

QUALITY DISTRIBUTION INC  
Form DEF 14A  
April 26, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**QUALITY DISTRIBUTION, INC.**

(Name of Registrant as Specified in its Charter)

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

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4041 Park Oaks Boulevard, Suite 200

Tampa, Florida 33610

April 26, 2013

Dear Fellow Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Quality Distribution, Inc., which will be held on Thursday, May 30, 2013, beginning at 10:00 a.m., Eastern Time. The meeting will be held at the Hilton Garden Inn located at 10309 Highland Manor Drive, Tampa, Florida, 33610. The purpose of the meeting is to consider and vote upon the proposals explained in the accompanying notice of annual meeting of shareholders and the proxy statement.

A formal notice describing the business to come before the meeting, a proxy statement and a proxy card are enclosed. We have also enclosed our 2012 Annual Report on Form 10-K for your review, which contains detailed information concerning our financial performance and activities during 2012.

It is important that your shares be represented at the annual meeting. Whether or not you plan to attend the annual meeting in person, please vote your shares by completing, signing and dating the enclosed proxy card, and returning it in the enclosed, postage-paid envelope. If you later decide to attend the annual meeting and vote in person, or if you wish to revoke your proxy for any reason before the vote at the annual meeting, you may do so and your proxy will have no further effect.

Sincerely,

Gary R. Enzor

Chief Executive Officer

Enclosures

4041 Park Oaks Boulevard, Suite 200

Tampa, Florida 33610

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**MAY 30, 2013**

The annual meeting of shareholders of Quality Distribution, Inc. (the *Company*) will be held on Thursday, May 30, 2013, at 10:00 a.m., Eastern Time at the Hilton Garden Inn, located at 10309 Highland Manor Drive, Tampa, Florida 33610 for the following purposes:

- (1) to elect seven directors;
- (2) to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered certified public accounting firm for 2013;
- (3) to cast an advisory vote to approve the compensation of the Company's named executive officers; and
- (4) to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Shareholders of record at the close of business on April 12, 2013, are entitled to notice of the meeting and are entitled to vote at the meeting in person or by proxy. Only shareholders or their proxy holders are invited to attend the meeting.

By Order of the Board of Directors

John T. Wilson

Corporate Secretary

Tampa, Florida

April 26, 2013

**IMPORTANT**

Whether or not you expect to attend the meeting in person, we urge you to complete, sign, date and return the enclosed proxy card at your earliest convenience. This will ensure that your vote will be counted at the meeting. **Promptly completing, signing, dating and returning the proxy card will save the Company the expense and effort of additional solicitation.** An addressed envelope, for which no postage is required if mailed in the United States, is enclosed for the purpose of returning your proxy card. Sending in your proxy card will not prevent you from voting your shares at the meeting if you desire to do so, as your proxy is revocable at your option. Street name shareholders who wish to vote in

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person will need to obtain a proxy from the person in whose name their shares are registered.

4041 Park Oaks Boulevard, Suite 200

Tampa, Florida 33610

**PROXY STATEMENT FOR 2013 ANNUAL MEETING OF SHAREHOLDERS**

You have received this proxy statement and the accompanying notice of annual meeting and proxy card as an owner of the common stock, no par value, of Quality Distribution, Inc., in connection with the solicitation of proxies by the Board of Directors (the *Board*) for use at Quality Distribution's 2013 annual meeting of shareholders.

Unless the context requires otherwise, references in this proxy statement to *Quality Distribution*, *QDI*, the *Company*, *we*, *us*, or *our* refer to Quality Distribution, Inc. and its consolidated subsidiaries.

Your vote is very important. For this reason, the Board is requesting that you allow your common stock to be represented at the 2013 annual meeting of shareholders by the proxies named on the enclosed proxy card. We are first mailing this proxy statement and the proxy card on or about April 30, 2013.

**INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**Time and Place**

May 30, 2013

10:00 a.m. Eastern Time

Hilton Garden Inn

10309 Highland Manor Drive

Tampa, Florida 33610

**Items to be Voted Upon**

You will be voting on the following matters:

- (1) the election of seven directors;
- (2) the ratification of the appointment of the Company's independent registered certified public accounting firm;
- (3) the approval, on an advisory basis, of the compensation of the Company's named executive officers; and
- (4) such other business as is properly brought before the meeting and at any adjournment or postponement of the meeting.

**Who May Vote**

You are entitled to vote your shares of common stock if our records show that you held your shares as of the close of business on the record date, April 12, 2013. Each shareholder is entitled to one vote for each share of common stock held on that date, at which time we had 27,006,135 shares of common stock outstanding and entitled to vote. Common stock is our only issued and outstanding class of stock.

**How to Vote**

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You may vote in person at the meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You can always change your vote at the meeting. If you hold shares in street name (that is, through a bank, broker or other nominee) and would like to attend the annual meeting, you will need to bring an account statement or other acceptable evidence of ownership of our common stock as of the close of business on April 12, 2013, the record date for voting. In order to vote in person at the annual meeting, you must contact the person in whose name your shares are registered and obtain a proxy from that person and bring it to the annual meeting.

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### Voting Shares in Fiduciary Account

If you hold your shares in street name and thus received this proxy statement from your broker or other fiduciary, your broker or fiduciary should have given you instructions for directing how that person or entity should vote your shares. It will then be your broker or fiduciary's responsibility to vote your shares for you in the manner you direct. Please complete, execute and return the proxy card or other instructions in the envelope provided by your broker or fiduciary, or utilize telephone or internet voting procedures if provided to you.

Voting your shares in this manner will not affect your right to vote in person if you decide to attend the meeting, however, you must first request a legal proxy from your broker or other fiduciary or the enclosed proxy card. Obtaining a legal proxy will cancel any voting directions you have previously given with respect to your shares.

Brokers generally may vote on routine matters, such as the ratification of an independent public accounting firm, but may not vote on non-routine matters unless they have received voting instructions from the person for whom they are holding shares. The election of directors, and the advisory vote to approve the compensation of our named executive officers are considered non-routine matters. Therefore, if you do not provide directions to your broker as to how you want your shares voted, your broker is not permitted to vote on those matters. If there is a non-routine matter presented to shareholders at the meeting and your broker or fiduciary does not receive instructions from you on how to vote on that matter, your broker or fiduciary may return the proxy card to us, indicating that he or she does not have the authority to vote on that matter. This is generally referred to as a broker non-vote and may affect the outcome of the voting on those matters.

### Proxy Card

If you complete, sign, date and return your proxy card before the annual meeting, we will vote your shares as you direct. For the election of directors, you may vote for (1) all of the nominees, (2) none of the nominees, or (3) all of the nominees except those you designate. For all other items of business, you may vote FOR or AGAINST the matter, or you may ABSTAIN from voting.

If you return your signed proxy card but do not specify how you want to vote your shares, we will vote your shares:

FOR the election of all seven nominees for director identified under Proposal 1: Election of Directors ;

FOR the ratification of appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for 2013;

FOR the approval of the compensation of our named executive officers; and  
in our discretion as to other business that properly comes before the meeting or at any adjournment or postponement of the meeting.

### Changing Your Vote

If you are a shareholder of record, you can revoke your proxy at any time before it is voted at the annual meeting by:

- submitting a new proxy with a later date by signing and returning a proxy card to the Company;
- attending the annual meeting and voting in person; or
- sending written notice of revocation addressed to John T. Wilson, our Corporate Secretary, at the address of the Company.

If you hold your shares in street name, you must contact your bank, broker, or other nominee to revoke your proxy



**Quorum**

A quorum is required to hold an annual meeting and conduct business. A quorum at the annual meeting will consist of a majority of the votes entitled to be cast by holders of shares of our common stock.

**Votes Required**

Nominees for election as a director are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. All other matters scheduled to be presented at the meeting will be approved if the votes cast at a meeting at which a quorum is present favoring the matter exceed the votes cast opposing it. The advisory vote on our executive officers compensation is not a binding action of our shareholders. Any other matters properly brought before the meeting will be approved if the votes cast at a meeting at which a quorum is present favoring the matter exceed the votes cast opposing the matter, unless a greater number of affirmative votes is required for approval of that matter under our Amended and Restated Articles of Incorporation, as amended (our Articles ), our Amended and Restated Bylaws, as amended (our Bylaws ), or the Florida Business Corporation Act.

All votes will be tabulated by an inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes and abstentions. Under Florida corporate law, abstentions and broker non-votes are treated as shares of common stock that are present and entitled to vote for purposes of determining the presence of a quorum. Since abstentions and broker non-votes are not considered votes cast on a proposal and are not considered votes opposing the election of a director or other actions, abstentions and broker non-votes will have no effect on the election of directors or any other matters scheduled to be presented at the meeting.

**Solicitation**

We will bear the entire cost of soliciting proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to shareholders. We have engaged AST Phoenix Advisors to assist us with the distribution and solicitation of proxies. We expect to pay AST Phoenix Advisors approximately \$5,500 for its services. We will reimburse banks, brokerage houses, fiduciaries and custodians for their costs of forwarding solicitation materials to beneficial owners of our common stock. In addition to solicitations by mail, our directors, officers or other regular employees of the Company, without additional compensation, may solicit proxies by telephone, facsimile, e-mail or in person.

**PROPOSAL 1:**

**ELECTION OF DIRECTORS**

Our Articles and our Bylaws provide that our Board shall comprise no less than one or more than 13 directors. Vacancies on the Board may be filled only by the Board. A director elected to fill a vacancy holds office until the next annual meeting of shareholders and until the director's successor is elected and qualified.

Our Board is currently composed of eight members. The Board has decided to reduce its size from eight seats to seven seats effective immediately prior to the annual meeting. Each of our directors is required to stand for re-election every year, and the Corporate Governance Committee has nominated only current directors to serve for the next term. If elected at the annual meeting, each of the seven nominees below would serve until the 2014 annual meeting and until his or her successor is elected and qualified, or until his or her earlier death, disability, resignation or removal.

Directors are elected by a plurality of the votes, cast by shares, present in person or represented by proxy and entitled to vote at the meeting, with a quorum present. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below. If any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of a substitute nominee proposed by the Board. Each person nominated for election has agreed to serve if elected, and we have no reason to believe that any nominee will be unable to serve.

Set forth below is biographical information for each person nominated, as well as for Kevin E. Crowe, who currently serves as a director but is not nominated. There are no family relationships among any of our directors or executive officers.

**Nominees for Election for a One-Year Term Expiring at the 2014 Annual Meeting**

**Gary R. Enzor (50)** has been a director of QDI since 2008. He has served as our Chief Executive Officer since June 2007 and as was President of QDI from November 2005 to July 2010. Mr. Enzor joined QDI in December 2004 as Executive Vice President and Chief Operating Officer. Prior to joining QDI, Mr. Enzor served as Executive Vice President and Chief Financial Officer of Swift Transportation Company, Inc. since August 2002. Prior to Swift, Mr. Enzor held executive positions with Dell Computer and AlliedSignal, Inc. (now Honeywell International, Inc.). Mr. Enzor provides QDI's Board of Directors with an intimate knowledge of our operations as well as industry knowledge from his considerable experience in the trucking sector.

**Richard B. Marchese (71)** has been a director of QDI since January 2004. Mr. Marchese served as QDI's interim Chief Financial Officer from September through November 2004. Mr. Marchese served as Vice President Finance, Chief Financial Officer and Treasurer of Georgia Gulf Corporation from 1989 until his retirement at the end of 2003. Prior to 1989, Mr. Marchese served as the Controller of Georgia Gulf Corporation and prior to that as the Controller of the Resins Division of Georgia Pacific Corporation. Mr. Marchese was also a director of TPC Group, Inc. until December 2012. Mr. Marchese brings extensive finance and operations experience to QDI. His experience as a director of public companies in various industries enables Mr. Marchese to bring a broad perspective to QDI's Board.

**Thomas R. Miklich (66)** has been a director of QDI since May 2005. He served as Vice President and Chief Financial Officer from July 2010 to April 2012 and served as Senior Advisor to the Chief Executive Officer until his retirement in July 2012, of Ferro Corp., a producer of specialty materials and chemicals. He was Chief Financial Officer of OM Group, Inc., a chemical company specializing in nickel and cobalt products, from 2002 until his retirement in 2004. Prior to that, he was Chief Financial Officer and General Counsel of Invacare Corporation from 1993 to 2002. Mr. Miklich was a director of United Agri Products from 2004 until its sale in 2007. He was a director of Titan Technology Partners, a privately held IT consulting firm, from 2004 until 2007 and its CFO from 2005 until 2007. He is a director of Noranda Aluminum Holding Corporation. Mr. Miklich is a

CPA (inactive) and an attorney (inactive). Mr. Miklich can provide the Board with valuable insight into the environment our customers face as he has over 30 years of diverse financial and legal experience with mid-to-large capitalization public companies, including those in the chemical industry.

**M. Ali Rashid (36)** has been a director of QDI since June 2005 and is a Senior Partner of Apollo Management, L.P. ( Apollo ). He has been employed with Apollo since 2000. Prior to joining Apollo, Mr. Rashid was employed by the Goldman Sachs Group, Inc. in the Financial Institutions Group of its Investment Banking Division from August 1998 to July 2000. Mr. Rashid received an MBA from the Stanford Graduate School of Business and graduated Magna Cum Laude and Beta Gamma Sigma from Georgetown University with a B.S. in Business Administration. He is a director of Realogy Corporation and Ascometal S.A and was also a director of Noranda Aluminum Holding Corporation until January 2013 and of Metals USA, Inc. until April 2013. Mr. Rashid brings to the Board his broad financial experience from his current position at Apollo and his prior investment banking position. He also provides the Board with an understanding of executive compensation and incentive arrangements from his work experience and service on other public company boards of directors.

**Annette M. Sandberg (51)** has been a director of QDI since January 2013. Since April 2006, Ms. Sandberg has served as a principal of TransSafe Consulting, LLC ( TransSafe ), which provides consulting services relating to regulatory policy compliance, implementation and management of complex transportation and safety programs. Since December 2010, she has also served as of counsel at Scopelitis Garvin Light Hanson & Feary, P.C. ( Scopelitis ). Ms. Sandberg has served since February 2009 as a member of the Board of Trustees of Central Washington University and served as an adjunct professor of that university from June 2010 to 2012. Ms. Sandberg was Interim President of the National Industrial Transportation League from January 2008 until June 2008. She was the Administrator of the Federal Motor Carrier Safety Administration from August 2003 to April 2006. She also served as Deputy Administrator of the National Highway Traffic Safety Administration from February 2002 until November 2002. Prior to that, Ms. Sandberg was Chief of the Washington State Patrol for six years. Ms. Sandberg provides the Board with substantial knowledge of the regulation of the transportation and logistics sectors as well as broad experience in the public sector.

**Alan H. Schumacher (66)** has been a director of QDI since May 2004. Mr. Schumacher was a member of the Federal Accounting Standards Advisory Board from 2002 to July 2012. From 1977 to 2000, he served in various financial positions at American National Can and American National Can Group, the last four years serving as Executive Vice President and Chief Financial Officer. Mr. Schumacher is a director of BlueLinx Holdings, Inc., EVERTEC, Inc., North American Bus Industries, School Bus Holdings, Inc. and Noranda Aluminum Holding Corporation. With his years of financial reporting experience, including service as a Chief Financial Officer and on other public company audit committees, Mr. Schumacher provides the Board of Directors with experience in oversight of financial reporting and internal controls.

**Thomas M. White (55)** has been a director of QDI since November 6, 2007. Mr. White joined Apollo in May 2007 as an Operating Partner in the distribution and transportation industries. During 2011 and 2012, Mr. White served as interim Chief Financial Officer of Constellium, an Apollo owned entity based in Paris, France. During 2010, Mr. White served as interim Chief Financial Officer of SkyLink Aviation, Inc., an Apollo owned entity based in Toronto, Canada, and in 2009 he served as interim Chief Financial Officer of CEVA Group, plc, an Apollo owned entity based in the Netherlands. From 2002 to 2007, Mr. White was the Senior Vice President, Chief Financial Officer and Treasurer of Hub Group, Inc., a NASDAQ listed company providing transportation management, intermodal, truck brokerage and logistics services. Prior to joining Hub Group, Mr. White was a senior audit partner with Arthur Andersen, which he joined in 1979. Mr. White currently serves on the board of directors of CEVA Group plc, EVERTEC Inc. and Landauer, Inc. Mr. White is a CPA. With his experience as a Chief Financial Officer, as a senior audit partner at Arthur Andersen, and service on other audit committees, including that of a public company, as well as his educational background, Mr. White brings an understanding of financial statements, financial reporting and internal controls, to our Board of Directors. Mr. White also has management experience in the transportation and logistics sectors.

**Additional members of the Board not standing for re-election**

**Kevin E. Crowe (30)** has been a director of QDI since November 2009. Mr. Crowe has been employed by Apollo since August 2006 and currently serves as a Principal. From June 2004 until June 2006, Mr. Crowe was a member of the Financial Sponsors Group within the Global Banking department at Deutsche Bank. Mr. Crowe graduated in 2004 from Princeton University with an AB in Economics and a certificate in Finance. Mr. Crowe is a director of Prestige Cruise Holdings, Inc., Nine Entertainment Co. and Norwegian Cruise Line Holdings Ltd. Mr. Crowe's education and experience in the global banking sector enable him to provide the Board insight regarding QDI's liquidity and capital resources issues as well as other complex financial issues that QDI may experience. Mr. Crowe will be leaving the Board immediately following the annual meeting.

**OUR BOARD RECOMMENDS A VOTE FOR EACH NAMED NOMINEE.****Director Compensation Table for 2012**

In 2012, each of QDI's then-serving non-employee directors received a cash retainer of \$50,000, paid in quarterly installments, and awards of restricted stock of \$52,500 in value. Mr. Enzor, as an employee of the Company, does not receive any additional compensation for serving on the Board. During 2012, non-employee directors chairing Board or committee meetings received meeting attendance fees of \$2,500 per meeting. Non-employee directors attending such Board or committee meetings and not acting as chair received meeting attendance fees of \$1,500 per meeting. In addition, each director who also served as the chair of a committee or chair of the Board of Directors receives an additional cash retainer of \$12,500 per chair position, also paid in quarterly installments. Non-employee directors are not entitled to retirement benefits, incentive compensation or perquisites. All directors are reimbursed for their out-of-pocket expenses for meeting attendance. The table below sets forth total compensation paid for non-employee for their service during 2012. All of these individuals served as QDI's directors throughout 2012. Ms. Sandberg joined our Board in January 2013 and thus did not receive any compensation from the Company as a director in 2012.

Name(1)	Fees		Total (\$)
	Earned or Paid in Cash (\$)	Stock Awards \$(2)	
Kevin E. Crowe <sup>(3)</sup>	72,500	52,500	125,000
Richard B. Marchese <sup>(4)</sup>	84,500	52,500	137,000
Thomas R. Miklich <sup>(5)</sup>	83,000	52,500	135,500
M. Ali Rashid <sup>(6)</sup>	141,000	52,500	193,500
Alan H. Schumacher <sup>(7)</sup>	117,500	52,500	170,000
Thomas M. White <sup>(8)</sup>	110,000	52,500	162,500

- (1) Because Mr. Enzor was a named executive officer in 2012, his compensation is reflected in the accompanying summary compensation table. Mr. Enzor received no additional compensation for his service as a director.
- (2) Stock Award amounts equal the aggregate grant date fair value pursuant to ASC 718 for restricted stock grants in 2012. The assumptions used in determining the compensation expense under ASC 718 can be found in Note 19 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012.
- (3) During 2012, Mr. Crowe received an award of 3,496 shares of restricted stock on January 4, 2012 and a further award of 1,178 shares of restricted stock on July 2, 2012. Each of these grants vested 50% on December 28, 2012. The remainder of the January 4, 2012 grant will vest on January 4, 2014 and the remainder of the July 2, 2012 grant will vest on January 2, 2014. As of December 31, 2012, Mr. Crowe had outstanding 2,337 shares of restricted stock and 37,500 options to purchase common stock, 31,250 of which were exercisable.
- (4) During 2012, Mr. Marchese received an award of 3,496 shares of restricted stock on January 4, 2012 and a further award of 1,178 shares of restricted stock on July 2, 2012. Each of these grants vested 50% on December 28, 2012. The remainder of the January 4, 2012 grant will vest on January 4, 2014 and the remainder of the July 2, 2012 grant will vest on January 2, 2014. As of December 31, 2012, Mr. Marchese had outstanding 2,337 shares of restricted stock and 60,000 options to purchase common stock, all of which were exercisable.
- (5) During 2012, Mr. Miklich received an award of 3,496 shares of restricted stock on January 4, 2012 and a further award of 1,178 shares of restricted stock on July 2, 2012. Each of these grants vested 50% on December 28, 2012. The remainder of the January 4, 2012 grant will vest on January 4, 2014 and the remainder of the July 2, 2012 grant will vest on January 2, 2014. As of December 31, 2012, Mr. Miklich had outstanding 2,337 shares of restricted stock and 20,000 options to purchase common stock, 15,000 of which were exercisable.

- (6) During 2012, Mr. Rashid received an award of 3,496 shares of restricted stock on January 4, 2012 and a further award of 1,178 shares of restricted stock on July 2, 2012. Each of these grants vested 50% on December 28, 2012. The remainder of the January 4, 2012 grant will vest on January 4, 2014 and the remainder of the July 2, 2012 grant will vest on January 2, 2014. As of December 31, 2012, Mr. Rashid had outstanding 2,337 shares of restricted stock and 107,500 options to purchase common stock, 96,250 of which were exercisable.
- (7) During 2012, Mr. Schumacher received an award of 3,496 shares of restricted stock on January 4, 2012 and a further award of 1,178 shares of restricted stock on July 2, 2012. Each of these grants vested 50% on December 28, 2012. The remainder of the January 4, 2012 grant will vest on January 4, 2014 and the remainder of the July 2, 2012 grant will vest on January 2, 2014. As of December 31, 2012, Mr. Schumacher had outstanding 2,337 shares of restricted stock and 35,000 options to purchase common stock, all of which were exercisable.
- (8) During 2012, Mr. White received an award of 3,496 shares of restricted stock on January 4, 2012 and a further award of 1,178 shares of restricted stock on July 2, 2012. Each of these grants vested 50% on December 28, 2012. The remainder of the January 4, 2012 grant will vest on January 4, 2014 and the remainder of the July 2, 2012 grant will vest on January 2, 2014. As of December 31, 2012, Mr. White had outstanding 2,337 shares of restricted stock and 187,500 options to purchase common stock, 163,750 of which were exercisable.

For 2013, our directors other than Mr. Enzor will be entitled to receive a cash retainer of \$50,000, payable in quarterly installments. In addition, each director who also serves as the chair of a committee or chair of the Board of Directors will receive an additional cash retainer of \$12,500 per chair position, also paid in quarterly installments. The first installment of all cash retainers for 2013 was paid in December 2012 to then-serving directors. That payment with respect to 2013 is not reflected in the table above. In addition to the cash retainer, for 2013 our directors other than Mr. Enzor are also entitled to receive a grant of restricted stock of \$52,500 in value, which was granted on January 2, 2013. Each such award will vest in two equal installments on January 2, 2014 and January 2, 2015. All of our directors will receive \$1,500 per Board of Directors meeting attended and \$1,500 per committee meeting attended. The chairman of each committee and the chairman of the board will receive \$2,500 per meeting of the Board or committee so chaired.

## **CORPORATE GOVERNANCE**

### **Principles and Governance Guidelines**

The Board has adopted and adheres to Corporate Governance Guidelines and a Code of Conduct that the Board and senior management believe represent sound practices. We have a longstanding belief that ethical behavior and respect for the law are fundamental to our culture and our business practices. It is the foundation of the policies and practices of our Code of Conduct to promote the management of our Company with integrity and in our shareholders' best interests. We are committed to conducting our business in strict compliance with both the letter and the spirit of the law and with the highest standards of professional and ethical conduct. Each director, officer and employee is responsible for conducting our business in adherence to these high standards. Our Board adopted Corporate Governance Guidelines in 2013 to further articulate operating principles for the Board and its committees.

### **Director Independence**

A majority of our Board of Directors is comprised of independent directors under the NASDAQ Rules. Our current independent directors are Messrs. Crowe, Marchese, Miklich, Rashid, Schumacher and White, and Ms. Sandberg. It is expected that a majority of our Board of Directors will continue to be comprised of independent directors under the NASDAQ Rules following the annual meeting. The determination of director independence by our Corporate Governance Committee and our Board were made in light of the NASDAQ Listing Rules, SEC regulations and company policy. In evaluating independence, the Board considered that Ms. Sandberg is a principal of TransSafe, which provides consulting services relating to regulatory policy compliance, implementation and management of complex transportation and safety programs, and serves of counsel to Scopelitis, which is a law firm with which the Company has a long standing relationship. The Company paid to TransSafe approximately \$3,000 during 2012 and no amount thus far in 2013. The Company paid to Scopelitis for services rendered by Ms. Sandberg in her capacity as of counsel with Scopelitis approximately \$18,000 during 2012 and no amount thus far in 2013. The Board of Directors noted that the amounts involved were not financially significant and that both TransSafe and Scopelitis have many clients in addition to the Company.

Only independent directors currently serve on our Audit Committee, Corporate Governance Committee and Compensation Committee. It is expected that only independent directors will serve on these committees immediately following the annual meeting.

### Leadership Structure

We believe that the Board's leadership structure at any time should reflect both the Company's needs as well as the unique talents and availability of the Board's members. The Chairman of the Board and Chief Executive Officer positions are currently held separately by Mr. White and Mr. Enzor, respectively. We believe that separating these positions currently enables us to best access the insights and trucking industry experience of Mr. White and Mr. Enzor while balancing the other considerations identified above. However, this leadership structure may change in the future if the Board determines that is in the best interest of the Company.

### Risk Oversight

We face a variety of risks, including operational, liquidity, legal and credit risks, and risk oversight plays a role in all major Board decisions. The Board oversees our risk management process and reviews the risks we face on an ongoing basis. The Board receives regular reports from members of our Enterprise Risk Management Committee (made up of senior management), which meets regularly to identify and address significant risks. The Board also delegates certain of its risk oversight functions to the Audit Committee. In this regard, one of the Audit Committee's responsibilities involves overseeing our policies regarding risk assessment and risk management of our internal controls and financial reporting. The Compensation Committee evaluates risks associated with our compensation policies and procedures.

### Board Meetings and Committees

The Board has an Audit Committee, a Corporate Governance Committee, a Compensation Committee and an Executive Committee. All of the directors attended 75% or more of the combined total meetings of the Board and the committees on which they served during 2012. We encourage our directors to attend the annual shareholders meeting. Messrs. Enzor, Marchese, Miklich, and Schumacher attended the 2012 annual shareholders meeting.

Our independent directors meet regularly in executive session, outside the presence of Mr. Enzor or any other member of management, and did so regularly during 2012. Mr. White, our Chairman of the Board, presides over these sessions.

The table below indicates the current membership of each committee and how many times the Board and each committee met in 2012:

	Board	Audit	Corporate Governance	Compensation	Executive
Kevin E. Crowe	Member				
Gary R. Enzor	Member				
Richard B. Marchese	Member	Member			Member
Thomas R. Miklich	Member	Member			
M. Ali Rashid	Member		Chair	Chair	Chair
Alan H. Schumacher	Member	Chair	Member	Member	Member
Thomas M. White	Chair		Member	Member	Member
Number of Meetings	15	7	2	7	1
<b>Audit Committee</b>					

The Audit Committee provides assistance to the Board of Directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal



compliance functions. The Audit Committee also oversees the audit activities of our independent registered certified public accounting firm and takes those actions it deems necessary to satisfy itself that the independent registered certified public accounting firm is independent of management. Our Board of Directors has determined that Mr. Schumacher, the Chairman of the Audit Committee for more than eight years, is an audit committee financial expert as defined by SEC rules. All of the members of the Audit Committee are independent as defined by NASDAQ and SEC rules. The Audit Committee has a written Audit Committee Charter which can be found on the Investor Relations section of our website at [www.qualitydistribution.com](http://www.qualitydistribution.com).

#### ***Corporate Governance Committee***

The Corporate Governance Committee identifies, evaluates and recommends potential Board and Committee members. The Corporate Governance Committee also develops and recommends to the Board corporate governance guidelines. The Corporate Governance Committee has a written Corporate Governance Committee Charter, which can be found on the Investor Relations section of our website at [www.qualitydistribution.com](http://www.qualitydistribution.com).

#### ***Compensation Committee***

The Compensation Committee administers our compensation program, sets our compensation policies and the forms and amounts of compensation provided to our directors and officers and evaluates the risks associated with our compensation policies. The Compensation Committee is responsible for the review and determination of salary, equity incentive and non-equity incentive matters for our executive officers as well as other officers and employees. Although management does not participate in the Compensation Committee's deliberations, the Compensation Committee considers management's recommendations. In addition, the Compensation Committee reviews and determines stock-based compensation for our directors and administers our equity incentive plans. All of the members of the Compensation Committee are independent as defined by currently applicable NASDAQ and SEC rules and are also independent as defined by additional NASDAQ requirements that are to become effective during 2014. The Compensation Committee has a written Compensation Committee Charter, which can be found on the Investor Relations section of our website at [www.qualitydistribution.com](http://www.qualitydistribution.com).

#### ***Executive Committee***

The Executive Committee consults with and advises the officers of the Company in the management of its business and exercises the power and authority of the Board to direct the business and affairs of the Company in intervals between meetings of the Board, subject to certain exceptions.

#### **Availability of Corporate Governance Guidelines, Committee Charters, and Codes of Ethics and other information**

Copies of our (i) Corporate Governance Guidelines, (ii) charters for our Audit Committee, Compensation Committee and Corporate Governance Committee, and (iii) Code of Conduct are available at our Internet website at [www.qualitydistribution.com](http://www.qualitydistribution.com) under Investors Corporate Governance. We regularly post or otherwise make available information on the Investor Relations section of our website that may be important to investors. Information on or linked from our website does not constitute a part of this proxy statement and is not incorporated by reference into this proxy statement.

#### **DIRECTOR NOMINATION PROCEDURES**

The Corporate Governance Committee is responsible for recommending nominees for election to the Board of Directors. The Corporate Governance Committee has not mandated a specific diversity policy or any specific minimum qualifications that a candidate for director must meet in order to be recommended for Board

membership. Rather, the Corporate Governance Committee evaluates the total mix of experience and skills that the candidate offers, considers how a given candidate meets the Board's current expectations for Board membership, evaluates the diversity of the nominee with existing directors as to perspective, background and outlook and makes a determination regarding whether a candidate should be recommended to the shareholders for election as a director. In recommending and selecting nominees for director, the Corporate Governance Committee has a policy of considering:

whether the candidate would be independent (as independence is defined in Rule 5605(a)(2) of the NASDAQ Rules), would meet the heightened independence requirements for service on the Audit and Compensation Committees and would not have a relationship which, in the opinion of the Corporate Governance Committee, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director

whether the candidate has the personal attributes for successful service on the Board, such as demonstrated character and integrity, experience at a strategy/policy setting level, high-level managerial experience in a relatively complex organization or experience dealing with complex problems, and a proven ability to work effectively with others

whether the candidate would be considered financially literate as described in applicable NASDAQ Rules or to be an audit committee financial expert as described in SEC regulations

whether the candidate has experience at policy-making levels in areas and/or industries that are relevant to the Company's activities

whether the candidate possesses such knowledge, experience, skills, expertise and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Company

whether the candidate has sufficient time available to fulfill all Board and committee responsibilities

whether the candidate is affiliated with a competitor or potential competitor of the Company

whether any candidate who is an existing director continues to be suitable for continued service and

whether there are any other factors related to the ability and willingness of a candidate to serve on the Board.

Generally, nominees for director are identified and suggested to the Corporate Governance Committee by the members of the Board or management using their business networks and evaluation criteria they deem important. The Corporate Governance Committee would consider proper shareholder nominees for director, applying the same evaluation criteria to a shareholder candidate that are utilized for candidates recommended by management, other directors, an executive search firm or other sources.

#### **SHAREHOLDER COMMUNICATIONS**

The Company has a process for shareholders to communicate with the directors. This process is described in the Investor Relations section of our website at [www.qualitydistribution.com](http://www.qualitydistribution.com).

**SECURITY OWNERSHIP OF****CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 1, 2013 (based on shares of common stock outstanding), by:

each person known by us to be a beneficial owner of more than 5.0% of our outstanding common stock;

each of our directors and director nominees;

each of our named executive officers; and

all current directors and executive officers as a group.

The amounts and percentage of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under those regulations, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he or she has no economic interest. The number of shares of common stock outstanding used in calculating the percentage for each listed person includes the shares of common stock underlying options held by that person that are exercisable within 60 days after April 1, 2013, but excludes shares of common stock underlying options held by any other person.

Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

Name of Beneficial Owner	Shares of Common Stock	Percentage of Class
Gary R. Enzor <sup>(1)(2)(3)(4)</sup>	917,344	3.33%
Joseph J. Troy <sup>(1)(2)(3)(5)</sup>	160,338	*
Stephen R. Attwood <sup>(1)(2)(3)</sup>	220,280	*
Randall T. Strutz <sup>(1)(2)(3)(6)</sup>	89,890	*
John T. Wilson <sup>(1)(2)</sup>	19,700	*
Kevin E. Crowe <sup>(3)(7)(8)(9)</sup>	64,431	*
Richard B. Marchese <sup>(1)(3)(9)(10)</sup>	123,804	*
Thomas R. Miklich <sup>(1)(3)(9)</sup>	76,308	*
M. Ali Rashid <sup>(3)(7)(8)(9)</sup>	232,733	*
Annette M. Sandberg <sup>(1)(9)</sup>	8,102	*
Alan H. Schumacher <sup>(1)(3)(9)(11)</sup>	108,804	*
Thomas M. White <sup>(3)(7)(8)(9)(1)</sup>		