

QD CAPITAL CORP
Form S-4
April 15, 2011
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As filed with the Securities and Exchange Commission on April 15, 2011

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

QUALITY DISTRIBUTION, LLC

and the Guarantors identified in footnote (1) below

(Exact name of registrant as specified in charter)

Delaware (State or other jurisdiction of incorporation or organization)	4213 (Primary Standard Industrial Classification Code Number) 4041 Park Oaks Blvd., Suite 200 Tampa, Florida 33610 (813) 630-5826	04-3668323 (I.R.S. Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

QD CAPITAL CORPORATION

and the Guarantors identified in footnote (1) below

(Exact name of registrant as specified in charter)

Delaware (State or other jurisdiction of incorporation or organization)	4213 (Primary Standard Industrial Classification Code Number) 4041 Park Oaks Blvd., Suite 200 Tampa, Florida 33610 (813) 630-5826	02-0692668 (I.R.S. Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan C. Gold

Senior Vice President, General Counsel and Secretary

Quality Distribution, Inc.

4041 Park Oaks Blvd., Suite 200

Tampa, Florida 33610

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(813) 630-5826

(Name, address, including zip code, and telephone number, including area code, of agent for service of process)

With copies to:

William E. Turner II

Barack Ferrazzano Kirschbaum & Nagelberg LLP

200 West Madison Street, Suite 3900

Chicago, Illinois 60606

(312) 984-3100

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14(d)-1(d) (Cross-Border Third-Party Tender Offer)

(1) The following parent of Quality Distribution, LLC and domestic direct or indirect wholly owned subsidiaries of Quality Distribution, LLC are Guarantors of the exchange 9.875% Second-Priority Senior Secured Notes due 2018, and are Co-Registrants, each of which is incorporated in the jurisdiction and has the I.R.S. Employer Identification Number indicated: Quality Distribution, Inc., a Florida

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corporation (59-3239073); American Transinsurance Group, Inc., a Delaware corporation (23-2613934); Boasso America Corporation, a Louisiana corporation (72-1176189); Chemical Leaman Corporation, a Florida corporation (23-2021808); QC Energy Resources, Inc., a Delaware corporation (23-2735584); Mexico Investments, Inc., a Florida corporation (59-3433851); Power Purchasing, Inc., a Delaware corporation (23-2611487); QD Risk Services, Inc., a Florida corporation (80-0388660); Quala Systems, Inc., a Delaware corporation (23-2343087); and Quality Carriers, Inc., an Illinois corporation (36-2590063).

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
9.875% Second-Priority Senior Secured Notes due 2018 Guarantees of 9.875% Second-Priority Senior Secured Notes due 2018 (2)	\$225,000,000	100%	\$225,000,000 (1)	\$26,125
	N/A	N/A	N/A	N/A

- (1) Estimated solely for the purpose of calculating the registration fee.
- (2) Each of Quality Distribution, Inc., American Transinsurance Group, Inc., Boasso America Corporation, Chemical Leaman Corporation, QC Energy Resources, Inc., Mexico Investments, Inc., Power Purchasing, Inc., QD Risk Services, Inc., Quala Systems, Inc. and Quality Carriers, Inc. will guarantee the obligations of Quality Distribution, LLC and QD Capital Corporation under the 9.875% Second-Priority Senior Secured Notes due 2018. No additional consideration for the guarantees of the 9.875% Second-Priority Senior Secured Notes due 2018 will be furnished. Pursuant to Rule 457(n), no additional registration fee is payable with respect to such guarantees.

The registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to acquire these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated April 15, 2011

Quality Distribution, LLC
QD Capital Corporation

Offer to Exchange All Outstanding \$225,000,000 Principal Amount At Maturity of
9.875% Second-Priority Senior Secured Notes due 2018
For
9.875% Second-Priority Senior Secured Notes due 2018
Which Have Been Registered Under the Securities Act of 1933

The Exchange Offer:

We will exchange all existing 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 existing 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 _____, 2011, 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 existing notes, except that the exchange notes will be freely tradable by persons who are not affiliated with us.

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No public market currently exists for the existing 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 existing 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.

The exchange notes, like the existing notes, will be senior obligations of Quality Distribution, LLC and QD Capital Corporation and will be secured by a second-priority lien on certain of our assets. Under an intercreditor agreement, the lien on the collateral securing the exchange notes will rank junior in right of payment to our asset-based lending facility and certain other obligations.

Like the existing 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 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 existing notes as a result of market-making or other trading activities, the 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 , 2011.

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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 9.875% Second-Priority Senior Secured Notes due 2018, (iv) the "Issuers" refers to QD LLC (without its consolidated subsidiaries and their predecessors) and QD Capital, (v) "QCI" refers to our wholly owned subsidiary Quality Carriers, Inc., an Illinois corporation, (vi) "Boasso" refers to our wholly owned subsidiary Boasso America Corporation, a Louisiana corporation, (vii) the "Existing 2018 Notes" refers to the Issuers' outstanding 9.875% Second-Priority Senior Secured Notes due 2018, (viii) the "Exchange 2018 Notes" refers to the Issuers' 9.875% Second-Priority Senior Secured Notes due 2018 that are registered under the Securities Act of 1933 and will be issued pursuant to this exchange offer, (ix) the "2018 Notes" refers to the Existing 2018 Note and the Exchange 2018 Notes together, (x) the "2018 Notes Indenture" refers to the Indenture, dated as of November 3, 2010, among the Issuers, the guarantors of the 2018 Notes and The Bank of New York Mellon Trust Company, N.A., as collateral agent and trustee, (xi) the "ABL Facility" refers to our asset-based revolving credit facility that we entered into on December 18, 2007, and amended on October 22, 2010, and (xii) the "2013 PIK Notes" refers to our 11.75% Senior Subordinated PIK Notes due 2013.

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In connection with the exchange offer, we have filed with the SEC a registration statement on Form S-4 under the Securities Act, relating to the Exchange 2018 Notes to be issued in the exchange offer. As permitted by SEC rules, this prospectus does not contain all the information included in the registration statement. Accordingly, this prospectus incorporates important business and financial information 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: Tricia Bushn, 4041 Park Oaks Boulevard, Suite 200, Tampa, Florida 33610. Oral requests should be made by telephone (813) 569-7251. To obtain timely delivery, you must request the information no later than _____, 2011, 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 2009 Annual Gross Revenue Report*. 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 these internal company analyses and management estimates are reliable, no independent sources have verified these 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 Note 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. Except 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 Existing 2018 Notes, our 2013 PIK Notes and our ABL Facility, and will be a guarantor of the Exchange 2018 Notes, 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 Company

We operate the largest chemical bulk tank truck network in North America through our wholly owned subsidiary, QCI, and are also the largest provider of intermodal ISO tank container and depot services in North America through our wholly owned subsidiary, Boasso. QCI has relationships with 29 independent affiliated trucking operations which provide the physical transportation of chemicals, together with its company-operated trucking terminals.

The bulk tank truck market in North America includes all products shipped by bulk tank truck carriers and consists mainly 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 logistics and other value-added services through 29 independent affiliates with 91 trucking terminals and through three company-operated trucking terminals. We are a core carrier for many of the major companies engaged in chemical processing including Ashland, BASF, Dow, DuPont, ExxonMobil, Georgia-Pacific, Honeywell, PPG Industries, Procter & Gamble, Sunoco and Unilever, and we provide services to most of the top 100 chemical producers with North American operations.

Our transportation revenue is a function of the volume of shipments by the bulk chemical industry, prices, the average 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 diverse industries and end-use markets, including consumer and industrial products, paints and coatings, paper and packaging, agriculture and food products, and tends to vary with changing economic conditions.

Due to the nature of our customers' business, our revenues are seasonal. Revenues generally decline during winter months, namely our first and fourth fiscal quarters and over holidays and rise during our second and third fiscal quarters. Highway transportation can be adversely affected depending upon the severity of the weather in various sections of the country during the winter months.

Our wholly owned subsidiary, Boasso, is the largest North American provider of intermodal ISO tank container transportation and depot services, with eight terminals located in the eastern half of the United States. In addition to intermodal tank transportation services, Boasso provides tank cleaning, heating, testing, maintenance and storage services to customers. Boasso provides local and over-the-road trucking primarily within the proximity of the port cities where its depots are located and also sells equipment that its customers use for portable alternative storage or office space.

Demand for intermodal ISO tank containers is impacted by the aggregate volume of imports and exports of chemicals through North American ports, and Boasso's revenues are accordingly impacted by this import/export volume. In particular, Boasso's revenues are driven by the number of shipments through ports at which Boasso has terminals, the volume of rail shipments from ports at which Boasso has terminals, and Boasso's market share. Global economic conditions and differences among the laws and currencies of foreign nations may also impact the volume of shipments.

Our Formation and Development

We are a Delaware limited liability company formed on April 14, 2002. We are a holding company with no significant assets or operations other than the ownership of our operating subsidiaries, including QCI and Boasso. 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 Existing 2018 Notes and will be a co-issuer of the Exchange 2018 Notes. QD Capital has nominal assets and no operations.

We are the primary obligor under the Existing 2018 Notes, the 2013 PIK Notes and the ABL Facility and will be the primary obligor under the Exchange 2018 Notes. QDI is a guarantor under the Existing 2018 Notes, the 2013 PIK Notes and the ABL Facility and will be a guarantor of

the Exchange 2018 Notes.

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QDI was formed in 1994 as a holding company known as MTL, Inc. In 1999, QDI changed its name from MTL, Inc. to Quality Distribution, Inc. On May 30, 2002, as part of a corporate reorganization, QDI transferred substantially all of its assets 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. Boasso became our wholly owned subsidiary in December 2007, when we acquired all of its outstanding capital stock from a third party.

Recent Developments

In January 2010, we redeemed \$10.0 million of our 2013 PIK Notes at par, plus accrued and unpaid interest. On February 9, 2011, QDI sold 2.0 million shares of its common stock in an underwritten public offering, at a gross price of \$9.50 per share, and received net proceeds, after underwriting fees and expenses, of approximately \$17.5 million. Apollo Management, L.P. and its affiliates also sold 2.6 million shares in the offering. After the offering, Apollo owns approximately 33.5% of QDI's common stock on a fully-diluted basis. We used the net proceeds of the offering, to redeem \$17.5 million aggregate principal amount of the 2013 PIK Notes in March 2011.

Risk Factors

An investment in the Exchange 2018 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.

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Summary of the Terms of the Exchange Offer

We and the guarantors of the Existing 2018 Notes have entered into a registration rights agreement with the representatives of the initial purchasers of the Existing 2018 Notes in which we agreed to use our commercially reasonable efforts to file a registration statement relating to an offer to exchange the Existing 2018 Notes for Exchange 2018 Notes and to cause the registration statement to be declared effective within 365 days following the issuances of the Existing 2018 Notes. We further agreed to use our commercially reasonable efforts to complete the exchange offer as promptly as practicable after the effective date of the registration statement of which this prospectus forms a part. In the exchange offer, you are entitled to exchange your Existing 2018 Notes for Exchange 2018 Notes. The Exchange 2018 Notes that you receive will be identical in all material respects to the Existing 2018 Notes that you tender for exchange except that:

the issuance of the Exchange 2018 Notes has been registered under the Securities Act, and as a result the Exchange 2018 Notes will be freely tradable by persons who are not affiliated with us;

the Exchange 2018 Notes are not entitled to registration rights, which are only applicable to the Existing 2018 Notes under the registration rights agreement; and

our obligation to pay additional interest on the Existing 2018 Notes because the registration statement of which this prospectus forms a part was not declared effective by November 3, 2011, or the exchange offer was not consummated by December 3, 2011, 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 2018 Notes.

The Exchange Offer

We are offering to exchange up to all outstanding Existing 2018 Notes, which were issued on November 3, 2010, for a like principal amount of Exchange 2018 Notes that have been registered under the Securities Act.

Resales

We believe that the Exchange 2018 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 2018 Notes are being acquired in the ordinary course of your business;

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 2018 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 2018 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 2018 Notes, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, these liabilities.

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Each broker-dealer that is issued Exchange 2018 Notes in the exchange offer for its own account in exchange for Existing 2018 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 those Exchange 2018 Notes. A broker-dealer may use this prospectus, as it may be amended or supplemented, for an offer to resell, resale or other retransfer of the Exchange 2018 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, _____, 2011, or a later date and time to which we extend it. A tender of Existing 2018 Notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any Existing 2018 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.

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Procedures for Tendering Existing 2018 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 Existing 2018 Notes and any other required documents, to the exchange agent at the address set forth on the cover of the letter of transmittal. However, if you hold Existing 2018 Notes through The Depository Trust Company, or 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 2018 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 2018 Notes;

if you are a broker-dealer that will receive Exchange 2018 Notes for your own account in exchange for Existing 2018 Notes that were acquired as a result of market-making or other trading activities, that you will deliver a prospectus, as required by law, in connection with any resale of those Exchange 2018 Notes;

if you are not a broker-dealer, that you are not engaged in, and you do not intend to engage in, the distribution of Exchange 2018 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 Existing 2018 Notes and your Existing 2018 Notes are not immediately available or you cannot deliver your Existing 2018 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 Existing 2018 Notes according to the guaranteed delivery procedures described in this prospectus.

Effect on Holders of Existing 2018 Notes As a result of the making of, and upon acceptance for exchange of all validly tendered Existing 2018 Notes pursuant to the terms of, the exchange offer, we will have fulfilled covenants contained in the registration rights agreement applicable to the Existing 2018 Notes and, accordingly, we will not be obligated to pay additional interest as described in the registration rights agreement. If you are a holder of Existing 2018 Notes and do not tender your Existing 2018 Notes in the exchange offer, you will continue to hold the Existing 2018 Notes and you will be entitled to all the rights and limitations applicable to the Existing 2018 Notes in the 2018 Notes Indenture, except for any rights under the registration rights agreement that by their terms terminate upon the consummation of the exchange offer.

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Consequences of Failure to Exchange	All untendered Existing 2018 Notes will continue to be subject to the restrictions on transfer provided for in the Existing 2018 Notes and in the 2018 Notes Indenture. In general, the Existing 2018 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 Existing 2018 Notes under the Securities Act.
Accounting Treatment	We will record the Exchange 2018 Notes in our accounting records at the same carrying value as the Existing 2018 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 certain expenses of the exchange offer as deferred financing costs and amortize those costs over the life of the Exchange 2018 Notes.
Certain U.S. Federal Income Tax Considerations	The exchange of Existing 2018 Notes for Exchange 2018 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.

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Use of Proceeds	We will not receive any cash proceeds from the issuance of the Exchange 2018 Notes. In consideration for issuing the Exchange 2018 Notes as contemplated in this prospectus, we will receive in exchange Existing 2018 Notes in like principal amount, which will be canceled and as such will not result in any increase in our indebtedness. With the proceeds of the issuance of the Existing 2018 Notes, we repaid at maturity all of our outstanding 9% Senior Subordinated Notes Due 2010, fully redeemed all of our outstanding Senior Floating Rate Notes Due 2012 and all of our outstanding 10% Senior Notes Due 2013, redeemed \$47.5 million of our outstanding 2013 PIK Notes and paid down a portion of our outstanding borrowings under the ABL Facility.
Exchange Agent	The Bank of New York Mellon 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."

Summary of the Terms of the Exchange 2018 Notes

Issuers	Quality Distribution, LLC and QD Capital Corporation
Securities Offered	\$225,000,000 principal amount of 9.875% Second-Priority Senior Secured Notes due 2018
Maturity Date	November 1, 2018
Interest	Interest on the 2018 Notes accrues at a rate of 9.875% per annum and is payable in cash on May 1 and November 1 of each year. The first interest payment date is May 1, 2011, which is prior to the anticipated expiration of the exchange offer. Holders of record of Existing 2018 Notes at the close of business on April 15, 2011 will receive the interest payment on May 1 regardless of whether those holders tender their Existing 2018 Notes for exchange. Holders who exchange their Existing 2018 Notes for Exchange 2018 Notes will receive the same interest payment on November 1, 2011 as holders of Existing Notes that do not tender in the exchange offer.
Collateral	The Exchange 2018 Notes and the guarantees will be secured by a security interest in certain collateral granted to the collateral agent, who initially will be the trustee, for the benefit of the holders of the Exchange 2018 Notes. The collateral securing the Exchange 2018 Notes and the guarantees will initially consist of substantially all of the property and assets held by the Issuers and the guarantors, to the extent that these assets secure the ABL Facility, subject to certain exceptions. The collateral does not include, subject to certain exceptions:

any property or assets owned by any of our foreign subsidiaries;

any real property leased or owned in fee that does not have an individual fair market value of at least \$1.0 million;

any transportation equipment acquired by us prior to December 3, 2010;

any assets for which granting a security interest would violate applicable law or a contractual obligation;

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any right under any license, contract or agreement to the extent that granting a security interest would violate the terms of the license, contract or agreement;

any equipment or other asset subject to a purchase money lien or a capitalized lease obligation that prohibits, or requires the consent of a third party as a condition to the creation of, any other security interest; and

certain other exceptions described in the security documents.

The collateral also excludes any equity interests or other securities of any of QD LLC's subsidiaries to the extent that the pledge of those securities would result in us being required to file separate financial statements of the subsidiary with the SEC.

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These liens will be junior in priority and subordinated to the liens securing the obligations under the ABL Facility (other than tractors and our trailers acquired prior to December 3, 2010, which the holders of the first-priority lien obligations will have a lien on but holders of the Exchange 2018 Notes will not), certain hedging agreements and cash management obligations, and certain other first-priority lien obligations permitted under the 2018 Notes Indenture. These liens will also rank equally and ratably with certain other second-priority lien obligations permitted under the 2018 Notes Indenture.

The liens on the collateral may be released without the consent of the holders of Exchange 2018 Notes if collateral is disposed of in a transaction that complies with the 2018 Notes Indenture, security documents and intercreditor agreement. This could include dispositions pursuant to an enforcement by the holders of first-priority lien obligations. The value of collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral.

Intercreditor Agreement

The trustee and the collateral agent under the 2018 Notes Indenture and the agents under the ABL Facility have entered into an intercreditor agreement pursuant to which the liens securing the Exchange 2018 Notes are junior in priority and subordinated to the liens that secure obligations under the ABL Facility, and obligations under certain hedging agreements and cash management obligations and certain other first-priority lien obligations permitted under the 2018 Notes Indenture. Under the intercreditor agreement, the liens securing the Exchange 2018 Notes may be equally and ratably secured by other second-lien indebtedness permitted under the 2018 Notes Indenture. Under the intercreditor agreement, the liens securing the Exchange 2018 Notes may not be enforced at any time when obligations secured by first-priority liens are outstanding. The holders of the first-priority liens will receive all proceeds from any realization on the collateral or proceeds thereof in any insolvency proceeding, until the first-priority lien obligations are paid in full in cash.

Guarantees

Our obligations under the Exchange 2018 Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis by our parent company, QDI, and each of our existing and certain future U.S. restricted subsidiaries. Exchange 2018 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 Exchange 2018 Notes as QDI currently has no material assets other than the ownership of 100% of our membership interests, and the covenants contained in the 2018 Notes Indenture will not apply to QDI.

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Ranking

The Exchange 2018 Notes and the guarantees thereof will be our unsubordinated obligations and will rank:

equally in right of payment with all of our existing and future senior debt, including the ABL Facility, the Existing 2018 Notes and the guarantees thereof, but effectively senior to all senior debt that is unsecured, to the extent of the assets securing the 2018 Notes;

effectively junior in security to all of our existing and future first-priority lien obligations, including borrowings under the ABL Facility, to the extent of the value of the assets securing the debt;

senior in right of payment to all of our existing and future subordinated debt, including the 2013 PIK Notes and the guarantees thereof; 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, and which provided less than 1% of our operating revenues in 2010.

As of December 31, 2010, we had outstanding on a consolidated basis:

\$61.5 million of first-lien senior secured indebtedness, including borrowings outstanding under the ABL Facility, capital lease obligations and other secured notes, all of which are effectively senior to the 2018 Notes to the extent of the value of the collateral securing this secured indebtedness, and approximately \$79.6 million in availability under the ABL Facility;

\$225.0 million of second-lien senior secured indebtedness, consisting of the Existing 2018 Notes; and

\$33.2 million of senior subordinated unsecured indebtedness, consisting of the 2013 PIK Notes.

Optional Redemption

Prior to November 1, 2014, we may redeem the 2018 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2018 Notes redeemed, plus accrued and unpaid interest to the redemption date, plus an additional make-whole premium intended to capture the value of holding 2018 Notes through November 1, 2014, but not less than 1%. During any twelve-month period prior to November 1, 2014, we may also redeem up to 10% of the original aggregate principal amount of the 2018 Notes at a redemption price of 103%, plus accrued and unpaid interest to the redemption date. Additionally, at any time prior to November 1, 2014, we may redeem up to 35% of the principal amount of the 2018 Notes at a redemption price of 109.875%, plus accrued and unpaid interest to the

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redemption date, with the net proceeds of one or more equity offerings so long as at least 50% of the aggregate original principal amount of the 2018 Notes remains outstanding afterwards. On or after November 1, 2014, we may redeem the 2018 Notes, in whole or in part, with the payment of a redemption premium beginning at 4.938%, reducing to 2.469% at November 1, 2015 and to 0% at November 1, 2016, plus accrued and unpaid interest through the redemption date.

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 the holder's Exchange 2018 Notes at 101% of the aggregate principal amount of the Exchange 2018 Notes.

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Certain Covenants

The 2018 Notes Indenture, 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 and make other restricted payments;

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 as described in this prospectus.

Limited Market

The Exchange 2018 Notes generally will be freely transferable. However, we do not currently intend to list the Exchange 2018 Notes or the Existing 2018 Notes on any exchange, and there can be no assurance as to the development or liquidity of any market for any of the Exchange 2018 Notes.

Table of Contents**Summary Financial Data**

The following table sets forth summary consolidated financial data, and other historical consolidated financial data of QDI. QDI is or will be a guarantor of the Existing 2018 Notes, the Exchange 2018 Notes, the 2013 PIK 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 historical results do not necessarily indicate results expected for any future period.

The consolidated statements of operations data set forth below for the years ended December 31, 2010, 2009 and 2008 and the historical balance sheet data as of December 31, 2010 and 2009 are derived from our audited financial statements included in this prospectus. The historical statements of operations data for the years ended December 31, 2007 and 2006 and the historical balance sheet data as of December 31, 2008, 2007 and 2006 are derived from our audited financial statements that are not included in this prospectus.

	YEAR ENDED DECEMBER 31				
	2010	2009	2008	2007	2006
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)				
Statements of Operations Data (1)					
Operating revenues	\$ 686,598	\$ 613,609	\$ 815,290	\$ 751,558	\$ 730,159
Operating expenses:					
Purchased transportation	476,307	373,539	466,823	471,531	493,686
Depreciation and amortization	16,004	20,218	21,002	17,544	16,353
Impairment charge (2)		148,630			
Other operating expenses	157,552	186,398	294,487	238,630	171,842
Operating (loss) income	36,735	(115,176)	32,978	23,853	48,278
Interest expense, net	35,548	28,047	35,120	30,524	29,388
Write-off of debt issuance costs	7,391	20	283	2,031	
Gain on extinguishment of debt		(1,870)	(16,532)		
Other expense (income)	791	1,912	(2,945)	940	888
(Loss) income before taxes	(6,995)	(143,285)	17,052	(9,642)	18,002
Provision for (benefit from) income taxes	411	37,249	4,940	(2,079)	(38,168)
Net (loss) income	\$ (7,406)	\$ (180,534)	\$ 12,112	\$ (7,563)	\$ 56,170
Net (loss) income per common share:					
Basic	\$ (0.36)	\$ (9.28)	\$ 0.63	\$ (0.39)	\$ 2.97
Diluted	\$ (0.36)	\$ (9.28)	\$ 0.62	\$ (0.39)	\$ 2.87
Weighted average common shares outstanding:					
Basic	20,382	19,449	19,379	19,336	18,920
Diluted	20,382	19,449	19,539	19,336	19,571

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	YEAR ENDED DECEMBER 31				
	2010	2009	2008	2007	2006
	(DOLLARS IN THOUSANDS, EXCEPT TERMINAL, TRAILER AND TRACTOR DATA)				
Other Data (1)					
Cash paid for interest	\$ 29,427	\$ 22,704	\$ 30,690	\$ 28,850	\$ 27,034
Net cash provided by operating activities	21,071	39,756	19,593	14,052	28,236
Net cash provided by (used in) investing activities	(1,079)	9,577	(8,524)	(63,399)	(10,591)
Net cash (used in) provided by financing activities	(23,879)	(50,515)	(13,485)	52,194	(12,474)
Number of terminals at end of period	102	108	149	169	165
Number of trailers managed at end of period	5,738	6,410	7,115	7,506	7,769
Number of tractors managed at end of period	2,901	2,839	3,224	3,927	3,829
Ratio of earnings to fixed charges (3)			1.4x		1.5x
Balance Sheet Data at Period End (1)					
Working capital	\$ 34,955	\$ 19,016	\$ 44,967	\$ 67,093	\$ 59,673
Total assets	271,335	279,616	502,103	493,976	417,873
Total indebtedness, including current maturities	317,332	321,284	362,586	349,271	279,122
Shareholders' (deficit) equity	(146,379)	(140,736)	31,020	27,300	31,774

- (1) On December 17, 2007, we acquired 100% of the stock of Boasso America Corporation. The results of Boasso have been included in our results since the date of the acquisition.
- (2) The impairment charge in 2009 resulted from an impairment analysis of goodwill and intangible assets performed during the quarter ended June 30, 2009. Refer to Note 13 to the consolidated financial statements included elsewhere in this prospectus.
- (3) For the purpose of computing the ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before income taxes and fixed charges. Fixed charges consist of interest expense including the amortization of deferred debt issuance costs. In 2007, 2009 and 2010 earnings were insufficient to cover fixed charges by approximately \$9.6 million, \$143.3 million and \$7.0 million, respectively.

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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 Exchange 2018 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 Existing 2018 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 Existing 2018 Notes for exchange if you do not follow the exchange-offer procedures described in this prospectus. We will issue Exchange 2018 Notes as part of the exchange offer only after a timely receipt of your Existing 2018 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 Existing 2018 Notes for exchange, you should comply with the exchange procedures and allow sufficient time for your Existing 2018 Notes or agent's message to be received by the exchange agent. If we do not receive your Existing 2018 Notes, letter of transmittal or agent's message and other required documents by the expiration date of the exchange offer, we may not accept your Existing 2018 Notes for exchange. We are under no duty to notify you of defects or irregularities in your tender of Existing 2018 Notes for exchange. If there are defects or irregularities in your tender of your Existing 2018 Notes, we may not accept your Existing 2018 Notes for exchange.

If you choose not to exchange your Existing 2018 Notes in the exchange offer or do not validly tender your Existing 2018 Notes, the transfer restrictions currently applicable to your Existing 2018 Notes will remain in force, which could inhibit your ability to sell your Existing 2018 Notes.

If you do not exchange your Existing 2018 Notes for Exchange 2018 Notes in the exchange offer or fail to validly tender your Existing 2018 Notes, then your Existing 2018 Notes will continue to be subject to certain transfer restrictions. In general, the restrictions prevent the Existing 2018 Notes from being offered or sold unless the offer and sale is registered or exempt from registration under the Securities Act and applicable state securities laws. Except as may required by the registration rights agreement in certain limited circumstances, we do not intend to register resales of the Existing 2018 Notes under the Securities Act.

The market for Existing 2018 Notes may be significantly more limited after the exchange offer and you may not be able to sell your Existing 2018 Notes after the exchange offer.

If Existing 2018 Notes are tendered and accepted for exchange under the exchange offer, the trading market for Existing 2018 Notes that remain outstanding may be significantly more limited. As a result, the liquidity of the Existing 2018 Notes not tendered for exchange could be adversely affected. The extent of the market for Existing 2018 Notes and the availability of price quotations would depend upon a number of factors, including the number of holders of Existing 2018 Notes remaining outstanding and the interest of securities firms in maintaining a market in the Existing 2018 Notes. An issue of securities with a similar outstanding market value available for trading, which is called the float, may command a lower price than would be comparable to an issue of securities with a greater float. As a result, the market price for Existing 2018 Notes that are not exchanged in the exchange offer may be affected adversely as Existing 2018 Notes exchanged in the exchange offer reduce the float. The reduced float also may make the trading price of the Existing 2018 Notes that are not exchanged more volatile.

Certain persons who participate in the exchange offer must deliver a prospectus in connection with resales of the Exchange 2018 Notes.

Based on interpretations of the staff of the SEC contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (May 13, 1988), *Morgan Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (July 2, 1993), we believe that you may generally offer for resale, resell or otherwise transfer the Exchange 2018 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 2018 Notes will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer the Notes. If such a holder transfers any Exchange 2018 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.

Table of Contents**Risks Related to an Investment in the Exchange 2018 Notes**

Your right to receive payments on the Exchange 2018 Notes is effectively junior to those lenders who have a first-priority security interest in our assets.

Our obligations under the Exchange 2018 Notes and our guarantors' obligations under their guarantees of the Exchange 2018 Notes will be secured on a second-priority basis. As a result, the Exchange 2018 Notes and the related guarantees will be effectively subordinated to all of our and the guarantors' first-priority lien obligations, including the ABL Facility, to the extent that, after the holders of the first-priority lien obligations have foreclosed on the collateral securing those claims, the value of the remaining collateral securing the second-priority lien obligations is less than the amount of the second-priority lien obligations. Our obligations under the ABL Facility and each applicable guarantor's obligations under its guarantee of the ABL Facility are secured by a security interest in substantially all of our domestic tangible and intangible assets that is senior to the security interest securing the Exchange 2018 Notes. In the event that we or a relevant guarantor are declared bankrupt, become insolvent or are liquidated or reorganized, our obligations under the ABL Facility and any other first-priority lien obligations will be entitled to be paid in full from our assets and the assets of the guarantors securing such obligations before any payment may be made on the Exchange 2018 Notes. Holders of the Exchange 2018 Notes would participate ratably in our remaining assets or the remaining assets of the guarantor with all holders of second-priority indebtedness that is deemed to rank equally with the Exchange 2018 Notes based upon the respective amount owed to each creditor. In addition, if we default under the ABL Facility, the lenders could make all of the funds borrowed thereunder, together with accrued interest, immediately due. If we were unable to repay this indebtedness, the lenders could foreclose on the pledged assets, even if an event of default exists under the 2018 Notes Indenture. Furthermore, if the lenders under the ABL Facility foreclose and sell the pledged equity interests in any subsidiary guarantor of the Exchange 2018 Notes, then that guarantor will be released from its guarantee of the Exchange 2018 Notes automatically and immediately upon such sale. It is possible that there would not be sufficient assets remaining from which your claims could be fully satisfied.

As of December 31, 2010, we had \$61.5 million of first-priority lien obligations, primarily consisting of debt under the ABL Facility, capital lease obligations and other secured notes, and approximately \$79.6 million in availability under the ABL Facility. The ABL Facility and the 2018 Notes Indenture permit the incurrence of substantial additional indebtedness by us and our restricted subsidiaries in the future, including first-priority lien obligations.

The Exchange 2018 Notes will be effectively junior to liabilities of certain subsidiaries and subsidiary guarantees may not be enforced.

We conduct substantially all of our operations through our subsidiaries. As a result, we are required to rely upon our subsidiaries for the funds necessary to meet our obligations, including the payment of interest on and principal of the Exchange 2018 Notes. The ability of our guarantor subsidiaries to make these payments will be subject to, among other things, applicable state laws. Although the guarantees of the Exchange 2018 Notes provide the holders of the Exchange 2018 Notes with a direct claim against the assets of the guarantors, the subsidiary non-guarantors have not guaranteed the obligations under the Exchange 2018 Notes. Claims of creditors of our subsidiary non-guarantors, including trade creditors, generally will have priority with respect to the assets and earnings of these subsidiaries over the claims of our creditors, including holders of the Exchange 2018 Notes. For 2010, 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 \$0.3 million of liabilities, including trade payables, but excluding intercompany balances, at December 31, 2010.

In addition, enforcement of the guarantees of the Exchange 2018 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 2018 Notes 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 Exchange 2018 Notes are not enforceable, the Exchange 2018 Notes would be effectively subordinated to all liabilities of the guarantors, including trade payables of any guarantors.

Holders of Exchange 2018 Notes will not control decisions regarding collateral.

Under the intercreditor agreement, the collateral agent representing the holders of our first-priority lien obligations, including the ABL Facility, controls substantially all matters related to the collateral securing the first-priority lien obligations and the Exchange 2018 Notes. The holders of the first-priority lien obligations may cause the collateral agent to dispose of, release or foreclose on, or take other actions with respect to the shared collateral with which holders of the Exchange 2018 Notes may disagree or that may be contrary to the interests of holders of the Exchange 2018 Notes. In addition, the security documents generally provide that, as long as the first-priority lien obligations are in effect, the holders of the first-priority lien obligations may change, waive, modify or vary the security documents without the consent of the holders of the Exchange 2018 Notes, provided that any such change, waiver or modification does not materially adversely affect the rights of the holders of the Exchange 2018 Notes and not the other secured creditors in a like or similar manner.

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Except under limited circumstances, if at any time the first-priority lien obligations cease to be in effect, the liens securing the Exchange 2018 Notes will also be released and the Exchange 2018 Notes will become unsecured senior obligations. Furthermore, the security documents generally allow us and our subsidiaries to remain in possession of, retain exclusive control over, to freely operate, and to collect, invest and dispose of any income from, the collateral securing the Exchange 2018 Notes. In addition, to the extent we sell any assets that constitute collateral, the proceeds from the sale will be subject to the lien securing the Exchange 2018 Notes only to the extent such proceeds would otherwise constitute collateral securing the Exchange 2018 Notes under the security documents. To the extent the proceeds from any such sale of collateral do not constitute collateral under the security documents, the pool of assets securing the Exchange 2018 Notes would be reduced and the Exchange 2018 Notes would not be secured by such proceeds. For instance, if we sell any of our domestic assets which constitute collateral securing the Exchange 2018 Notes and, with the proceeds from such sale, purchase assets which we transfer to one of our foreign subsidiaries, the holders of the Exchange 2018 Notes would not receive a security interest in the assets purchased and transferred to our foreign subsidiary because the pool of assets which constitutes collateral securing the Exchange 2018 Notes under the security documents excludes assets owned by our foreign subsidiaries.

The collateral securing the Exchange 2018 Notes will exclude some of our property including all of our tractors and trailers acquired prior to December 3, 2010.

The collateral under the 2018 Notes Indenture will exclude certain of our property. In particular, tractors and trailers acquired by us prior to December 3, 2010 will not be pledged to secure the Exchange 2018 Notes, although they are pledged to secure the ABL Facility. Our tractors and trailers constitute a significant portion of the total book value of our assets. Consequently, the value of the collateral securing the Exchange 2018 Notes may not be sufficient to satisfy all of our obligations under the Exchange 2018 Notes in the event of foreclosure or a similar proceeding.

The capital stock securing the Exchange 2018 Notes automatically will be released from the lien and no longer be deemed to be collateral to the extent the pledge of such capital stock would require the filing of separate financial statements for any of our subsidiaries with the SEC.

The 2018 Notes Indenture and the security documents provide that, to the extent that separate financial statements of any of our subsidiaries would be required by the rules of the SEC (or any other governmental agency) due to the fact that the subsidiary's capital stock or other securities secure the Exchange 2018 Notes, then the capital stock or other securities automatically will be deemed not to be part of the collateral securing the Exchange 2018 Notes to the extent necessary to not be subject to such requirement. In such event, the security documents will be amended, without the consent of any holder of Exchange 2018 Notes, to the extent necessary to release the liens on such capital stock or securities. As a result, holders of the Exchange 2018 Notes could lose all or a portion of their security interest in the capital stock or other securities.

Rights of holders of Exchange 2018 Notes in the collateral may be adversely affected by bankruptcy proceedings.

The right of the collateral agent for the Exchange 2018 Notes to repossess and dispose of the collateral securing the Exchange 2018 Notes upon acceleration is likely to be significantly impaired by federal bankruptcy law if bankruptcy proceedings are commenced by or against us prior to or possibly even after, the collateral agent for the Exchange 2018 Notes has repossessed and disposed of the collateral. Under federal bankruptcy law, a secured creditor, such as the collateral agent, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without bankruptcy court approval. Moreover, bankruptcy law permits the debtor to continue to retain and to use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. The meaning of the term adequate protection may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral and may include cash payments or the granting of additional security, if the court determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the Exchange 2018 Notes could be delayed following commencement of a bankruptcy case, whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent holders of the Exchange 2018 Notes would be compensated for any delay in payment or loss of value of the collateral through the requirements of adequate protection. Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the Exchange 2018 Notes, the holders of the Exchange 2018 Notes would have undersecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys' fees for undersecured claims during the debtor's bankruptcy case.

Additionally, in the event that a bankruptcy case is commenced by or against us, if the value of the collateral is less than the amount of principal and accrued and unpaid interest on the Exchange 2018 Notes and all other senior or pari passu secured obligations, interest may cease to accrue on the Exchange 2018 Notes from and after the date the bankruptcy petition is filed. Mortgages relating to real property collateral were not in place when the Existing 2018 Notes were sold. While we subsequently recorded the mortgages as contemplated by the 2018 Notes Indenture, the security interests perfected through these mortgages may be voidable in bankruptcy because they were perfected after the Existing 2018 Notes

were sold.

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Finally, in the intercreditor agreement, the trustee and collateral agent have waived, on behalf of the holders of the 2018 Notes, a significant number of rights ordinarily accruing to secured creditors in bankruptcy.

There are circumstances other than repayment or discharge of the Exchange 2018 Notes under which the collateral securing the Exchange 2018 Notes and guarantees will be released automatically without your consent or the consent of the trustee or the collateral agent.

Collateral securing the Exchange 2018 Notes will be released automatically under circumstances including:

a sale, transfer or other disposition of the collateral in a transaction not prohibited under the 2018 Notes Indenture;

for collateral held by a guarantor, upon the release of such guarantor from its guarantee in connection with a sale of such subsidiary guarantor to the extent such transaction not prohibited by the 2018 Notes Indenture; and

subject to certain exceptions, the release of all other liens securing first-priority lien obligations.

The 2018 Notes Indenture also permits us to designate one or more of our restricted subsidiaries that is a guarantor of the Exchange 2018 Notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary for purposes of the 2018 Notes Indenture, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the Exchange 2018 Notes by such subsidiary or any of its subsidiaries will be released. The creditors of the unrestricted subsidiary and its subsidiaries would have a claim on the assets of such unrestricted subsidiary and its subsidiaries that is senior to the claim of the holders of the Exchange 2018 Notes. In the event of a default under the 2018 Notes, any release of the collateral could reduce the amount of collateral available to satisfy the claims of holders of the 2018 Notes.

The collateral securing the Exchange 2018 Notes may be diluted under certain circumstances.

The collateral that will secure the Exchange 2018 Notes also secures our obligations under the first-priority lien obligations. This collateral may secure on a first-priority basis or a pari passu basis additional indebtedness that we incur in the future, subject to restrictions on our ability to incur debt and liens under the first-priority lien obligations and the 2018 Notes Indenture, and may generally secure any other indebtedness permitted to be incurred under the 2018 Notes Indenture on a pari passu basis. Your rights to the collateral would be diluted by any increase in the indebtedness secured on a first-priority or pari passu basis by this collateral.

We may not be able to repurchase the Exchange 2018 Notes upon a change of control.

Upon the occurrence of certain specific types of change of control events, we will be required to offer to repurchase all of their outstanding 2018 Notes at 101% of the principal amount thereof plus, without duplication, accrued and unpaid interest and additional interest, if any, to the date of repurchase, including the Exchange 2018 Notes. However, a change of control will cause an event of default under the ABL Facility and may cause an acceleration of the borrowings thereunder and may trigger similar results in our other debt. There can be no assurance that we will have sufficient funds at the time of the change of control to make the required repurchase of all such Exchange 2018 Notes or that restrictions under our other debt will allow such repurchases.

Investors may not be able to determine when a change of control giving rise to their right to have the Exchange 2018 Notes repurchased by the company has occurred following a sale of substantially all of the company's assets.

Specific kinds of change of control events of QDI require us to make an offer to repurchase all outstanding Exchange 2018 Notes or exercise their right to redeem such Exchange 2018 Notes. The definition of change of control includes a phrase relating to the sale, lease or transfer of all or substantially all the assets of QDI and its subsidiaries taken as a whole. There is no precise established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of Exchange 2018 Notes to require the Issuers to repurchase such Exchange 2018 Notes as a result of a sale, lease or transfer of less than all of the assets of QDI and its subsidiaries taken as a whole to another individual, group or entity may be uncertain.

We can enter into transactions like recapitalizations, reorganizations and other highly leveraged transactions that do not constitute a change of control but that could adversely affect the holders of the Exchange 2018 Notes.

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We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a change of control under the 2018 Notes Indenture governing the Exchange 2018 Notes, but that could increase the amount of indebtedness outstanding at such time or otherwise affect QDI's capital structure or credit ratings. This indebtedness could constitute additional first-priority lien obligations or be pari passu with our obligations under the Exchange 2018 Notes. As a result, we may be able to engage in transactions that increase your risks associated with our total indebtedness, our first-property lien obligations or pari passu obligation without repurchasing the Exchange 2018 Notes.

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An active trading market may not develop for the Exchange 2018 Notes.

We do not intend to list the Exchange 2018 Notes on a national securities exchange. Although the initial purchasers of the Existing 2018 Notes have advised us that they currently intend to make a market in the Exchange 2018 Notes, they are 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 2018 Notes. If any of the Exchange 2018 Notes are traded after their issuance, they may trade at a discount from the initial offering price of the Existing 2018 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 Exchange 2018 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 Exchange 2018 Notes may occur independent of our operating and financial performance. We cannot assure you that any liquid market for the Exchange 2018 Notes will develop.

The credit ratings assigned to the Exchange 2018 Notes may not reflect all risks of an investment in the Exchange 2018 Notes.

The credit ratings to be assigned to the Exchange 2018 Notes may not reflect all risks of an investment in the Exchange 2018 Notes. The credit ratings assigned to Exchange 2018 Notes reflect the rating agencies' assessments of our ability to make payments on the Exchange 2018 Notes when due are subject to revision. Consequently, real or anticipated changes in these credit ratings will generally affect the market value of the Exchange 2018 Notes. These credit ratings, however, may not reflect the potential impact of all risks related to the value of the Exchange 2018 Notes.

A downgrade in our debt ratings could result in increased interest and other financial expenses related to future borrowings, and has limited and could further restrict our access to additional capital or trade credit.

Standard and Poor's Ratings Services and Moody's Investors Service maintain credit ratings for us. Each of these ratings is currently below investment grade. Any decision by these or other ratings agencies to downgrade such ratings in the future could result in increased interest and other financial expenses relating to our future borrowings, and could restrict our ability to obtain financing on satisfactory terms. In addition, any further downgrade could restrict our access to, and negatively impact the terms of, trade credit extended to us.

Federal and state fraudulent transfer laws may permit a court to void the Exchange 2018 Notes, the guarantees or security interests, and, if that occurs, you may not receive any payments on the Exchange 2018 Notes.

The issuance of the Exchange 2018 Notes and their guarantees and security interests may be subject to review under federal and state fraudulent transfer and conveyance statutes if a bankruptcy, liquidation or reorganization case or a lawsuit, including under circumstances in which bankruptcy is not involved, were commenced at some future date by us, by the guarantors or on behalf of our unpaid creditors or the unpaid creditors of a guarantor. While the relevant laws may vary from state to state, a court may void, subordinate or otherwise decline to enforce the Exchange 2018 Notes or the guarantees or security if it found that when the Issuers issued the Exchange 2018 Notes or the guarantors issued the guarantees, or in some states when payments became due under the Exchange 2018 Notes, the guarantees or the Issuers received less than reasonably equivalent value or fair consideration and either:

was insolvent or rendered insolvent by reason of such incurrence;

was left with inadequate capital to conduct its business; or

believed or reasonably should have believed that it would incur debts beyond its ability to pay.

The court might also void an issuance of Exchange 2018 Notes or a related guarantee by a guarantor or the grant of security interests in the collateral securing the 2018 Notes, without regard to the above factors, if the court found that the Issuers issued the Exchange 2018 Notes or the applicable guarantor made its guarantee, or any security interest was granted with actual intent to hinder, delay or defraud its creditors.

If a court were to void the issuance of the Exchange 2018 Notes or related guarantee, if applicable, you would no longer have any claim against the Issuers or the applicable guarantor. Sufficient funds to repay the Exchange 2018 Notes may not be available from other sources, including the remaining obligors, if any. In addition, the court might direct you to repay any amounts that you already received from the Issuers or a guarantor.

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We cannot be certain as to the standards a court would use to determine whether or not QD Capital or any subsidiary guarantor were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the Exchange 2018 Notes and the guarantees and security interests would not be subordinated to our or any subsidiary guarantor's other debt.

The Exchange 2018 Notes will mature after a substantial portion of our other indebtedness.

The Exchange 2018 Notes will mature on November 1, 2018. Substantially all of our existing indebtedness that was not paid off in connection with the original issuance of the Existing 2018 Notes, including our ABL Facility, will mature prior to November 1, 2018. Therefore, we will be required to repay substantially all of our other creditors before we are required to repay a portion of the interest due on, and the principal of, the Exchange 2018 Notes. As a result, we may not have sufficient cash to repay all amounts owing on the Exchange 2018 Notes at maturity. There can be no assurance that we will have the ability to borrow or otherwise raise the amounts necessary to repay or refinance our other indebtedness.

Rights of holders of 2018 Notes in the collateral may be adversely affected by the failure to perfect liens on certain collateral and other issues generally associated with the realization of security interests in collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the collateral securing the 2018 Notes may not be perfected with respect to the claims of the holders of the 2018 Notes if certain actions necessary to perfect any of these liens are not taken by the collateral agent. There can be no assurance that the collateral agent will have taken all actions necessary to create or maintain properly perfected security interests, which could result in the security interest in favor of the holders of the 2018 Notes not being perfected.

In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest or lien can only be perfected at the time such property and rights are acquired and identified. Although the 2018 Notes Indenture contains customary further assurances covenants, there can be no assurance that all necessary action will be taken to properly perfect the lien on such after-acquired collateral. Neither the trustee nor the collateral agent for the 2018 Notes has any obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interests therein. This failure may result in the loss of the practical benefits of the liens thereon or of the priority of the liens securing the 2018 Notes.

Further, the security interest held by the collateral agent will be subject to practical challenges related to obtaining security interests in, and foreclosing on, collateral. For example, the collateral agent may need to obtain the consent of third parties or the approval of regulatory bodies or make additional filings in order to perfect a security interest or to foreclose. If the collateral agent is unable to adequately address these types of issues, the security interests may be invalid or lose priority, or the collateral agent may not be able to foreclose on the collateral on behalf of the holders of the 2018 Notes. In addition, the collateral securing the Exchange 2018 Notes may be subject to certain exceptions, defects, encumbrances, liens or other imperfections as may be accepted by the holders of the first-priority lien obligations. The existence of exceptions, defects, encumbrances, liens or other imperfections could adversely affect the value of the collateral securing the Exchange 2018 Notes as well as the ability of the collateral agent to realize or foreclose on the collateral.

Because each guarantor's liability under its guarantee may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors.

You have the benefit of the guarantees of the guarantors. However, the guarantees by the guarantors are limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. As a result, a guarantor's liability under its guarantee could be reduced to zero, depending on the amount of other obligations of such guarantor. Further, under the circumstances discussed more fully above, a court under Federal or state fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the guarantor. In addition, you will lose the benefit of a particular guarantee if it is released under certain circumstances described in the section of this prospectus entitled "Description of the 2018 Notes - Note Guarantees."

The guarantee of our parent company is of limited value.

Investors should not rely on the QDI guarantee in evaluating an investment in the Exchange 2018 Notes as QDI currently has no material assets other than the ownership of 100% of our membership interests and substantially all of the covenants contained in the 2018 Notes Indenture do not apply to QDI.

Risks related to our Indebtedness

Our debt agreements contain restrictions that could limit our flexibility in operating our business.

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Our ABL Facility, the 2018 Notes Indenture and the indenture governing the 2013 PIK Notes contain covenants that limit or prohibit our ability, among other things, to:

incur or guarantee additional indebtedness or issue certain preferred shares;

redeem, repurchase, make payments on or retire subordinated indebtedness or make other restricted payments;

make certain loans, acquisitions, capital expenditures or investments;

sell certain assets, including stock of our subsidiaries;

enter into sale and leaseback transactions;

create or incur liens;

consolidate, merge, sell, transfer or otherwise dispose of all or substantially all of our assets; and

enter into certain transactions with our independent affiliates.

These covenants may prohibit or impair us from taking actions that we believe are best for our business and shareholders. Furthermore, under the ABL Facility we may be required to satisfy and maintain specified financial ratios under certain conditions. Our ability to meet those financial ratios can be affected by events beyond our control, and we may not meet those ratios. In addition, covenants in our debt agreements limit our use of proceeds from our ordinary operations and from extraordinary transactions. These limits may require us to apply proceeds in a certain manner or prohibit us from utilizing the proceeds in our operations or from prepaying or retiring indebtedness that we desire.

A failure to comply with any of the covenants contained in the ABL Facility or our other indebtedness could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In the event of default, the lenders of the defaulted indebtedness:

would not be required to lend any additional amounts to us under the ABL Facility;

could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due immediately and terminate all commitments to extend further credit; or

could require us to apply all of our available cash to repay these borrowings.

Such actions by the lenders could cause cross defaults under our other indebtedness. If we were unable to repay amounts under the ABL Facility, the lenders under the ABL Facility could proceed against the collateral granted to them to secure that indebtedness. If any of our indebtedness is accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full.

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments, including payments on the Exchange 2018

Notes.

At December 31, 2010, we had consolidated long-term indebtedness and capital lease obligations, including current maturities, of \$320.9 million (which excludes unamortized original issue discount of \$3.5 million). Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt will depend on a range of economic, competitive and business factors, many of which are outside our control. Our business may not generate sufficient cash flow from operations to meet our debt service and other obligations, and currently anticipated cost savings and operating improvements may not be realized on schedule, or at all. If we are unable to meet our expenses and debt service and other obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets or raise equity. We may not be able to refinance any of our indebtedness, sell assets or raise equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms would have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our substantial indebtedness could also have other important consequences with respect to our ability to manage our business successfully, including the following:

it may limit our ability to borrow money for our working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes;

it may make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the ABL Facility, the 2018 Notes Indenture and the indenture governing the 2013 PIK Notes, and our other indebtedness;

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;

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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;

we will be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

it may make us more vulnerable to further downturns in our business or the economy;

it limits our ability to exploit business opportunities; and

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

In addition, covenants in our debt agreements limit the use of proceeds from our ordinary operations and from extraordinary transactions. These limits may require us to apply proceeds in a certain manner or prohibit us from utilizing the proceeds in our operations or from prepaying or retiring indebtedness that we desire.

Despite our substantial indebtedness, we may still be able to incur significantly more indebtedness, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

The ABL Facility, the 2018 Notes Indenture and the indenture governing our 2013 PIK Notes contain restrictions on our ability to incur additional indebtedness. These restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Accordingly, we or our subsidiaries could incur significant additional indebtedness in the future. As of December 31, 2010, we had approximately \$79.6 million available for additional borrowing under the ABL Facility, including a subfacility for letters of credit, and the covenants under our debt agreements would allow us to borrow a significant amount of additional indebtedness. Additional leverage could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Our ability to satisfy our debt obligations will depend upon, among other things:

our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control; and

our future ability