bulk Transporter's Tank Truck Carrier 2006 Annual Gross Revenue Report*, we operate the largest for-hire chemical bulk tank truck network comprising terminals, tractors and trailers in North America and therefore believe we are well-positioned to expand our business by increasing our market share.

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The chemical bulk tank truck industry growth is generally dependent on (i) volume growth in the industrial chemical industry, (ii) the rate at which chemical companies outsource their transportation needs, (iii) the overall capacity of the rail system, and, in particular (iv) the extent to which chemical companies make use of the rail system for their bulk chemical transportation needs. As competitive pressures force chemical companies to reduce costs and focus on their core businesses, we believe that chemical companies will consolidate their shipping relationships and outsource a greater portion of their logistics needs to third-party tank truck carriers. We believe that large, national full-service carriers will benefit from any such consolidation of relationships and outsourcing of logistics needs and will be able to grow faster than the overall bulk tank truck industry. As a result of our leading market position, breadth of customer services, flexible business model and decentralized operating structure, we believe we are well positioned to benefit from current industry outsourcing trends.

As the chemical industry continues the recent trend towards the globalization of petro-chemical manufacturing capacity, greater quantities of chemicals are being imported into the United States. Consequently, the ISO tank container transportation and depot services business has seen double digit growth rates over the past five years and this growth is expected to continue for the foreseeable future. Our subsidiary, Boasso America Corporation ( Boasso ), is the market leader in the North American ISO tank container transportation and depot services business, which we estimate is a \$250 million market.

Our industry is characterized by high barriers to entry such as (i) the time and cost required to develop the operational infrastructure necessary to handle sensitive chemical cargo, (ii) the financial and managerial resources required to recruit and train drivers, (iii) substantial industry regulatory requirements, and (iv) the significant capital investments required to build a fleet of equipment and establish a network of terminals. In addition, the industry continues to experience consolidation due to economic and competitive pressures, increasing operating costs for driver recruitment and insurance, and increasing capital investments for equipment and technology. As the cost and complexity of operating a bulk tank truck business increase, we believe that large, well-established carriers like ourselves will gain market share.

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### **Our Formation and Ownership**

We are a Delaware limited liability company formed on April 14, 2002. Our sole member is QDI. QDI is a holding company with no significant assets or operations other than the ownership of 100% of our membership interests. QD Capital, our wholly owned subsidiary, is a Delaware corporation, formed on May 1, 2003 and is a co-issuer of the Old Series B Notes and will be a co-issuer of the Exchange Series B Notes. QD Capital has nominal assets and no operations.

In addition, we are the primary obligor under our asset-based lending facility (the ABL Facility), our 9% Senior Subordinated Notes due 2010 (the 9% Notes), our Senior Floating Rate Notes due 2012, Series A (the Series A Notes), our Senior Floating Rate Notes due 2012, Series B (the Series B Notes) and the \$2.5 million 7% unsecured promissory note with a two-year maturity (the Boasso Note) issued in connection with our recent acquisition of Boasso. QDI is a guarantor under the ABL Facility, the 9% Notes, the Series A Notes and the Series B Notes.

QDI was formed in 1994 as a holding company known as MTL, Inc. and consummated its initial public offering on June 17, 1994. On June 9, 1998, MTL, Inc. was recapitalized through a merger with a corporation controlled by Apollo Investment Fund III, L.P. As a result of the recapitalization, MTL, Inc. became a private company. On August 28, 1998, we completed our acquisition of Chemical Leaman Corporation (CLC) and its subsidiaries. Through the 1998 acquisition, we combined two of the then-leading bulk transportation service providers, namely, Montgomery Tank Lines, Inc. and Chemical Leaman Tank Lines, Inc., under one operating company, Quality Carriers, Inc. (QCI). In 1999, QDI changed its name from MTL, Inc. to Quality Distribution, Inc. On May 30, 2002, QDI transferred all of its assets (other than certain contract rights which by their terms could not be assigned without the consent of the other parties thereto) to us, consisting principally of the capital stock of QDI's operating subsidiaries. On November 13, 2003, QDI consummated the initial public offering of its common stock. On December 18, 2007, we acquired all of the outstanding capital stock of Boasso for an aggregate purchase price of (i) \$58.8 million in cash less the outstanding long-term indebtedness of Boasso, subject to a working capital adjustment, and (ii) the Boasso Note, excluding fees and direct costs. In April 2008, approximately \$1.3 million was refunded to us pursuant to a working capital adjustment, as provided for in the stock purchase agreement.

QDI is owned principally by Apollo Investment Fund III, L.P., Apollo Overseas Partners III, L.P. and Apollo (U.K.) Partners III, L.P., each of which is an affiliate of Apollo Management, L.P. We refer to Apollo Management, L.P. and its affiliates collectively as Apollo throughout this prospectus. As of March 1, 2008, Apollo owned or controlled approximately 54.7% of QDI's outstanding common stock, and approximately 46.6% of QDI's common stock on a fully diluted basis.

### **Market Opportunity**

We expect the complexities and operational challenges faced by chemical manufacturers to continue to grow as the chemical industry evolves. These complexities and challenges are driven by a variety of industry trends including customer demand for constantly lower prices, global import/export of bulk liquid products and the need to get product into the pipeline. In order to meet these challenges, we believe chemical producers will sell more through distribution as they look for ways to further reduce their costs by streamlining the supply chain. We believe supply chain efficiencies will be one of the necessary fundamentals for chemical manufacturers' competitiveness.

In addition, the proliferation of global import/export of bulk liquid chemicals has driven the movement of basic manufacturing out of the United States and has resulted in an increase in chemical plant infrastructure to service these off-shore industries. Driven by this globalization, the ISO tank container market is a rapidly growing sector of the overall liquid bulk chemical transportation sector.

The resulting demand for distributors that can offer a broad range of services within the supply chain is expected to drive future industry growth in the bulk transportation sectors.

### **Our Strengths**

#### **Our Competitive Strengths**

Following are our strengths that we believe will allow us to successfully exploit the market opportunities described above.

#### ***Largest Tank Truck Network in a Fragmented Industry***

We provide our customers with access to the largest tractor and tank trailer network in the North American bulk tank truck industry. In addition, our nationwide network of 121 trucking terminals, 38 tank wash facilities and 10 ISO depot services terminals covers all major North American chemical markets and enables us to serve customers with international, national and regional shipping requirements. Our size allows us, our affiliates and our owner-operators to benefit from economies of scale in the purchasing of supplies and services, including fuel, tires and

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insurance coverage. Our greater network density allows us to create efficiencies by increasing utilization through reduced empty miles with more opportunities to generate backhaul loads. Our size also enables us to invest in new technologies that increase our operating efficiency, improve customer service and lower our costs.

### ***Capital Efficient Business Model***

Our extensive use of affiliates and owner-operators results in a highly variable cost structure and significantly reduces our capital investment, thereby allowing us to increase our asset utilization. This model also contributes to the stability of our cash flow and margins and increases our return on capital. Affiliates are responsible for the necessary capital investments, the operating expenses related to their terminals, and most of the operating expenses related to the business they service. Typically, affiliates purchase or lease tractors for their business directly from the manufacturers and lease trailers from us. However, some affiliates purchase their own trailers or lease trailers from independent third parties. Owner-operators are independent contractors who supply one or more tractors and drivers for our own or our affiliates' exclusive use. As with affiliates, owner-operators are responsible for most of the operating expenses related to the business they transport (excluding costs related to the acquisition and maintenance of trailers). With our extensive use of owner-operators and affiliates, we can reduce the high capital costs of purchasing and maintaining tractors.

### ***Core Carrier to Most Top 100 Chemical Companies***

We provide services to most of the top 100 chemical producers with U.S. operations. Our ability to maintain these business relationships reflects our service performance and commitment to safety and reliability. We have established long-term customer relationships with these



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clients, which help us attract and retain experienced affiliate terminal operators and drivers. We expect to continue to benefit from the overall growth of the largest chemical companies while targeting new revenue opportunities from smaller chemical companies and will continue to explore opportunities to expand the scope of services we offer.

### ***Broad Menu of Complementary Services***

Our ability to provide value-added services that complement our core service differentiates us from smaller competitors and enables us to gain market share, particularly with large customers that seek to use a limited number of core carriers. By increasing the number of services offered to our customers, we enhance our position as a leading national full-service provider in the industry. These services include storage and warehousing, vendor managed inventory, load tendering and managing private fleets.

### ***Enhanced Productivity, Efficiency and Customer Service through Installed Technology***

We are proactive in our utilization of technology aimed at improving our customer service and operating efficiency. In contrast to many of our smaller competitors, we have equipped our drivers with various mobile communications systems which enable us to monitor our tractors and communicate with our drivers in the field and enable customers to track the location and monitor the progress of their cargo through the Internet. We have also begun installing satellite tracking devices on our trailers to enable us to increase trailer utilization. Our website allows our customers to view bills and generate customized service reports. We have implemented a centralized order entry, dispatch and billing program system, which enhances our control over our equipment and drivers. This technology is increasingly important when transporting sensitive cargo in today's heightened security environment.

## **Our Strategy**

### **Our Growth Strategy**

We expect to grow as our customers continue to outsource more of their transportation management and logistics needs to full-service carriers. Beginning in 2005 under the direction of a new senior management team, we implemented several major strategic initiatives designed to enhance our operating flexibility, upgrade and standardize our business processes, improve customer service and increase profitability. During 2006 and 2007, these initiatives as described below have gained momentum and have positioned us to leverage our strengths in order to capitalize on the market opportunities that lie ahead.

### ***Opportunistic Affiliate Conversions***

We intend to continue to focus on a less capital intensive business model based on affiliates and owner-operators. However, we continually evaluate our mix of affiliate and company terminals to optimize customer service, revenue growth, profitability and return on investment. In situations where we can more efficiently operate facilities than the relevant affiliate, we may endeavor to purchase this affiliate's business to enhance our profitability and position us for better growth in key markets. However, we are still able to maintain our asset-light structure through the use of owner-operators at company owned terminals.

### ***Continued Focus on Safety and Training***

We have made safety the main focus of our organization. We have developed comprehensive programs to further focus our safety procedures and benchmark us against the best in the industry. Tangible results of this focus have already manifested themselves in decreasing at-fault accident frequencies. We also instituted a training program for terminal, field and headquarters personnel to augment our existing driver training and have begun providing extensive technical and interpersonal training to all dispatchers, terminal managers, and supervisors.

We are committed to conducting our operations in a manner that protects our employees, surrounding communities, customers, and the environment. As a member of the American Chemistry Council (ACC) and partner of Responsible Care® it is our goal to improve the quality of our service and the level of safety. Participation in Responsible Care® is mandatory for all ACC member companies. We maintain a Responsible Care® Management System, which determines applicability and addresses the requirements of laws, regulations, company and other requirements regarding the environment and the health, safety and security of our operations. We have obtained independent certification that our management system is in place and functions according to professional standards and we continue to evaluate and continuously improve our Responsible Care® Management System performance.

### ***Focus on Driver Recruitment and Retention***

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Our recruitment and retention effort is focused on providing drivers a welcoming opportunity with competitive compensation, an emphasis on professional development and an understanding that most drivers' first priority is getting home safely to their families. Over the past four years we reduced driver turnover from 61% to approximately 49%, which we believe is well below the truckload industry average. We are committed to being a driver-focused company that provides both technical support and personal respect to these professionals. We offer competitive compensation, encourage input from our drivers when making business decisions, and utilize full-time customer service professionals who conduct both in-bound and out-bound calls to ensure driver satisfaction. Our driver organization contains field-based recruiters who augment the friendly, small business environment provided by our business model.

### *Expand Scope of Service Capabilities*

We plan to continue to expand the scope of our service capabilities in order to serve the growing needs of our customer base. As our customers continue to focus on their core businesses, we believe that they will increasingly rely on primary service transportation companies to provide value-added services such as intermodal, tank cleaning and logistics services. Two initiatives to expand our service capabilities include the following:

### *Strengthen our Tank Wash Business*

Over the past year, we have substantially improved our company owned tank wash facilities, installed new senior managers, trained staff and upgraded our safety program. We are focused on expanding this business by motivating our drivers, our affiliates' drivers and third-party carriers to utilize our tank wash facilities and lessen usage of third party tank wash businesses. In 2007, we acquired Brite Clean, a tank wash

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operation that is expected to contribute approximately \$12.0 million in revenue in 2008, for approximately \$2.5 million. This acquisition further strengthened our leading market position in the tank wash business.

### *Expand ISO Tank Container Business*

Our subsidiary, Quality Container Services, Inc. ( QCS ) currently participates in the ISO tank container business by providing transportation services and, with the Boasso acquisition, we are now the market leader in the ISO tank container transportation and depot services business in North America. We believe that growing our ISO tank container depot business offers us the opportunity to expand our service offerings to many of our existing customers and to capitalize on this fast-growing segment which is being driven by the recent trend towards the globalization of petro-chemical manufacturing capacity.

### *Optimize Network*

We are in the process of implementing several initiatives expected to increase profitability by minimizing the number of empty miles driven by our drivers. We do this by encouraging our affiliates and owner-operators to pursue additional revenue opportunities in their respective markets thereby increasing asset utilization. For example, we intend to move our pricing towards a revenue per mile compensation structure with our owner-operators instead of the existing percentage of revenue structure. We believe this change will help align owner-operators' interests with ours and encourage them to increase load counts and improve backhaul rates resulting in increased revenue and operating income. Additionally, where necessary and when economically appropriate, we have expanded our company-owned transportation capacity by investing in new trailers through various methods, including purchases and leases.

### *Targeted Acquisitions*

Our industry is highly fragmented, providing us with the opportunity to grow our distribution network and further develop our tank wash business through acquisitions. Smaller chemical bulk transport operators are seeking to strengthen their competitive position by becoming part of a larger service network. We believe that we are favorably positioned to benefit from this trend. In early 2006, we acquired two transportation companies for \$4.1 million. In 2007, we acquired Brite Clean for \$2.5 million, a small tank truck carrier for \$0.5 million and Boasso for \$58.8 million and the Boasso Note. We expect these acquired businesses to generate approximately \$90.0 million in revenue in 2008. We intend to continue pursuing attractive acquisition opportunities that augment our position in key markets at attractive multiples.

## **Recent Developments**

On April 14, 2008, we announced a plan to reduce our workforce. Most of the reductions occurred at our Tampa, Florida headquarters, where approximately 17% of the positions were eliminated. The reductions were substantially implemented by April 15, 2008. We eliminated approximately sixty positions, with a projected payroll related cost in 2008 in excess of \$5.0 million. In conjunction with this action, we expect to take a total pre-tax charge in the second quarter of approximately \$1.5 million, all for one-time termination benefits, the majority of which relates to future cash expenditures.

The employment of Virgil Leslie with us as Executive Vice President, Sales ceased on April 14, 2008.

We estimate that first quarter of 2008 revenues were approximately \$208 million, including fuel surcharge of approximately \$32 million, a 17% increase over the first quarter of last year. Revenues for the 2008 quarter were positively impacted by our acquisition of Boasso, which closed in December 2007, and negatively impacted by continuing softness in the housing markets as well as 10% fewer work days in March 2008 compared to March 2007.

## **Risk Factors**

An investment in the notes involves a high degree of risk. Potential investors should carefully consider the risk factors set forth under Risk Factors beginning on page 1 and the other information contained in this prospectus prior to participating in the exchange offer.

## **Corporate Information**

Our principal executive offices are located at 4041 Park Oaks Blvd., Suite 200, Tampa, Florida, 33610, and our telephone number is (813) 630-5826.

**Summary of the Terms of the Exchange Offer**

We and the guarantors of the old Senior Floating Rate Notes due 2012, Series B (the Old Series B Notes ) have entered into a registration rights agreement with the initial purchaser of the Old Series B Notes in which we agreed to file a registration statement relating to an offer to exchange the Old Series B Notes for exchange Senior Floating Rate Notes due 2012, Series B (the Exchange Series B Notes ) within 120 days of the issuance of the Old Series B Notes. The registration statement, of which this prospectus forms a part, was filed pursuant to this obligation. We also agreed to use our commercially reasonable efforts to cause the registration statement to be declared effective within 180 days following the issuance of the Old Series B Notes and to use our best efforts to consummate the exchange offer within 40 days following the effective date of the registration statement. In the exchange offer, you are entitled to exchange your Old Series B Notes for Exchange Series B Notes which are identical in all material respects to the Old Series B Notes except that:

the Exchange Series B Notes have been registered under the Securities Act and will be freely tradable by persons who are not affiliated with us;

the Exchange Series B Notes are not entitled to registration rights which are applicable to the Old Series B Notes under the registration rights agreement; and

our obligation to pay additional interest on the Old Series B Notes because (a) the registration statement of which this prospectus forms a part was not declared effective by June 15, 2008 or (b) the exchange offer was not consummated by July 25, 2008, in each case, at incremental rates ranging from 0.25% per annum to 1.0% per annum depending on how long we fail to comply with these deadlines, does not apply to the Exchange Series B Notes.

For purposes of this and other sections in this prospectus, we refer to the Old Series B Notes and the Exchange Series B Notes together as the Series B Notes.

The Exchange Offer	We are offering to exchange up to \$50,000,000 aggregate principal amount at maturity of our Senior Floating Rate Notes due 2012, Series B, which have been registered under the Securities Act for up to \$50,000,000 aggregate principal amount at maturity of our Senior Floating Rate Notes due 2012, Series B, which were issued on December 18, 2007. Old Series B Notes may be exchanged only in integral multiples of \$1,000.
Resales	We believe that the Exchange Series B Notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act provided that:

the Exchange Series B Notes are being acquired in the ordinary course of your business;

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you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the Exchange Series B Notes issued to you in the exchange offer; and

you are not an affiliate of ours.

If any of these conditions are not satisfied and you transfer any Exchange Series B Notes issued to you in the exchange offer without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your Exchange Series B Notes from these requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

Each broker-dealer that is issued Exchange Series B Notes in the exchange offer for its own account in exchange for Old Series B Notes that were acquired by that broker-dealer as a result of market-marking or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the Exchange Series B Notes. A broker-dealer may use this prospectus for an offer to resell, resale or other retransfer of the Exchange Series B Notes issued to it in the exchange offer.

Expiration Date; Withdrawal of Tenders	The exchange offer will expire at 5:00 p.m., New York City time, June 2, 2008, or such later date and time to which we extend it. A tender of Old Series B Notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any Old Series B Notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, some of which we may waive. See The Exchange Offer Certain Conditions to the Exchange Offer.
Procedures for Tendering Old Notes	If you wish to accept the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a copy of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or the copy, together with the Old Series B Notes and any other required documents, to the exchange agent at the address set forth on the cover of the letter of transmittal. If you hold Old Series B Notes through The Depository Trust Company ( DTC ) and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal.

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

any Exchange Series B Notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in the distribution of the Exchange Series B Notes;

if you are a broker-dealer that will receive Exchange Series B Notes for your own account in exchange for Old Series B Notes that were acquired as a result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of the Exchange Series B Notes; and

you are not our affiliate as defined in Rule 405 under the Securities Act.

Guaranteed Delivery Procedures	If you wish to tender your Old Series B Notes and your Old Series B Notes are not immediately available or you cannot deliver your Old Series B Notes, the letter of transmittal or any other documents required by the letter of transmittal or comply with the applicable procedures under DTC's Automated Tender Offer Program prior to the expiration date, you must tender your Old Series B Notes according to the guaranteed delivery procedures set forth in this prospectus under "The Exchange Offer" Guaranteed Delivery Procedures.
Effect on Holders of Old Notes	As a result of the making of, and upon acceptance for exchange of all validly tendered Old Series B Notes pursuant to the terms of, the exchange offer, we will have fulfilled a covenant contained in the registration rights agreement and, accordingly, we will not be obligated to pay additional interest as described in the registration rights agreement. If you are a holder of Old Series B Notes and do not tender your Old Series B Notes in the exchange offer, you will continue to hold the Old Series B Notes and you will be entitled to all the rights and limitations applicable to the Old Series B Notes in the indenture governing the Series B Notes, except for any rights under the registration rights agreement that by their terms terminate upon the consummation of the exchange offer.
Consequences of Failure to Exchange	All untendered Old Series B Notes will continue to be subject to the restrictions on transfer provided for in the Old Series B Notes and in the indenture. In general, the Old Series B Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, or as otherwise required under certain limited circumstances pursuant to the terms of the registration rights agreement, we do not currently anticipate that we will register the Old Series B Notes under the Securities Act.
Accounting Treatment	We will record the Exchange Series B Notes in our accounting records at the same carrying value as the Old Series B Notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer. We will capitalize the expenses of the exchange offer as deferred financing costs and expense these costs over the life of the Exchange Series B Notes.

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Certain U.S. Federal Income Tax Considerations	The exchange of Old Series B Notes for Exchange Series B Notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Considerations.
Use of Proceeds	We will not receive any cash proceeds from the issuance of the Exchange Series B Notes. In consideration for issuing the Exchange Series B Notes as contemplated in this prospectus, we will receive in exchange Old Series B Notes in like principal amount, which will be canceled and as such will not result in any increase in our indebtedness. The net proceeds from the Old Series B Notes offering were used to repay a portion of the term loan under our previous credit facility in connection with the financing of the Boasso acquisition and our entry into the ABL Facility.
Exchange Agent	The Bank of New York Trust Company, N.A. is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in the section entitled The Exchange Offer Exchange Agent.

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**Summary of the Terms of the Exchange Series B Notes**

Issuers	Quality Distribution, LLC and QD Capital Corporation.
Exchange Series B Notes Offered	\$50.0 million aggregate principal amount at maturity of Senior Floating Rate Notes due 2012, Series B. As of April 1, 2008, we are not authorized to issue any additional Senior Floating Rate Notes due 2012, Series B.
Maturity Date	January 15, 2012.
Interest	The Exchange Series B Notes will bear interest at a rate equal to LIBOR plus 4.50%, payable quarterly in arrears, on January 15, April 15, July 15 and October 15 of each year.

Holder who exchange their Old Series B Notes for Exchange Series B Notes will receive the same interest payment on July 15, 2008, which will be the first interest payment date following consummation of the exchange offer with respect to the Old Series B Notes and the Exchange Series B Notes, that they would have received if they had not accepted the exchange offer. Holders of Old Series B Notes whose Old Series B Notes are accepted for exchange in the exchange offer will be deemed to have waived the right to receive any payment in respect of interest on the Old Series B Notes accrued from April 15, 2008 (the most recent date to which interest on the Old Series B Notes was paid prior to the consummation of the exchange offer).

Guarantees	Our obligations under the Series B Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by our parent company, QDI, and each of our existing and certain future U.S. restricted subsidiaries. The Series B Notes are not and will not be, however, guaranteed by our foreign subsidiaries or our unrestricted subsidiaries. Investors should not rely on the QDI guarantee in evaluating an investment in the Series B Notes as QDI currently has no material assets other than the ownership of 100% of our membership interests, and the covenants contained in the indenture governing the Series B Notes will not apply to QDI.
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Ranking	The Exchange Series B Notes will be our unsecured and unsubordinated obligations and will rank:
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equally in right of payment with all of our existing and future unsecured and unsubordinated debt, including the Series A Notes and the Old Series B Notes;

effectively junior to all of our existing and future secured debt, including borrowings under the ABL Facility, to the extent of the value of the assets securing such debt;

senior in right of payment to all of our existing and future subordinated debt, including the 9% Notes and the Boasso Note; and

structurally subordinated to all liabilities, including trade payables, of our subsidiaries that are not guarantors, which are principally our subsidiaries in Mexico and Canada, which provided less than 1.0% of our operating revenues in 2007.



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Similarly, the guarantees of the Exchange Series B Notes will be unsecured and unsubordinated obligations and will rank:

equally in right of payment to all of the applicable guarantor's existing and future unsecured and unsubordinated debt, including its guarantee of the Series A Notes and the Old Series B Notes;

effectively junior to all of the applicable guarantor's existing and future secured debt, including obligations of the applicable guarantor under the ABL Facility, to the extent of the value of the assets securing such debt; and

senior in right of payment to any of the applicable guarantor's existing and future subordinated debt, including its guarantee of the 9% Notes.

As of December 31, 2007:

we and our guarantors had \$89.4 million of secured indebtedness, consisting of borrowings outstanding under the ABL Facility, and capital lease obligations, and approximately \$52.1 million in availability under the ABL Facility;

we had \$135.0 million principal amount of unsecured and unsubordinated debt, consisting of the Series A Notes and the Series B Notes;

we had \$125.0 million principal amount of senior subordinated debt, consisting of the 9% Notes; and

we had \$4.3 million in principal amount outstanding under the Boasso Note and other notes.

As of the date of this prospectus, our only non-guarantor subsidiaries are our foreign subsidiaries, which as of December 31, 2007, had approximately \$3.8 million of liabilities, including trade payables but excluding intercompany balances.

### Optional Redemption

We may redeem the Series B Notes, in whole or in part, at 101% of the principal amount outstanding on or before January 14, 2009 and at 100% of the principal amount outstanding thereafter, plus, in each case, accrued and unpaid interest, if any, to the date of redemption.

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Mandatory Offer to Repurchase    If we sell all or substantially all of our assets or undergo other types of changes in control, each holder will have the right to require us to repurchase all or any part of such holder's Series B Notes at 101% of the aggregate principal amount of the Series B Notes.

Certain Covenants                The indenture governing the Series B Notes, among other things, limits our ability and the ability of our restricted subsidiaries to:

incur or guarantee additional indebtedness;

pay dividends or distributions on, or redeem or repurchase, capital stock;

make investments;

consummate certain asset sales;

engage in transactions with affiliates;

grant or assume liens; and

consolidate, merge or transfer all or substantially all of our assets.

These limitations are subject to a number of important qualifications and exceptions.

Limited Market                    The Exchange Series B Notes generally will be freely transferable. However, we do not currently intend to list the Exchange Series B Notes on any exchange, and there can be no assurance as to the development or liquidity of any market for the Exchange Series B Notes.

**Table of Contents****Summary Financial Information**

The following table sets forth summary historical financial information, and other historical financial data of QDI. QDI is or will be a guarantor of the Old Series B Notes, the Exchange Series B Notes, the Series A Notes and the ABL Facility and has no material assets or operations other than its ownership of 100% of our membership interests. As a result, the consolidated financial position and results of operations of QDI are substantially the same as ours. The summary historical consolidated financial information set forth below is qualified in its entirety by reference to, and should be read in conjunction with, our consolidated financial statements and notes thereto included elsewhere in this prospectus and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations.

The consolidated statements of operations data set forth below for the fiscal years ended December 31, 2007, 2006 and 2005 and the historical balance sheet data as of December 31, 2007 and 2006 are derived from QDI's audited financial statements included elsewhere in this prospectus. The historical statements of operations data for the fiscal year ended December 31, 2004 and the historical balance sheet data as of December 31, 2005 and 2004 are derived from QDI's audited financial statements that are not included in this prospectus.

In 2007, QDI changed its accounting policy for tires. The change was retroactively applied to prior period financial statements. Refer to Note 3 to the consolidated financial statements for the impact of the change for years 2005 through 2007. The impact to operating income and net loss was an increase of \$0.2 million for 2004.

	2007	2006 (As adjusted)	2005 (As adjusted)	2004 (As adjusted)
<b>Statements of Operations Data</b>				
Operating revenues	\$ 751,558	\$ 730,159	\$ 678,076	\$ 622,015
Operating expenses:				
Purchased transportation	471,531	493,686	471,238	420,565
Depreciation and amortization	17,544	16,353	7,278	23,266
Other operating expenses	238,630	171,842	149,741	162,936
Operating income	23,853	48,278	39,819	15,248
Interest expense, net	(30,524)	(29,388)	(26,712)	(22,343)
Transaction fees				
Interest expense, preferred stock conversion				
Gain on debt extinguishment				
Write-off of debt issuance costs	(2,031)		(1,110)	
Other (expense) income	(940)	(888)	222	(857)
Income (loss) before taxes	(9,642)	18,002	12,219	(7,952)
(Benefit from) provision for income taxes	(2,079)	(38,168)	352	2,421
Net (loss) income	(7,563)	56,170	11,867	(10,373)
Preferred stock dividends and accretions				(145)
Net (loss) income attributable to common shareholders	\$ (7,563)	\$ 56,170	\$ 11,867	\$ (10,518)

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	2007	2006 (As adjusted)	2005 (As adjusted)	2004 (As adjusted)
<b>Other Data</b>				
Cash paid for interest	\$ 28,850	\$ 27,034	\$ 24,645	\$ 19,293
Net cash provided by operating activities	14,052	28,236	9,039	15,945
Net cash used in investing activities	(63,399)	(10,591)	(16,063)	(8,081)
Net cash provided by (used in) financing activities	52,194	(12,474)	5,858	(6,070)
Number of terminals at end of period (1)	169	165	165	161
Number of trailers operated at end of period (2)	7,506	7,769	7,461	7,377
Number of tractors operated at end of period(3)	3,927	3,829	3,539	3,550
<b>Balance Sheet Data at Year End:</b>				
Working capital(4)	\$ 67,093	\$ 59,673	\$ 43,079	\$ 4,926
Total assets	493,976	417,873	377,053	373,952
Total indebtedness, including current maturities	349,271	279,122	289,116	276,550
Shareholders' equity (deficit)	27,300	31,774	(27,462)	(39,446)

(1) Excludes transload facilities but includes tank-wash facilities.

(2) Excludes trailers held-for-sale.

(3) Excludes tractors held as inventory.

(4) Working capital consists of current assets minus current liabilities.

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**RISK FACTORS**

*You should carefully consider the risks described below before participating in the exchange offer. Although the risks described below are all of the risks that we believe are material, they are not the only risks relating to our business and the Series B Notes. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your investment.*

**Risks Related to the Exchange Offer**

***Your Old Series B Notes will not be accepted for exchange if you do not follow the exchange offer procedures described in this prospectus.***

We will not accept your Old Series B Notes for exchange if you do not follow the exchange-offer procedures described in this prospectus. We will issue Exchange Series B Notes as part of the exchange offer only after a timely receipt of your Old Series B Notes, a properly completed and duly executed letter of transmittal or agent's message and all other required documents. Therefore, if you want to tender your Old Series B Notes for exchange, you should comply with the exchange procedures and allow sufficient time for your Old Series B Notes or agent's message to be received by the exchange agent. If we do not receive your Old Series B Notes, letter of transmittal or agent's message and other required documents by the expiration date of the exchange offer, we will not accept your Old Series B Notes for exchange. We are under no duty to notify you of defects or irregularities in your tender of Old Series B Notes for exchange. If there are defects or irregularities in your tender of your Old Series B Notes, we may not accept your Old Series B Notes for exchange.

***If you choose not to exchange your Old Series B Notes in the exchange offer or do not validly tender your Old Series B Notes, the transfer restrictions currently applicable to your Old Series B Notes will remain in force, which could inhibit your ability to sell your Old Series B Notes.***

If you do not exchange your Old Series B Notes for Exchange Series B Notes in the exchange offer or fail to validly tender your Old Series B Notes, then your Old Series B Notes will continue to be subject to certain transfer restrictions. In general, the restrictions prevent the Old Series B Notes from being offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the Old Series B Notes under the Securities Act.

***There is no existing market for the Series B Notes. If one develops, it may not be liquid.***

We do not intend to list the Exchange Series B Notes on a national securities exchange. Although the initial purchaser of the Old Series B Notes has advised us that it currently intends to make a market in the Series B Notes, it is not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act and may be limited during the exchange offer. If a trading market does not develop, you may not be able to sell the Exchange Series B Notes. If any of the Exchange Series B Notes are traded after their issuance, they may trade at a discount from the initial offering price of the Old Series B Notes, depending upon:

prevailing interest rates;

the market for similar securities; and

other factors, including general economic conditions and our financial condition, performance and prospects.

The market for non-investment grade debt securities has historically been subject to disruptions that have caused volatility in their prices independent of the operating and financial performance of the issuers of these securities. It is possible that the market for the Old Series B Notes or the Exchange Series B Notes will be subject to these kinds of disruptions regardless of our prospects and financial performance. Accordingly, declines in the liquidity and market price of the Old Series B Notes or the Exchange Series B Notes may occur independent of our operating and financial performance. We cannot assure you that any liquid market for the Old Series B Notes or the Exchange Series B Notes will develop.

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*Certain persons who participate in the exchange offer must deliver a prospectus in connection with resales of the Exchange Series B Notes.*

Based on interpretations of the staff of the SEC contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (April 13, 1988), *Morgan Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (July 2, 1983), we believe that you may generally offer for resale, resell or otherwise transfer the Exchange Series B Notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus, certain holders of Exchange Series B Notes will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer the Exchange Series B Notes. If such a holder transfers any Exchange Series B Notes without delivering a prospectus meeting the requirements of the Securities Act or without an applicable exemption from registration under the Securities Act, the holder could incur liability under the Securities Act. We do not and will not assume, or indemnify such holders against, this liability.

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### **Risks Relating to an Investment in the Series B Notes**

#### ***Our high level of debt creates a risk of default.***

We are and will be, following this offering, a highly leveraged company. As December 31, 2007, our consolidated long-term indebtedness and capital lease obligations, including current maturities, was \$353.7 million.

We also have the ability to incur additional debt, subject to limitations imposed by the ABL Facility and the indentures governing the 9% Notes, the Series A Notes and the Series B Notes. Our high level of indebtedness may restrict our ability to fund or obtain financing for working capital, capital expenditures and other business activities, making us more vulnerable to economic and industry downturns, competition and other market pressures. In addition, the debt service requirements of our other indebtedness could make it more difficult for us to make payments on the Series B Notes. This high degree of leverage could also prevent us from repurchasing Series B Notes tendered to us upon the occurrence of a change of control, or could prevent us from making any required redemptions of the Series B Notes. Further, there can be no assurance that the terms of the ABL Facility or our other indebtedness will permit us to make any such repurchases or redemptions of the Series B Notes, or that we will have sufficient funds available at such time to make any required repurchases or redemptions of the Series B Notes.

If our operating cash flow decreases, we may be unable to service our debt, including the Series B Notes, without refinancing or restructuring our debt, selling assets or operations or raising additional debt or equity capital. If these alternatives are not available in a timely manner or on satisfactory terms, or are not permitted under our existing agreements, we may default on our debt obligations. Such a default would have serious adverse consequences for the holders of the Series B Notes.

#### ***Floating interest rates may increase interest payable on a portion of our borrowings under the ABL Facility and the Series B Notes.***

The Series A Notes, the Series B Notes and our borrowings under the ABL Facility bear interest at floating rates. Accordingly, the interest payable under the floating rate borrowings under the Series A Notes, the Series B Notes and the ABL Facility may increase. Based on amounts outstanding at December 31, 2007, an increase of 1.0% in the interest rates payable on the floating rate portion of our indebtedness on December 31, 2007 would increase our debt service requirements in 2008 by approximately \$2.2 million. If interest rates on our floating rate borrowings increase significantly, our cash flows would be significantly reduced.

#### ***Our failure to make scheduled payments, to replace or refinance indebtedness or to observe restrictions imposed by the ABL Facility may lead to acceleration of indebtedness.***

The ABL Facility restricts, among other things, our ability to incur additional indebtedness and make acquisitions and capital expenditures beyond a certain level. If we fail to repay borrowings or other amounts due under the ABL Facility when due or fail to comply with the restrictions contained in the ABL Facility or we, our subsidiaries or QDI fail to pay when due certain other obligations which mature prior to the maturity date of the ABL Facility, the lenders under the ABL Facility can declare the entire amount owed thereunder immediately due and payable, and, in the case of a default under the ABL Facility, may prohibit us and our subsidiaries from making cash payments of interest and/or principal on the Series B Notes for certain specified periods.

The ABL Facility matures June 18, 2013. However, the maturity date of the ABL Facility is also advanced to a date 91 days prior to the maturity date of the Series A Notes, the Series B Notes or the 9% Notes (and replacement indebtedness) if the aggregate principal amount of the notes maturing in the 91-day period exceeds \$50.0 million. Currently, all three classes of notes exceed \$50.0 million, and the earliest maturity is November 15, 2010. Accordingly, each class of note will trigger an advanced maturity of the ABL Facility unless the notes are earlier replaced or repaid prior to maturity as and to the extent permitted under the ABL Facility.

If the debt under the ABL Facility is accelerated, our assets may not be sufficient to repay in full all of our indebtedness, including the ABL Facility and the Series B Notes.

#### ***The Series B Notes and the guarantees of the Series B Notes will be effectively subordinated to the ABL Facility and our other secured debt.***

The obligations under the Series B Notes and the guarantees of the Series B Notes will be unsecured and effectively are subordinated to all of our existing and future secured debt to the extent of the value of the assets securing such debt, including all amounts borrowed or available for borrowing under the ABL Facility. In the event of a foreclosure, dissolution, winding-up, liquidation, reorganization, bankruptcy or similar proceeding involving us or a guarantor, the assets which serve as collateral for any secured indebtedness will be used to satisfy the obligations under the secured indebtedness before any payments are made on the Series B Notes and other senior unsecured indebtedness. In any such event, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be

insufficient to satisfy your claims on the Series B Notes fully.

As of December 31, 2007, we had:

\$89.4 million of secured indebtedness, consisting of debt under the ABL Facility and capital lease obligations; and

approximately \$52.1 million in availability under the ABL Facility.

The indenture governing the Series B Notes will permit us, the guarantors and our other restricted subsidiaries to incur significant additional indebtedness, including secured indebtedness.

***We may not be able to make a change of control payment.***

In the event of a change of control, we will be required to make an offer for cash to repurchase the Series B Notes at 101% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to the repurchase date. However a change of control will cause an event of default under the ABL Facility and may cause an acceleration of the borrowings thereunder. There can be no assurance that the terms of the ABL Facility will permit us to make any required repurchases of the Series B Notes or that we will have sufficient funds available at the time of any change of control to make any required repurchases of the Series B Notes.



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### ***The Series B Notes will be effectively junior to liabilities of certain subsidiaries.***

We conduct substantially all of our operations through our subsidiaries. As a result, we are required to rely upon its subsidiaries for the funds necessary to meet our obligations, including the payment of interest on and principal of the Series B Notes. The ability of the subsidiaries to make these payments will be subject to, among other things, applicable state laws. Although the guarantees of the Series B Notes provide the holders of the Series B Notes with a direct claim against the assets of the guarantors, the subsidiary non-guarantors have not guaranteed the obligations under the Series B Notes. Claims of creditors of our subsidiary non-guarantors, including trade creditors and the lenders under the ABL Facility, generally will have priority with respect to the assets and earnings of these subsidiaries over the claims of our creditors, including holders of the Series B Notes. For 2007, less than 1.0% of our consolidated revenues and our consolidated operating income was generated by our non-guarantor subsidiaries. Such non-guarantor subsidiaries had approximately \$3.8 million of liabilities, including trade payables but excluding intercompany balances, at December 31, 2007. In addition, enforcement of the guarantees of the Series B Notes against any guarantor may be subject to legal challenge in a bankruptcy or reorganization case or a lawsuit by or on behalf of creditors of any guarantor and would be subject to certain defenses available to guarantors generally. Although the indenture contains waivers of most guarantor defenses, certain of those waivers may not be enforced by a court in a particular case. To the extent that the guarantees of the Series B Notes are not enforceable, the Series B Notes would be effectively subordinated to all liabilities of the guarantors, including trade payables of any guarantors.

### ***The guarantees of the Series B Notes may be limited by fraudulent conveyance considerations.***

The Series B Notes are guaranteed on an unsecured senior basis by QDI and all of our existing and certain future U.S. restricted subsidiaries. The terms of each note guarantee provide that such guarantee is limited and subject to automatic reduction to the extent necessary to prevent such guarantee from constituting a fraudulent conveyance. However, our creditors or the creditors of the guarantors could challenge the of the Series B Notes guarantees as fraudulent conveyances. We cannot assure you that a court would not conclude that the guarantees of the Series B Notes constitute fraudulent conveyances. If a court declares the guarantees of the Series B Notes to be void, or if the guarantees of the Series B Notes must be limited or voided in accordance with their contractual terms, any claim that you may make against us for amounts payable on the Series B Notes would be subordinated to the debt and other liabilities of the applicable guarantors, including trade payables.

### ***The guarantee of our parent company is of limited value.***

Investors should not rely on the QDI guarantee in evaluating an investment in the Series B Notes as QDI currently has no material assets other than the ownership of 100% of our membership interests and the covenants contained in the indenture governing the Series B Notes will not apply to QDI.

### ***We may be limited in our ability to offset future income with our current net operating loss.***

We have a net operating loss for Federal income tax purposes. If we undergo a change of control as described in Section 382 of the Internal Revenue Code, our ability to use those net operating losses to offset future income will be limited. This will have the effect of reducing our after tax cashflow.

### ***You may be impacted by original issue discount.***

The Series B Notes will be considered to be issued with original issue discount for United States federal income tax purposes. Accordingly, certain holders of the Series B Notes will be required to include original issue discount in gross income for United States federal income tax purposes in advance of receipt of the cash payments to which the income is attributable.

In addition, if a bankruptcy case is commenced by or against us under the United States Bankruptcy Code, the claims of holders of the Series B Notes may be limited to an amount equal to the sum of (1) the price for the Series B Notes that the holder originally paid and (2) that portion of the original issue discount that is not deemed to constitute unmaturing interest for purposes of the United States Bankruptcy Code. Any original issue discount that was not accreted as of the date of any such bankruptcy filing would constitute unmaturing interest.

## **Risks Related to Our Business**

### ***Our business is subject to general and industry specific economic factors that are largely out of our control and could affect our operations and profitability.***

Our business is dependent on various economic factors over which we have little control, that include:

the availability of qualified drivers

changes in regulations concerning shipment of material we transport,

increases in fuel taxes and tolls,

interest rate fluctuations,

excess capacity in the tank trucking industry,

changes in license and regulatory fees,

potential disruptions at U.S. ports of entry,

downturns in customers' business cycles,

reduction in customers' shipping requirements, and

the U.S. economy generally.

As a result, we may experience periods of overcapacity, declining prices and lower profit margins in the future. We have a large number of customers in the chemical-processing and consumer-goods industries. If these customers experience fluctuations in their business activity due

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to an economic downturn, work stoppages or other industry conditions, the volume of freight transported by us on behalf of those customers may decrease. The trucking industry has experienced a slowdown in recent months due to slowing economic conditions.

***Loss of qualified drivers or other personnel could limit our growth and negatively affect operations.***

There is substantial competition for qualified drivers in the trucking industry. Furthermore, certain geographic areas have a greater shortage of qualified drivers than other areas. We operate in many of these geographic areas where there is a shortage of drivers and have turned down new business opportunities as a result of the lack of qualified new drivers. Difficulty in attracting qualified personnel, particularly qualified drivers, could require us to increase driver compensation, forego available customer opportunities and underutilize the tractors and trailers in our network. These actions could result in increased costs and decreased revenues. In addition, we may not be able to recruit other qualified personnel in the future.

***Loss of affiliates and owner-operators could adversely affect our operations and profitability.***

We rely on participants in our affiliate program and independent owner-operators. A reduction in the number of owner-operators, whether due to capital requirements related to the expense of obtaining, operating and maintaining equipment or for other reasons, could have a negative effect on our operations and profitability. Similarly the loss of our more robust affiliates could adversely affect our profitability. Contracts with affiliates are for various terms and contracts with owner-operators may be terminated by either party on short notice. Although affiliates and owner-operators are responsible for paying for their own equipment and other operating costs, significant increases in these costs could cause them to seek a higher percentage of the revenue generated if we are unable to increase our rates commensurately. Conversely, a continued decline in the rates we pay to our affiliates and owner-operators could adversely affect our ability to maintain our existing affiliates and owner-operators and attract new affiliates, owner-operators and drivers.

***We are self-insured and have exposure to certain claims and are subject to the insurance marketplace, all of which could affect our profitability.***

The primary accident risks associated with our business are:

motor-vehicle related bodily injury and property damage,

workers' compensation claims,

cargo loss and damage, and

general liability claims.

We currently maintain insurance for:

motor-vehicle related bodily injury and property damage claims, covering all employees, owner operators and affiliates,

workers' compensation insurance coverage on our employees and company drivers, and

general liability claims.

Our insurance program includes a self insured deductible, in most cases, of \$2.0 million per incident for both auto and general liability and a \$1.0 million deductible for workers' compensation. In addition, we currently maintain an umbrella insurance policy covering claims in excess of \$5.0 million, up to an aggregate loss of \$40.0 million per incident. The per incident deductible, could adversely affect our profitability,

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particularly in the event of an increase in the number or severity of incidents. Additionally, we are self-insured for damage to the equipment that we own and lease, for cargo losses, and for non-trucking pollution legal liability and such self-insurance is not subject to any maximum limitation. We extend insurance coverage to our affiliates for (i) motor vehicle related bodily injury, (ii) property damage, and (iii) cargo loss and damage. Under this extended coverage, affiliates are responsible for only a small portion of the applicable deductibles.

We are subject to changing conditions and pricing in the insurance marketplace and we cannot assure you that the cost or availability of various types of insurance may not change dramatically in the future. To the extent these costs cannot be passed on to our customers in increased freight rates, increases in insurance costs could reduce our future profitability and cash flow.

***The trucking industry is subject to regulation, and changes in trucking regulations may increase costs.***

As a motor carrier, we are subject to regulation by the Federal Motor Carrier Safety Administration, the U.S. Department of Transportation and by various state, federal and provincial agencies. These regulatory authorities exercise broad powers governing activities such as operating authority, safety, hours of service, hazardous materials transportation, financial reporting and acquisitions. There are additional regulations specifically relating to the trucking industry, including testing and specification of equipment, product-handling requirements and drug testing of drivers. The trucking industry is subject to possible regulatory and legislative changes that may affect the economics of the industry by requiring changes in operating practices or by changing the demand for common or contract carrier services or the cost of providing truckload services. Possible changes include:

increasingly stringent environmental regulations,

increasing control over the transportation of hazardous materials,

changes in the hours-of-service regulations, which govern the amount of time a driver may drive in any specific period,

onboard black box recorder devices,

requirements leading to accelerated purchases of new trailers,

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mandatory limits on vehicle weight and size, and

mandatory regulations imposed by the Department of Homeland Security.

From time to time, various legislative proposals are introduced, including proposals to increase federal, state, or local taxes, including taxes on motor fuels, which may increase our costs or adversely impact the recruitment of drivers.

### ***Increased unionization could increase our operating costs or constrain operating flexibility.***

Although only approximately 4.4% of our driver workforce, including owner-operators and employees of affiliates, is currently subject to collective bargaining agreements, unions such as the International Brotherhood of Teamsters have traditionally been active in the U.S. trucking industry. Unionized workers could disrupt our operations by strike, work stoppage or other slowdown. In addition, our non-union workforce has been subject to unionization efforts in the past, and we could be subject to future unionization. Increased unionization of our workforce could result in higher compensation and working condition demands that could increase our operating costs or constrain our operating flexibility.

### ***Our operations involve hazardous materials, which could create environmental liabilities.***

Our activities, particularly those relating to our handling, transporting and storage of bulk chemicals, are subject to environmental, health and safety laws and regulation by governmental authorities in the United States as well as foreign governmental authorities. Among other things, those environmental laws address emissions to the air, discharges to land or water, the generation, handling, storage, transportation, treatment and disposal of waste materials, and the health and safety of our employees. These laws generally require us to obtain and maintain various licenses and permits. Most environmental laws provide for substantial fines and potential criminal sanctions for violations. Environmental laws and regulations are complex, change frequently and have tended to become stricter over time. Some of these laws and regulations are subject to varying and conflicting interpretations. There can be no assurance that violations of such laws or regulations will not be identified or occur in the future, or that such laws and regulations will not change in a manner that could impose material costs on us.

As a handler of hazardous substances, we are potentially subject to strict, joint and several liability for investigating and rectifying the consequences of spills and other environmental releases of these substances. We have incurred remedial costs and regulatory penalties for chemical or wastewater spills and releases at our facilities or over the road, and, notwithstanding the existence of our environmental management program and insurance applicable to these risks, we expect that additional similar obligations will be incurred in the future. As a result of environmental studies conducted at our facilities or at third party sites, we have identified environmental contamination at certain sites that will require remediation and we are currently conducting investigation and remediation projects at eight of our facilities. Future liabilities and costs under environmental, health, and safety laws are not easily predicted, and such liabilities could result in a material adverse effect on our financial condition, results of operations or business reputation.

In addition, we have been named a potentially responsible party at various sites under the Comprehensive Environmental Response Compensation and Liability Act of 1980 and other similar state statutes including the Lower Passaic River Study Area in New Jersey and at two Quanta Resources sites in New York. Our current reserves provided for these sites may prove insufficient, which would result in future charges against earnings. Further, we could be named a potentially responsible party at other sites in the future and the costs associated with such future sites could be material.

### ***Potential disruptions at U.S. ports of entry could adversely affect our business, financial condition and results of operations.***

Any disruption of the delivery of ISO tank containers to those ports where we do business would reduce the number of ISO tank containers that we transport, store, clean or maintain. This reduced activity may have a material adverse effect on our operations.

### ***If fuel prices increase significantly, our results of operations could be adversely affected.***

We are subject to risk with respect to purchases of fuel. Prices and availability of petroleum products are subject to political, economic and market factors that are generally outside our control. Political events in the Middle East, Venezuela, and elsewhere, as well as hurricanes and other weather-related events, also may cause the price of fuel to increase. Because our operations are dependent upon diesel fuel, significant increases in diesel fuel costs could materially and adversely affect our results of operations and financial condition if we are unable to pass increased costs on to customers through rate increases or fuel surcharges. Historically, we have recovered the majority of the increases in fuel prices from customers through fuel surcharges. Fuel surcharges that can be collected may not always fully offset the increase in the cost of diesel fuel. To the extent fuel surcharges are insufficient to offset our fuel costs, our results of operations may be adversely affected.

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*Our substantial leverage and restrictions contained in our debt agreements, including the ABL Facility and our indentures, could hamper our operations.*

At December 31, 2007, we had consolidated long-term indebtedness and capital lease obligations, including current maturities, of \$353.7 million. The amount of our indebtedness could have important consequences, including the following:

using a portion of our cash flow to pay interest on our indebtedness will reduce the availability of our cash flow to fund working capital, capital expenditures and other business activities,

it increases our vulnerability to adverse economic and industry conditions,

it limits our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate,

it limits our ability in making strategic acquisitions or exploiting business opportunities, and

it limits our operational flexibility, including our ability to borrow additional funds.

Our variable interest rate debt was \$219.1 million as of December 31, 2007. Therefore, increases in market rates of interest will increase our interest expense, which would decrease our earnings. A 1% increase in the interest rate for our variable debt would increase our annual interest expense by approximately \$2.2 million.

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### ***The loss of one or more significant customers may adversely affect our business.***

We are dependent upon a limited number of large customers. Our top ten customers accounted for approximately 34.1% of our total revenues during 2007. In particular, our largest customer, Dow Chemical Company, accounted for 8.3% of our total revenues during 2007. The loss of Dow Chemical Company or one or more of our other major customers, or a material reduction in services performed for such customers, may have a material adverse effect on our results of operations.

### ***Our business may be harmed by terrorist attacks, future war or anti-terrorism measures.***

In the aftermath of the terrorist attacks of September 11, 2001, federal, state and municipal authorities have implemented and are implementing various security measures, including checkpoints and travel restrictions on large trucks and fingerprinting of drivers in connection with new hazardous materials endorsements on their licenses. Such existing measures and future measures may have significant costs associated with them which a motor carrier is forced to bear. Moreover, large trucks carrying toxic chemicals are a potential terrorist target, and we will be obligated to take measures, including possible capital expenditures, to harden our trucks. In addition, the insurance premiums charged for some or all of the coverage currently maintained by us could continue to increase dramatically or such coverage could be unavailable in the future.

### ***Although we expect the Boasso acquisition to be beneficial, its expected benefits may not be realized, in the time frame anticipated or at all, because of integration or other challenges and we may become liable for liabilities of which we are currently unaware.***

Achieving the expected benefits of the Boasso acquisition will depend on the timely and efficient integration of Boasso's operations, business culture, technology and personnel with our Company. The integration may not be completed as quickly as expected, and if we fail to effectively integrate the companies or the integration takes longer than expected, we may not achieve the expected benefits of the acquisition. The challenges involved in this integration include, among others:

potential disruption on our ongoing business and distraction of management,

unexpected loss of key employees or customers of Boasso,

conforming Boasso's standards, processes, procedures and controls with our operations,

hiring additional management and other critical personnel, and

increasing the scope, geographic diversity and complexity of our operations.

We conducted a due diligence investigation of Boasso's operations prior to agreeing to acquire Boasso. However, we cannot assure you that our efforts were sufficient to uncover all material information concerning such operations. As a result, we may be held liable for risks and liabilities (including for environmental-related costs or liabilities) as a result of such acquisition which we are not aware of at the present time, some of which may not have been discoverable from our due diligence efforts.

Boasso's operations also depend upon a limited number of large customers. For its fiscal year ended March 31, 2007, four customers accounted for approximately 42% of their total revenues. Boasso's largest customer, Stolt-Nielsen S.A. accounted for approximately 19% of its total revenues. The loss of Stolt-Nielsen S.A. or one or more of Boasso's other major customers, or a material reduction in services performed for such customers, may have a material adverse effect on Boasso's results of operations.

Boasso's ability to successfully implement its business strategy and to operate profitably depends in large part on the continued employment of its management team. If members of management become unable or unwilling to continue in their present capacity, our business or financial results could be adversely affected.

### ***We depend on members of our senior management.***

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We believe that our ability to successfully implement our business strategy and to operate profitably depends in large part on the continued employment of our senior management team. If members of senior management become unable or unwilling to continue in their present positions, our business or financial results could be adversely affected.

### *Interests of Apollo may conflict with your interests.*

At March 1, 2008, Apollo owned or controlled approximately 54.7% of QDI's outstanding common stock and approximately 46.6% of its common stock on a fully diluted basis. As a result, Apollo can influence substantially all matters requiring shareholder approval, including the election of directors, the approval of significant corporate transactions, such as acquisitions, the ability to block an unsolicited tender offer and any other matter requiring a vote of shareholders. The interests of Apollo may conflict with your interests. For example, if we encounter financial difficulties, or are unable to pay our debts as they mature, Apollo may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though these transactions might involve risk to our shareholders or debt holders. Similarly, if our financial performance and creditworthiness significantly improve in the future, Apollo may have an interest in pursuing reorganizations, restructurings, or other transactions that could increase our leverage or impair our creditworthiness or otherwise, in their judgment, enhance Apollo's equity investment in QDI, even though these transactions might involve risk to our debtholders.

### *We may be unable to identify or realize the intended benefits of potential acquisition candidates.*

As part of our business strategy, we will evaluate potential acquisitions, some of which could be material, and engage in discussions with acquisition candidates. We cannot assure you that suitable acquisition candidates will be identified and acquired in the future, that the financing of any such acquisition will be available on satisfactory terms, that we will be able to complete any such acquisition or that we will be able to accomplish our strategic objectives as a result of any such acquisition. Nor can we assure you that our acquisition strategies will be successfully received by customers or achieve their intended benefits. Often acquisitions are undertaken to improve operating results of either or both of the acquirer or the acquired company, and we cannot assure you that we will be successful in this regard. The same risks exist when an acquired company was previously one of our operating affiliates. We will encounter various risks in acquiring other companies, including the possible inability to integrate an acquired business into our operations, diversion of management's attention and unanticipated problems or liabilities, some or all of which could materially and adversely affect our business, financial condition or results of operations.



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**CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS**

This prospectus contains forward-looking statements within the meaning of the Exchange Act. All statements included in this prospectus other than statements of historical fact, that address activities, events or developments that we or our management expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements represent our reasonable judgment on the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors that could cause our actual results and financial position to differ materially. We claim the protection of the safe harbor for forward-looking statements provided in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act. Examples of forward-looking statements include: (i) projections of revenue, earnings, capital structure and other financial items, (ii) statements of our plans and objectives, (iii) statements of expected future economic performance, and (iv) assumptions underlying statements regarding us or our business. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as believes, expects, estimates, may, will, should, could, seeks, plans, intends, anticipates or scheduled to or the negatives of those terms, or other terms or comparable language, or by discussions of strategy or other intentions.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. Important factors that could cause our actual results to be materially different from the forward-looking statements include the following risks and other factors discussed under Risk Factors beginning on page 1. These factors include:

general economic conditions,

the availability of diesel fuel,

adverse weather conditions,

competitive rate fluctuations,

our substantial leverage and restrictions contained in our debt arrangements and interest rate fluctuations in our floating rate indebtedness,

the cyclical nature of the transportation industry due to various economic factors such as excess capacity in the industry, the availability of qualified drivers, changes in fuel and insurance prices and interest rate fluctuations,

changes in demand for our services due to the cyclical nature of our customers' businesses and shipping requirements,

potential disruption at U.S. ports of entry could adversely affect our business, financial condition and results of operations,

our dependence on affiliates and owner-operators and our ability to attract and retain owner-operators, affiliates and company drivers,

changes in the future, or our inability to comply with, governmental regulations and legislative changes affecting the transportation industry,

our material exposure to both historical and changing environmental regulations and the increasing costs relating to environmental compliance,

our liability as a self-insurer to the extent of our deductibles, as well as our ability or inability to reduce our claims exposure through insurance due to changing conditions and pricing in the insurance marketplace,

the cost of complying with existing and future anti-terrorism security measures enacted by federal, state and municipal authorities,

the potential loss of our ability to use net operating losses to offset future income due to a change of control,

increased unionization, which could increase our operating costs or constrain operating flexibility,

our ability to successfully integrate acquired businesses and converted affiliates, and

interests of Apollo, our largest shareholder, which may conflict with your interests.

In addition, there may be other factors that could cause our actual results and financial condition to be materially different from the results referenced in the forward-looking statements. For example, the cost estimates and expected cost savings for our recent reduction in workforce were determined based upon the operating information and upon certain assumptions that we believe to be reasonable. The estimates are subject to a number of assumptions, including assumptions regarding the number of employees accepting severance arrangements, which depend upon the actions of persons other than us or other factors beyond our control.

All forward-looking statements contained in this prospectus are qualified in their entirety by this cautionary statement. Forward-looking statements speak only as of the date they are made, and we do not intend to update or otherwise revise the forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

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**THE EXCHANGE OFFER**

**Purpose and Effect of the Exchange Offer**

We hereby offer to exchange a like principal amount of Exchange Series B Notes for any and all Old Series B Notes on the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal. You may tender some or all of your Old Series B Notes pursuant to the exchange offer. As of the date of this prospectus, \$50 million of Old Series B Notes are outstanding. This prospectus, together with the letter of transmittal is first being sent to holders of the Old Series B Notes on or about May 2, 2008. Our obligation to accept the Old Series B Notes for exchange pursuant to the exchange offer is subject to certain conditions described in Certain Conditions to the Exchange Offer. We currently expect that the conditions will be met and that no waivers will be necessary. We have entered into a registration rights agreement with the initial purchaser of the Old Series B Notes in which we agreed to file a registration statement relating to an offer to exchange the Old Series B Notes for Exchange Series B Notes within 120 days of the issuance of the Old Series B Notes. The registration statement, of which this prospectus forms a part, was filed pursuant to this obligation. We also agreed to use our commercially reasonable efforts to cause the registration statement to be declared effective within 180 days following the issuance of the Old Series B Notes and to use our best efforts to consummate the exchange offer within 40 days following the effective date of the registration statement. The Exchange Series B Notes will have terms substantially identical to the Old Series B Notes except that the Exchange Series B Notes will not contain terms with respect to transfer restrictions, registration rights and additional interest payable for the failure to have the registration statement of which this prospectus forms a part declared effective by June 13, 2008 or the exchange offer consummated by July 25, 2008. The Old Series B Notes were issued on December 18, 2007.

Under the circumstances set forth below, we will be obligated under the registration rights agreement to use our commercially reasonable efforts to cause the SEC to declare effective a shelf registration statement for the resale of the Old Series B Notes and to keep the shelf registration statement effective until the earlier of (a) the date on which all outstanding Old Series B Notes held by persons that are not our affiliates may be resold without registration under the Securities Act pursuant to Rule 144 without being subject to volume restrictions or public information requirements, and (b) such time as all of the Old Series B Notes have been sold thereunder. These circumstances include:

because of any change in current law or applicable interpretations of the staff of the SEC, we are not permitted to effect the exchange offer;

the exchange offer is not consummated within 220 days after the closing date of the offering of the Old Series B Notes; or

any holder of Old Series B Notes who is not able to participate in the exchange offer so requests in writing on or before the 60th day after the consummation of the exchange offer.

Each holder of Old Series B Notes that wishes to exchange Old Series B Notes for transferable Exchange Series B Notes in the exchange offer will be required to make the following representations to us in writing:

that any Exchange Series B Notes to be received by it will be acquired in the ordinary course of its business;

that at the time of the commencement of the exchange offer it had no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of Exchange Series B Notes in violation of the Securities Act;

that it is not an affiliate, as defined in Rule 405 under the Securities Act, of ours, or if it is an affiliate of ours, that it will comply with the applicable registration and prospectus delivery requirements of the Securities Act;

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if such holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of Exchange Series B Notes; and

if such holder is a broker-dealer, that it will receive Exchange Series B Notes for its own account in exchange for Old Series B Notes that were acquired as a result of market-making or other trading activities and that it will deliver a prospectus in connection with any resale of the Exchange Series B Notes.

### **Resale of Exchange Series B Notes**

Based on interpretations of the SEC staff set forth in no-action letters issued to unrelated third parties, we believe that Exchange Series B Notes issued under the exchange offer in exchange for Old Series B Notes may be offered for resale, resold and otherwise transferred by a holder of such Exchange Series B Notes without compliance with the registration and prospectus delivery requirements of the Securities Act, if:

such holder is not an affiliate of ours within the meaning of Rule 405 under the Securities Act;

such Exchange Series B Notes are acquired in the ordinary course of the holder's business; and

the holder does not intend to participate in the distribution of such Exchange Series B Notes.

Any holder who tenders Old Series B Notes in the exchange offer with the intention of participating in any manner in a distribution of the Exchange Series B Notes:

cannot rely on the position of the staff of the SEC set forth in *Exxon Capital Holdings Corp.*, SEC no-action letter (April 13, 1988), *Morgan Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (July 2, 1983) or similar no action letters; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

This prospectus may be used for an offer to resell, for the resale or for other retransfer of Exchange Series B Notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the Old Series B Notes as a result of market-making

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activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives Exchange Series B Notes for its own account in exchange for Old Series B Notes, where such Old Series B Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the Exchange Series B Notes. Please read Plan of Distribution for more details regarding these procedures for the transfer of Exchange Series B Notes.

### **Terms of the Exchange Offer**

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any Old Series B Notes properly tendered and not withdrawn prior to the expiration date of the exchange offer. We will issue a like principal amount of Exchange Series B Notes in exchange for the principal amount of Old Series B Notes surrendered under the exchange offer.

The form and terms of the Exchange Series B Notes will be substantially identical to the form and terms of the Old Series B Notes except the Exchange Series B Notes will be registered under the Securities Act, will not bear legends restricting their transfer and will not provide for any additional interest upon our failure to fulfill our obligations under the registration rights agreement to file, and cause to be effective, a registration statement. The Exchange Series B Notes will evidence the same debt as the Old Series B Notes. The Exchange Series B Notes will be issued under and entitled to the benefits of the same indenture that authorized the issuance of the Old Series B Notes. Consequently, both series will be treated as a single class of debt securities under that indenture.

This exchange offer is not conditioned upon any minimum aggregate principal amount of Old Series B Notes being tendered for exchange.

As of the date of this prospectus, \$50,000,000 aggregate principal amount at maturity of the Old Series B Notes are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of Old Series B Notes. There will be no fixed record date for determining registered holders of Old Series B Notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC. Old Series B Notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits such holders have under the indenture relating to the Old Series B Notes.

We will be deemed to have accepted for exchange properly tendered Old Series B Notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the Exchange Series B Notes from us and delivering Exchange Series B Notes to such holders. Subject to the terms of the registration rights agreement, we expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any Old Series B Notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under the caption Certain Conditions to the Exchange Offer.

Holders who tender Old Series B Notes in the exchange offer will not be required to pay brokerage commissions or fees, or, except for those described below, transfer taxes with respect to the exchange of Old Series B Notes. We will pay all charges and expenses, other than those transfer taxes described below, in connection with the exchange offer. It is important that you read the section labeled Fees and Expenses below for more details regarding fees and expenses incurred in the exchange offer.

### **Expiration Date; Extensions; Amendments**

This exchange offer will expire at 5:00 p.m., New York City time on June 2, 2008, unless in our sole discretion, we extend it.

In order to extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify in writing or by public announcement the registered holders of Old Series B Notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

to delay accepting for exchange any Old Series B Notes;

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to extend the exchange offer or to terminate the exchange offer and to refuse to accept Old Series B Notes not previously accepted if any of the conditions set forth below under **Certain Conditions to the Exchange Offer** have not been satisfied, by giving oral or written notice of such deal, extension or termination to the exchange agent; or

subject to the terms of the registration rights agreement, to amend the terms of the exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice or public announcement thereof to the registered holders of Old Series B Notes. If we amend the exchange offer in a manner that we determine to constitute a material change, including the waiver of a material condition, we will promptly disclose such amendment in a manner reasonably calculated to inform the holders of Old Series B Notes of such amendment and will extend the exchange offer to the extent required by law, if necessary. Generally we must keep the exchange offer open for at least five business days after a material change. Pursuant to Rule 14e-1(b) under the Exchange Act, if we increase or decrease the percentage of Old Series B Notes being sought, we will extend the exchange offer for at least ten business days from the date that notice of such increase or decrease is first published, sent or given by us to holders of the Old Series B Notes. We currently do not intend to decrease the percentage of Old Series B Notes being sought.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we shall have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by issuing a timely press release to a financial news service.

### **Certain Conditions to the Exchange Offer**

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange any Exchange Series B Notes for, any Old Series B Notes, and we may terminate the exchange offer as provided in this prospectus before accepting any Old Series B Notes for exchange if in our reasonable judgment:

the Exchange Series B Notes to be received will not be tradable by the holder without restriction under the Securities Act or the Exchange Act and without material restrictions under the blue sky or securities laws of substantially all of the states of the United States;

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the exchange offer, or the making of any exchange by a holder of Old Series B Notes, would violate applicable law or any applicable interpretation of the staff of the SEC; or

any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer.

In addition, we will not be obligated to accept for exchange the Old Series B Notes of any holder that prior to the expiration of the exchange offer has not made:

the representations described under Purpose and Effect of the Exchange Offer, Procedures for Tendering and Plan of Distribution, and

such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the Exchange Series B Notes under the Securities Act.

We expressly reserve the right, at any time or at various times on or prior to the scheduled expiration date of the exchange offer, to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any Old Series B Notes by giving oral or written notice of such extension to the registered holders of the Old Series B Notes in accordance with the notice procedures described in the following paragraph. During any such extensions, all Old Series B Notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange unless they have been previously withdrawn. We will return any Old Series B Notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer on or prior to the scheduled expiration date of the exchange offer, and to reject for exchange any Old Series B Notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified above. We will give oral or written notice or public announcement of any extension, amendment, non-acceptance or termination to the registered holders of the Old Series B Notes as promptly as practicable. In the case of any extension, such notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

These conditions are for our sole benefit and we may, in our sole discretion, assert them regardless of the circumstances that may give rise to them or waive them in whole or in part at any time or at various times except that all conditions to the exchange offer, other than those described in the first sentence of this section, must be satisfied or waived by us prior to the expiration of the exchange offer. If we fail to exercise any of the foregoing rights, that failure in itself will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times except that all conditions to the exchange offer, other than those described in the first sentence of this section, must be satisfied or waived by us prior to the expiration of the exchange offer.

In addition, we will not accept for exchange any Old Series B Notes tendered, and will not issue Exchange Series B Notes in exchange for any such Old Series B Notes, if at such time any stop order will be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939.

**Procedures for Tendering**

Only a holder of Old Series B Notes may tender such Old Series B Notes in the exchange offer. To tender in the exchange offer, a holder must:

complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and mail or deliver such letter of transmittal or facsimile to the exchange agent prior to the expiration date; or

comply with DTC's Automated Tender Offer Program procedures described below.

In addition, either:

the exchange agent must receive Old Series B Notes along with the letter of transmittal; or

the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of such Old Series B Notes into the exchange agent's account at DTC according to the procedures for book-entry transfer described below or a properly transmitted agent's message; or

the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under "Exchange Agent" prior to the expiration date.

The tender by a holder that is not withdrawn prior to the expiration date will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

The method of delivery of Old Series B Notes, the letter of transmittal and all other required documents to the exchange agent is at the holder's election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before the expiration date. Holders should not send us the letter of transmittal or Old Series B Notes. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.



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Any beneficial owner whose Old Series B Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owners' behalf. If such beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its Old Series B Notes, either:

make appropriate arrangements to register ownership of the Old Series B Notes in such owner's name; or

obtain a properly completed bond power from the registered holder of Old Series B Notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

Signatures on a letter of transmittal or a notice of withdrawal described below must be guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc., a commercial bank or trust company having an office or correspondent in the United States or another eligible institution within the meaning of Rule 17Ad-15 under the Exchange Act, unless the Old Series B Notes tendered pursuant thereto are tendered:

by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or

for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder of any Old Series B Notes listed on the Old Series B Notes, such Old Series B Notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the Old Series B Notes and an eligible institution must guarantee the signature on the bond power.

If the letter of transmittal or any Old Series B Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC's system may use DTC's Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the Old Series B Notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent's message to the exchange agent. The term "agent's message" means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, to the effect that:

DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that is tendering Old Series B Notes that are the subject of such book-entry confirmation;

such participant has received and agrees to be bound by the terms of the letter of transmittal (or, in the case of an agent's message relating to guaranteed delivery, that such participant has received and agrees to be bound by the applicable notice of guaranteed delivery); and

the agreement may be enforced against such participant.

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We will determine in our sole discretion all questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered Old Series B Notes and withdrawal of tendered Old Series B Notes. Our determination will be final and binding. We reserve the absolute right to reject any Old Series B Notes not properly tendered or any Old Series B Notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular Old Series B Notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Series B Notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Old Series B Notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of Old Series B Notes will not be deemed made until such defects or irregularities have been cured or waived. Any Old Series B Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, promptly following the expiration date.

In all cases, we will issue Exchange Series B Notes for Old Series B Notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

Old Series B Notes or a timely book-entry confirmation of such Old Series B Notes into the exchange agent's account at DTC; and

a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent's message.

By signing the letter of transmittal, each tendering holder of Old Series B Notes will represent that, among other things:

any Exchange Series B Notes that the holder receives will be acquired in the ordinary course of its business;

the holder has no arrangement or understanding with any person or entity to participate in the distribution of the Exchange Series B Notes;

if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the Exchange Series B Notes;

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if the holder is a broker-dealer that will receive Exchange Series B Notes for its own account in exchange for Old Series B Notes that were acquired as a result of market-making or other trading activities, that it will deliver a prospectus, as required by law, in connection with any resale of such Exchange Series B Notes; and

the holder is not our affiliate, as defined in Rule 405 of the Securities Act.

### **Book-Entry Transfer**

The exchange agent will make a request to establish an account with respect to the Old Series B Notes at DTC for purposes of the exchange offer promptly after the date of this prospectus; and any participant in DTC's system may make book-entry delivery of Old Series B Notes by causing DTC to transfer such Old Series B Notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. Holders of Old Series B Notes who are unable to deliver confirmation of the book-entry tender of their Old Series B Notes into the exchange agent's account at DTC or all other documents of transmittal to the exchange agent on or prior to the expiration date must tender their Old Series B Notes according to the guaranteed delivery procedures described below.

### **Guaranteed Delivery Procedures**

Holders wishing to tender their Old Series B Notes but whose Old Series B Notes are not immediately available or who cannot deliver their Old Series B Notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC's Automated Tender Offer Program prior to the expiration date of the exchange offer may tender if:

the tender is made through an eligible institution;

prior to the expiration date, the exchange agent receives from such eligible institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery or a properly transmitted agent's message and notice of guaranteed delivery:

setting forth the name and address of the holder, the registered number(s) of such Old Series B Notes and the principal amount of Old Series B Notes tendered;

stating that the tender is being made thereby; and

guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile thereof together with the Old Series B Notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

the exchange agent receives such properly completed and executed letter of transmittal or facsimile thereof, as well as all tendered Old Series B Notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their Old Series B Notes according to the guaranteed delivery procedures set forth above.

### **Withdrawal of Tenders**

Except as otherwise provided in this prospectus, holders of Old Series B Notes may withdraw their tenders at any time prior to the expiration date.

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For a withdrawal to be effective:

the exchange agent must receive a written notice, which notice may be by telegram, telex, facsimile transmission or letter of withdrawal at one of the addresses set forth below under Exchange Agent, or

holders must comply with the appropriate procedures of DTC's Automated Tender Offer Program system. Any such notice of withdrawal must:

specify the name of the person who tendered the Old Series B Notes to be withdrawn;

identify the Old Series B Notes to be withdrawn, including the principal amount of such Old Series B Notes; and

where certificates for Old Series B Notes have been transmitted, specify the name in which such Old Series B Notes were registered, if different from that of the withdrawing holder.

If certificates for Old Series B Notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit:

the serial numbers of the particular certificates to be withdrawn; and

a signed notice of withdrawal with signatures guaranteed by an eligible institution unless such holder is an eligible institution. If Old Series B Notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Old Series B Notes and otherwise comply with the procedures of such facility. We will determine all questions as to the validity, form and eligibility, including time of receipt, of such notices, and our determination shall be final and binding on all parties. We will deem any Old Series B Notes so withdrawn not to have validity tendered for exchange for purposes of the exchange offer. Any Old Series B Notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder without cost to the holder (or, in the case of Old Series B Notes tendered by book-entry transfer into the exchange agent's account at DTC according to the procedures described above, such Old Series B Notes will be credited to an account maintained with DTC for Old Series B Notes) as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer.

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Properly withdrawn Old Series B Notes may be retendered by following one of the procedures described under Procedures for Tendering above at any time on or prior to the expiration date.

**Exchange Agent**

The Bank of New York Trust Company, N.A. has been appointed as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent addressed as follows:

**For Delivery by Hand, Overnight Delivery,**

**Registered or Certified Mail:**

The Bank of New York Trust Company, N.A.  
 Corporate Trust Operations  
 Reorganization Unit  
 101 Barclay Street 7E  
 New York, New York 10286

**By Facsimile Transmission**

(for eligible institutions only):

(212) 298-1915

Corporate Trust Operations  
 Reorganization Unit

**To Confirm by Telephone**

**or for Information Call:**

(212) 815-2742

Corporate Trust Operations  
 Reorganization Unit

Delivery of the letter of transmittal to an address other than as set forth above or transmission via facsimile other than as set forth above does not constitute a valid delivery of such letter of transmittal.

**Fees and Expenses**

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitations by telegraph, telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

Our expenses in connection with the exchange offer include:

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SEC registration fees;

fees and expenses of the exchange agent and trustee;

accounting and legal fees and printing costs; and

related fees and expenses.

### **Transfer Taxes**

We will pay all transfer taxes, if any, applicable to the exchange of Old Series B Notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

certificates representing Old Series B Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of Old Series B Notes tendered;

tendered Old Series B Notes are registered in the name of any person other than the person signing the letter of transmittal; or

a transfer tax is imposed for any reason other than the exchange of the Old Series B Notes under the exchange offer.

If satisfactory evidence of payment of such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed to that tendering holder.

Holders who instruct us to register Exchange Series B Notes in the name of, or request that Old Series B Notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be required to pay any applicable transfer tax.

### **Consequences of Failure to Exchange**

Holders of Old Series B Notes who do not exchange their Old Series B Notes for Exchange Series B Notes under the exchange offer will remain subject to the restrictions on transfer of such Old Series B Notes:

as set forth in the legend printed on the Old Series B Notes as a consequence of the issuance of the Old Series B Notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws; and

otherwise as set forth in the offering memorandum and consent solicitation statement distributed in connection with the offering of the Old Series B Notes.

In general, you may not offer or sell the Old Series B Notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we

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do not intend to register resales of the Old Series B Notes under the Securities Act. Based on interpretations of the SEC staff, Exchange Series B Notes issued pursuant to the exchange offer may be offered for resale, resold or otherwise transferred by their holders, other than any such holder that is our affiliate within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the holders acquired the Exchange Series B Notes in the ordinary course of the holders business and the holders have no arrangement or understanding with respect to the distribution of the Exchange Series B Notes to be acquired in the exchange offer. Any holder who tenders in the exchange offer for the purpose of participating in a distribution of the Exchange Series B Notes:

could not rely on the applicable interpretations of the SEC; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

### **Accounting Treatment**

We will record the Exchange Series B Notes in our accounting records at the same carrying value as the Old Series B Notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer. We will capitalize the expenses of the exchange offer as deferred financing costs and expense these costs over the life of the Exchange Series B Notes.

### **Other**

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered Old Series B Notes in the open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any Old Series B Notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered Old Series B Notes.

**Table of Contents****USE OF PROCEEDS**

The exchange offer is intended to satisfy our obligations under the registration rights agreement we entered into in connection with the offering of the Old Series B Notes. We will not receive any cash proceeds from the issuance of the Exchange Series B Notes. In consideration for issuing the Exchange Series B Notes as contemplated in this prospectus, we will receive in exchange Old Series B Notes in like principal amount, which will be canceled and as such will not result in any increase in our indebtedness. The net proceeds from the Old Series B Notes offering were used to repay a portion of the term loan under our previous credit facility in connection with the financing of the Boasso acquisition and our entry into the ABL Facility.

**CAPITALIZATION**

The following table sets forth the consolidated cash and cash equivalents and capitalization of QDI as of December 31, 2007. The completion of the Exchange Offer will not change the amount of debt outstanding or otherwise affect capitalization. This table should be read in conjunction with our consolidated financial statements, including the notes thereto, Selected Historical Financial Information, and Management's Discussion and Analysis of Financial Condition and Results of Operations and Description of the ABL Facility and Other Indebtedness included elsewhere in this prospectus.

	As of December 31, 2007 (dollars in thousands)
Cash and cash equivalents	\$ 9,711
Debt:	
The ABL Facility	84,130
Series A Notes (1)	85,000
Series B Notes (2)	50,000
9% Notes	125,000
Capital lease obligations	5,283
Boasso Note	2,500
Other Notes	1,805
Total debt (including current maturities)	353,718
Total shareholders' equity	27,300
Total capitalization	\$ 381,018

(1) Excludes discount of \$982.

(2) Excludes discount of \$3,465.



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**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

The unaudited pro forma combined statement of operations for the year ended December 31, 2007 shows the effect of the acquisition by QD LLC of all of the outstanding capital stock of Boasso on December 18, 2007. The pro forma purchase price, excluding transaction fees and costs, was \$58.8 million in cash, less \$3.6 million in liabilities assumed as part of the transaction, and a \$2.5 million promissory note issued in favor of Walter J. Boasso, the principal stockholder of Boasso. The pro forma purchase price does not include the \$1.3 million refund to us in April 2008, pursuant to a working capital adjustment in the stock purchase agreement.

The unaudited pro forma combined statement of operations for year ended December 31, 2007 gives effect to the acquisition of Boasso as if it had occurred on January 1, 2007. The unaudited pro forma combined statement of operations for the year ended December 31, 2007, has been prepared by combining the historical consolidated statement of operations of QDI for the year ended December 31, 2007 with Boasso's unaudited historical statement of income for the eleven and a half months ended December 17, 2007. Boasso's results for the period from December 18-31, 2007 are included in QDI's historical statement of operations for the year ended December 31, 2007. Appropriate pro forma adjustments have been applied to the historical accounts.

The acquisition of Boasso is accounted for under the purchase method of accounting with the assets acquired and liabilities assumed recorded at their estimated fair values. Goodwill is generated to the extent that the consideration, including transaction and closing costs, exceeds the fair value of net assets acquired. The following unaudited pro forma combined statement of operations should be read in conjunction with QDI's historical consolidated statements of operations, including related notes thereto, which are included elsewhere in this prospectus.

The unaudited pro forma combined financial information is presented for informational purposes only and it is not necessarily indicative of the financial position and results of operations that would have been achieved had the acquisition been completed as of the dates indicated and is not necessarily indicative of our future financial position or results of operations.

**Table of Contents****UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2007****(In 000 s, Except Per Share Amounts)**

	Historical QDI	Historical Boasso <sup>(1)</sup>	Pro Forma Adjustments	Pro Forma Combined
<b>OPERATING REVENUES:</b>				
Transportation	\$ 580,676	\$	\$	\$ 580,676
Other service revenue	76,221	64,169		140,390
Fuel surcharge	94,661	5,882		100,543
	<b>751,558</b>	<b>70,051</b>		<b>821,609</b>
<b>OPERATING EXPENSES:</b>				
Purchased transportation	471,531	20,973		492,504
Compensation	85,820	18,157	(240)(2)	103,737
Fuel, supplies and maintenance	81,316	17,893		99,209
Depreciation and amortization	17,544	1,314	1,323(3)(4)	20,181
Selling and administrative	31,291	4,028		35,319
Insurance claims	23,883	2,294		26,177
Taxes and licenses	3,980	567		4,547
Communication and utilities	11,381	837		12,218
Loss on disposal of property and equipment	601	112		713
Impairment on property and equipment	358			358
Total operating expenses	727,705	66,175	1,083	794,963
<b>Operating Income</b>	<b>23,853</b>	<b>3,876</b>	<b>(1,083)</b>	<b>26,646</b>
Interest expense	31,342	188	6,068(5)	37,598
Interest income	(818)			(818)
Write-off of debt issuance costs	2,031			2,031
Other expense	940			940
<b>Income (loss) before income taxes</b>	<b>(9,642)</b>	<b>3,688</b>	<b>(7,151)</b>	<b>(13,105)</b>
(Benefit from) provision for income taxes	(2,079)	1,575	(1,771)(6)	(2,275)
<b>NET INCOME (LOSS)</b>	<b>\$ (7,563)</b>	<b>\$ 2,113</b>	<b>\$ (5,380)</b>	<b>\$ (10,830)</b>
<b>PER SHARE DATA:</b>				
<b>Net Loss per common share</b>				
Basic	\$ (0.39)			\$ (0.56)
Diluted	\$ (0.39)			\$ (0.56)
<b>Weighted average number of shares</b>				
Basic	19,336			19,336
Diluted	19,336			19,336

The accompanying notes are an integral part of the unaudited pro forma combined statement of operations

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**NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

**(In 000 s)**

- (1) Reflects Boasso's statement of income for the eleven and a half months ended December 17, 2007, which includes \$1,100 for the settlement of two lawsuits, and \$2,000 for employee bonuses included in insurance claims and compensation expenses, respectively. The magnitude of these expenses is not expected to recur.
- (2) Reflects a decrease in compensation expense to a former owner of Boasso based upon the contractual arrangement entered into in connection with the acquisition.
- (3) Reflects an increase in depreciation expense of \$296 due to an increase in the fair value of Boasso's depreciable property and equipment over their historical cost basis.
- (4) Reflects an increase to amortization expense of \$1,027 related to the amortization of the fair value of the identifiable intangible assets of Boasso resulting from the purchase price allocation. These intangible assets are being amortized over their estimated remaining useful lives.
- (5) Reflects an increase in interest expense of \$6,068 related to the issuance of \$50,000 Series B Notes, borrowings of \$79,411 under the ABL Facility, repayments of \$64,400 in existing term loans, and the issuance of the Boasso Note. The Series B Notes carry an interest rate equal to LIBOR plus 4.5% and mature January 15, 2012. Under the ABL Facility, we can borrow at an interest rate equal to an applicable margin plus either a base rate or LIBOR. The initial applicable margin for borrowings under the current asset tranche was 1.00% with respect to base rate borrowings and 2.00% with respect to LIBOR borrowings. The ABL Facility was entered into by us on December 2007 and matures in June 2013. The Boasso Note has a term of two years, but the holder has the right to require that it be paid in full on the first anniversary of the acquisition or convert the note into shares of common stock of QDI. See Description of the ABL Facility and Other Indebtedness. For pro forma purposes, the Boasso Note is not treated as a common stock equivalent. The pro forma interest rates for each of the Series B Notes, the ABL Facility and the Boasso Note were 9.77%, 7.27% and 7.00%, respectively. The increase in interest expense of \$6,068 consists of \$168 for the Boasso Note, \$7,702 for the ABL Facility (including amortization of debt issuance costs related to the ABL Facility), and \$5,958 on the Series B Notes (including amortization of the original issue discount and other fees) less \$5,229 in interest on the previous term loan and \$2,531 related to our previous revolving credit facility.
- (6) Reflects the adjustment to the provision for income taxes by applying a blended effective tax rate of approximately 24.8% to the pro forma adjustments identified in Notes 1 through 5 above.

**Table of Contents****SELECTED HISTORICAL FINANCIAL INFORMATION**

The selected historical consolidated financial information set forth below is qualified in its entirety by reference to, and should be read in conjunction with, QDI's consolidated financial statements and notes thereto included elsewhere in this prospectus and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations.

The consolidated statements of operations data set forth below for the fiscal years ended December 31, 2007, 2006 and 2005 and the historical balance sheet data as of December 31, 2007 and 2006 are derived from QDI's audited financial statements included elsewhere in this prospectus. The historical statements of operations data for the fiscal years ended December 31, 2004 and 2003 and the historical balance sheet data as of December 31, 2005, 2004 and 2003 are derived from QDI's audited financial statements that are not included in this prospectus.

In 2007, QDI changed its accounting policy for tires. The change was retroactively applied to prior period financial statements. Refer to Note 3 to the consolidated financial statements for the impact of the change for years 2005 through 2007. The impact to operating income and net loss were an increase of \$0.2 million and decrease of \$0.9 million for 2004 and 2003, respectively.

	2007	2006 (As adjusted)	2005 (As adjusted)	2004 (As adjusted)	2003 (As adjusted)
<b>Statements of Operations Data</b>					
Operating revenues	\$ 751,558	\$ 730,159	\$ 678,076	\$ 622,015	\$ 565,440
Operating expenses:					
Purchased transportation	471,531	493,686	471,238	420,565	360,303
Depreciation and amortization	17,544	16,353	17,278	23,266	29,671
Other operating expenses	238,630	171,842	149,741	162,936	