QUALITY DISTRIBUTION INC
Form DEF 14A
April 26, 2012

# 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))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

**QUALITY DISTRIBUTION, INC.**

**(Name of Registrant as Specified in its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14(a)-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total Fee Paid:

¨ Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

4041 Park Oaks Boulevard, Suite 200

Tampa, Florida 33610

April 27, 2012

Dear Fellow Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Quality Distribution, Inc., which will be held on Wednesday, May 30, 2012, 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 2011 Annual Report on Form 10-K for your review, which contains detailed information concerning our financial performance and activities during 2011.

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, 2012**

The annual meeting of shareholders of Quality Distribution, Inc. (the *Company*) will be held on Wednesday, May 30, 2012, 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 act upon a proposal to approve the 2012 Equity Incentive Plan

(3) to ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered certified public accounting firm for 2012

(4) to cast an advisory vote to approve the compensation of the Company s named executive officers

(5) to cast an advisory vote on the frequency of future advisory votes to approve the compensation of the Company s named executive officers and

(6) 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 13, 2012, 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

Jonathan C. Gold

Corporate Secretary

Tampa, Florida

April 27, 2012

**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 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 2012 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 2012 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 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 2012 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 27, 2012.

**INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

| | |
|---|---|
| **Time and Place** | May 30, 2012<br>10:00 a.m. Eastern Time<br>Hilton Garden Inn<br>10309 Highland Manor Drive<br>Tampa, Florida 33610 |
| **Items to be Voted Upon** | You will be voting on the following matters:<br>(1) the election of seven directors<br>(2) the approval of the 2012 Equity Incentive Plan<br>(3) the ratification of the appointment of the Company s independent registered certified public accounting firm<br>(4) the approval, on an advisory basis, of the compensation of the Company s named executive officers<br>(5) the frequency, on an advisory basis, of future advisory votes to approve the compensation of the Company s named executive officers and<br>(6) 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 common stock if our records show that you held your shares as of the close of business on the record date, April 13, 2012. Each shareholder is entitled to one vote for each share of common stock held on that date, at which time we had 26,974,990 shares of common stock |

outstanding and entitled to vote. Common stock is our only issued and outstanding class of stock.

**How to Vote**

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 13, 2012, the record date for voting. In order to vote in person at the annual meeting, you may contact the person in whose name your shares are registered and obtain a proxy from that person and bring it to the annual meeting.

**Voting Shares in Fiduciary Account**

If you 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 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, approval of the 2012 Equity Incentive Plan, and the advisory votes to approve the compensation of our named executive officers and the frequency of such votes in the future 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 the advisory vote on the frequency of future advisory votes to approve the compensation of our named executive officers, you may vote ONE YEAR, TWO YEARS, or THREE YEARS or you may ABSTAIN from voting. For a 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 on pages 4 and 5

FOR the approval of the 2012 Equity Incentive Plan

FOR the ratification of appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for 2012

FOR the approval of the compensation of our named executive officers

ONE YEAR for the interval for holding the advisory vote to approve the compensation of the Company s 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**

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 Jonathan C. Gold, our Corporate Secretary, at the address of the Company.

**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 matters scheduled to be presented at the meeting are not binding actions 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 Articles of Incorporation or By-laws 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 Phoenix Advisory Partners to assist us with the distribution of proxies (but not the solicitation thereof). We expect to pay Phoenix Advisory Partners 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 of Incorporation and By-laws 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 such director s successor is elected and qualified.

Our Board is currently composed of seven members. 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 2013 annual meeting and until his successor is elected and qualified, or until his earlier death, disability, resignation or removal.

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the meeting. 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. There are no family relationships among any of our directors or executive officers.

**Nominees for Election for a One-Year Term Expiring at the 2013 Annual Meeting**

**Kevin E. Crowe (29)** has been a director of QDI since November 2009. Mr. Crowe has been employed by Apollo Management, L.P. ( *Apollo* ) since August 2006. 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. 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.

**Gary R. Enzor (49)** 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 (70)** 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 is a director of TPC Group, Inc. 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 (65)** has been a director of QDI since May 2005. He served as Vice President and Chief Financial Officer from 2010 to April 2012 and currently serves as Senior Advisor to the Chief Executive

Officer 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 (35)** has been a director of QDI since June 2005 and is a partner of 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 Metals USA, Inc., Realogy Corporation, Ascometal S.A and Noranda Aluminum Holding Corporation. 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.

**Alan H. Schumacher (65)** has been a director of QDI since May 2004. Mr. Schumacher is a member of the Federal Accounting Standards Advisory Board. 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., 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 (54)** 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. He is currently serving as Interim Chief Financial Officer of Constellium, an Apollo owned entity based in Paris, France. During 2009, Mr. White served as interim Chief Financial Officer of CEVA Group, plc, an Apollo owned entity based in the Netherlands and in 2010 he served as interim Chief Financial Officer of SkyLink Aviation, Inc. an Apollo owned entity based in Toronto, Canada. 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, SkyLink Aviation, 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.

**OUR BOARD RECOMMENDS A VOTE FOR EACH NAMED NOMINEE.**

**Director Compensation Table for 2011**

In 2011, QDI s directors received a cash retainer of $50,000, paid in quarterly installments, and awards of restricted stock of $40,000 in value except Mr. Enzor, who is compensated as described under Executive

Compensation. The restricted stock awards vest in two equal annual installments beginning on the first anniversary of the grant date.

During 2011, directors received board and committee meeting attendance fees ranging from $1,500 to $2,500 per meeting based upon chairmanship, the type of meeting and the rate applicable when the meeting was held. In addition, committee chairs and the chairman of the board received annual retainers ranging from $12,500 to $37,500 depending upon how many committees chaired. 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. Messrs. Crowe, Rashid and White were granted option awards during 2011 for their direct involvement in assisting the Company to successfully refinance various outstanding debt securities, which resulted in our issuance in November 2010 of $225,000,000 in aggregate principal amount of 9.875% Second-Priority Senior Secured Notes due 2018. The following table sets forth total compensation to persons other than Mr. Enzor serving as QDI s directors at any time during 2011. All of these individuals other than Mr. Becker served as QDI s directors throughout 2011.

| **Name(1)** | **Fees Earned or Paid in Cash ($)** | **Stock Awards ($)(2)** | **Option Awards ($)(2)** | **Total ($)** |
|---|---|---|---|---|
| Marc E. Becker[3] | 32,500 | 40,000 | | 72,500 |
| Kevin E. Crowe[4] | 69,500 | 40,000 | 76,875 | 186,375 |
| Richard B. Marchese[5] | 78,500 | 40,000 | | 118,500 |
| Thomas R. Miklich[6] | 77,000 | 40,000 | | 117,000 |
| M. Ali Rashid[7] | 132,000 | 40,000 | 76,875 | 248,875 |
| Alan H. Schumacher[8] | 107,000 | 40,000 | | 147,000 |
| Thomas M. White[9] | 93,000 | 40,000 | 76,875 | 209,875 |

(1) Because Mr. Enzor was a named executive officer in 2011, 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 and Option Award amounts equal the aggregate grant date fair value pursuant to ASC 718 for restricted stock and option grants in 2011. 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, 2011.

(3) During 2011, Mr. Becker received an award of 4,352 shares of restricted stock. As of December 31, 2011, Mr. Becker, who no longer serves as our director, had no shares of restricted stock and no options to purchase common stock.

(4) During 2011, Mr. Crowe received an award of 4,352 shares of restricted stock. As of December 31, 2011, Mr. Crowe had outstanding 9,254 shares of restricted stock and 37,500 options to purchase common stock, 25,000 of which were exercisable.

(5) During 2011, Mr. Marchese received an award of 4,352 shares of restricted stock. As of December 31, 2011, Mr. Marchese had outstanding 17,747 shares of restricted stock and 60,000 options to purchase common stock, all of which were exercisable.

(6) During 2011, Mr. Miklich received an award of 4,352 shares of restricted stock. As of December 31, 2011, Mr. Miklich had outstanding 17,747 shares of restricted stock and 20,000 options to purchase common stock, 10,000 of which were exercisable.

(7) During 2011, Mr. Rashid received an award of 4,352 shares of restricted stock. As of December 31, 2011, Mr. Rashid had outstanding 17,747 shares of restricted stock and 107,500 options to purchase common stock, 85,000 of which were exercisable.

(8) During 2011, Mr. Schumacher received an award of 4,352 shares of restricted stock. As of December 31, 2011, Mr. Schumacher had outstanding 17,747 shares of restricted stock and 35,000 options to purchase common stock, all of which were exercisable.

(9) During 2011, Mr. White received an award of 4,352 shares of restricted stock. As of December 31, 2011, Mr. White had outstanding 17,747 shares of restricted stock and 187,500 options to purchase common stock, 120,000 of which were exercisable.

For 2012, our directors other than Mr. Enzor will be entitled to receive a cash retainer of $50,000, payable in quarterly installments, and restricted stock of $40,000 in value, which was awarded on January 3, 2012. In addition, each director who also serves as the chair of a committee or the Board of Directors will receive an additional cash retainer of $12,500. 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 committee meeting.

## CORPORATE GOVERNANCE

**Principles and Governance Guidelines**

The Board has adopted and adheres to a Code of Conduct that the board and senior management believe represents 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 Code of Conduct can be found on the Investor Relations section of our website at www.qualitydistribution.com. 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.

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.

**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. It is expected that a majority of Board of Directors will continue to be comprised of independent directors under the NASDAQ Rules 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. Consequently, the Chairman of the Board and Chief Executive Officer positions have been held by a single person in the past but 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 2011.We encourage our directors to attend the annual shareholders meeting. Messrs. Crowe, Enzor, Marchese, Miklich Rashid, Schumacher and White attended the 2011 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 during 2011. 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 2011:

| | 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 | 10 | 7 | 2 | 5 | 5 |

***Audit Committee***

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 seven 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 Board, upon recommendation of the Audit Committee, has adopted a written Audit Committee Charter which can be found on the Investor Relations section of our website at 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 governance guidelines. The Corporate Governance Committee has adopted a Corporate Governance Committee Charter, which can be found on the Investor Relations section of our website at 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 ultimately responsible for making determinations for salary increases and awards to executive officers. Although management does not participate in the Compensation Committee s deliberations, the Compensation Committee considers management s recommendations. The Compensation Committee also reviews and determines salaries and bonuses for our other officers and employees based on management s input and recommendations. In addition, the Compensation Committee reviews and determines stock-based compensation for our directors, officers and employees and administers our stock incentive plans. The Compensation Committee has adopted a Compensation Committee Charter, which can be found on the Investor Relations section of our website at 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 of Directors to direct the business and affairs of the Company in intervals between meetings of the Board, subject to certain exceptions.

## 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.

**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, 2012 (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 the rules of the SEC, 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 such person that are exercisable within 60 days after April 1, 2012, 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(1)(2)(3) | 812,915 | 2.97% |
| Joseph J. Troy(1)(2)(3) | 72,550 | * |
| Stephen R. Attwood(1)(2)(3) | 173,742 | * |
| Randall T. Strutz(1)(2)(3) | 51,865 | * |
| Jonathan C. Gold(1)(2)(3) | 74,218 | * |
| Kevin E. Crowe(3)(4)(5)(6) | 48,901 | * |
| Richard B. Marchese(1)(3)(6) | 110,524 | * |
| Thomas R. Miklich(1)(3)(6) | 62,028 | * |
| M. Ali Rashid(3)(4)(5)(6) | 212,203 | * |
| Alan H. Schumacher(1)(3)(6) | 85,524 | * |
| Thomas M. White(3)(4)(5)(6)(7) | 275,703 | 1.02% |
| All executive officers and directors as a group (11 persons)(8) | 1,980,130 | 7.06% |
| Apollo Investment Fund III, L.P.(9) | 4,696,715 | 17.41% |
| FMR, LLC(10) | 3,351,704 | 12.43% |
| Wellington Management Company, LLC(11) | 1,578,254 | 5.85% |

* Less than 1.0%

(1) The business address for Messrs. Enzor, Troy, Attwood, Strutz, Gold, Marchese, Miklich, and Schumacher is Quality Distribution, Inc., 4041 Park Oaks Boulevard, Suite 200, Tampa, Florida 33610.

(2)

The shares for our executive officers include restricted stock granted under the 2003 Restricted Stock Incentive Plan. As of April 1, 2012, Mr. Enzor has 183,047 shares of restricted stock that have not yet vested, Mr. Troy has 29,250 unvested shares, Mr. Atwood has 46,575 unvested shares, Mr. Strutz has 14,000 unvested shares, and Mr. Gold has 8,150 unvested shares.

(3) The shares for certain of our executive officers and directors include stock options that have vested as of April 1, 2012 or will vest within 60 days thereafter. Mr. Enzor has 423,920 vested options; Mr. Troy has 37,500 vested options; Mr. Attwood has 100,000 vested options; Mr. Strutz has 33,125 vested options; Mr. Gold has 58,230 vested options; Mr. Crowe has 31,250 vested options; Mr. Marchese has

60,000 vested options; Mr. Miklich has 15,000 vested options; Mr. Rashid has 96,250 vested options; Mr. Schumacher has 35,000 vested options and Mr. White has 163,750 vested options.

(4) The business address for Messrs. Crowe, Rashid, and White is Apollo Management, L.P., 9 West 57th Street, New York, New York 10019.

(5) Messrs. Rashid and White are partners and Mr. Crowe is a principal of Apollo. Messrs. Rashid and White are each an officer or director of certain affiliates of Apollo. Although each of Messrs. Crowe, Rashid and White may be deemed to beneficially own shares owned by Apollo, each such person disclaims beneficial ownership of any such shares.

(6) The shares for our non-employee directors include restricted stock granted under the 2003 Restricted Stock Incentive Plan. As of April 1, 2012, Mr. Crowe has 5,672 shares of restricted stock that have not yet vested, and Messrs. Marchese, Miklich, Rashid, Schumacher and White each has 9,085 shares of restricted stock that have not yet vested.

(7) Includes 46,000 shares held in a margin securities account with a brokerage firm.

(8) The shares for all current executive officers and directors as a group include 1,054,025 options that have vested or will vest within 60 days of April 1, 2012 and 332,119unvested restricted shares.

(9) Includes shares owned by Apollo Overseas Partners III, L.P., a Delaware limited partnership, and Apollo (U.K.) Partners III, L.P., a limited partnership organized under the laws of the United Kingdom. Also includes 85,521 shares owned by an institutional investor as to which Apollo has sole voting power pursuant to the irrevocable proxy granted by such institutional investor in the Amended and Restated Common and Preferred Stock Purchase and Shareholder Agreement, dated as of August 28, 1998 thereto as amended by Amendment No. 1 dated April 2, 2002. The address of Apollo Investment Fund III, L.P. is c/o Apollo Advisors III, L.P., Two Manhattanville Road, Purchase, New York 10577.

(10) Based solely on information obtained from a Schedule 13G/A filed by FMR, LLC with the SEC on or about March 12, 2012 and without independent investigation of the disclosure contained therein. The business address of FMR, LLC is 82 Devonshire Street, Boston, Massachusetts 02109. Fidelity Management & Research Company is the wholly-owned subsidiary of FMR, LLC and beneficially owns 3,351,704 shares. Voting power for all 3,351,704 shares resides with the Fund s Board of Trustees. Edward C. Johnson, III and members of his family own, directly or through trusts, Series B voting common shares of FMR, LLC, representing 49% of the voting power of FMR, LLC and may be deemed to be the controlling members of FMR, LLC. The report is filed jointly by FMR, LLC, Edward C. Johnson, III, Fidelity Management & Research Company and Fidelity Small Cap Stock Fund. The address for Mr. Johnson, Fidelity Management and the Fund is the same as FMR, LLC. On March 13, 2012, affiliates of FMR, LLC purchased 450,000 shares of QDI common stock as part of a public offering by QDI and certain selling shareholders. We have no further information regarding the stock holdings of FMR, LLC as of April 1, 2012, which holdings may differ significantly from the information reported in the table above.

(11) Based solely on information obtained from a Schedule 13G filed by Wellington Management Company, LLP with the SEC on February 14, 2012 and without independent investigation of the disclosure contained therein. The business address of Wellington Management Company, LLP is 280 Congress Street, Boston, Massachusetts 02210. Wellington Management Company, LLP, in its capacity as investment adviser, beneficially owns 1,578,254 shares. Wellington Management Company, LLP has the shared power to dispose of or to direct the disposition of all such shares and has the shared power to vote or to direct the vote of 1,060,034 of such shares. Clients of Wellington Management Company, LLP are the owners of record of such shares and have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such shares. On March 13, 2012, affiliates of Wellington Management Company, LLP purchased 450,000 shares of QDI common stock as part of a public offering by QDI and certain selling shareholders. We have no further information regarding the stock holdings of Wellington Management Company, LLP as of April 1, 2012, which holdings may differ significantly from the information reported in the table above.

## COMPENSATION DISCUSSION AND ANALYSIS

**Introduction**

This Compensation Discussion and Analysis provides information regarding the compensation paid to our Chief Executive Officer, Executive Vice President and Chief Financial Officer and three other executive officers who were the most highly compensated in 2011. These individuals, referred to collectively as Named Executive Officers, are identified below:

| | |
|---|---|
| Gary R. Enzor | Chief Executive Officer |
| Joseph J. Troy | Executive Vice President and Chief Financial Officer |
| Stephen R. Attwood | President and Chief Operating Officer |
| Randall T. Strutz | President of Quality Carriers, Inc. (QCI) |
| Jonathan C. Gold | Senior Vice President, General Counsel and Secretary |

Mr. Strutz was promoted to his current position during 2012 and served as our Senior Vice President of Sales and New Business Development during 2011.

**Compensation Philosophy and Objectives**

We are committed to providing a total compensation package that allows us to attract, motivate and retain highly qualified executives to enhance long-term profitability and increase shareholder value by linking significant elements of executive compensation to our operating and financial performance. Our Board believes that compensation payable to our executives should provide overall competitive pay and benefit levels and create proper incentives to enhance shareholder value without encouraging inappropriate risk taking. Our primary compensation policy is that a significant portion of the compensation of each executive officer should be based upon individual and company performance. Thus, a significant portion of the compensation for each executive officer is at risk. Beginning in 2011, we have articulated company-wide financial performance targets for a portion of our executives at-risk compensation in order to provide an objective basis for a portion of that compensation which is directly tied to performance. We also believe that executive compensation should serve to attract and retain key employees and provide them with sufficient security that they are not incentivized to risk our business without adequate opportunity for return for shareholders.

**Compensation Objectives and Process**

Our compensation program is administered by our Compensation Committee. Pursuant to its charter, the Compensation Committee is responsible for developing our overall compensation policies that seek to achieve these goals through the appropriate balance of cash and equity compensation. The Compensation Committee is responsible for reviewing and approving base salary and equity awards to executive officers, as well as our cash incentive compensation program. The performance targets for the cash incentive compensation program are approved by the Compensation Committee and communicated to the entire Board of Directors as a part of our annual budget process, and the cash incentive program permits payments to executives in excess of target if the Compensation Committee exercises its discretion to make excess awards.

Our Chief Executive Officer, with the assistance of our Executive Vice President and Chief Financial Officer, recommends annually to the Compensation Committee any salary adjustments and equity compensation awards for our officers. The Compensation Committee is responsible for making final determinations for any salary adjustments and equity awards to executive officers, excluding themselves. Although none of our executive officers participate in the Compensation Committee s final deliberations, the Compensation Committee considers their recommendations. As with salary and equity compensation award decisions, management recommends an annual cash incentive compensation target. After considering management s recommendations, the Board of Directors approves the annual cash incentive compensation target.

The Compensation Committee emphasizes pay for performance and believes that when the Company exceeds performance goals, executive compensation should reflect the exceptional performance. Conversely, when the Company does not meet the targeted business goals, executive compensation should reflect the under-performance. The performance of the executives and their contribution to our success provides the basis for decisions related to the compensation award process. We have a performance management process to measure the executive s individual performance and contributions to the achievement of our strategic initiatives. The executives base pay adjustments, if any, are linked to these measures. The Compensation Committee believes that perquisites should be limited in scope and value, and we generally do not provide significant perquisites or personal benefits to our executive officers.

During 2011 and in 2012, the Compensation Committee formalized a number of compensation processes that were previously less formal. Prior to 2011, cash incentive compensation was solely in the discretion of the Compensation Committee, which considered the Company s financial performance in determining whether and how much cash incentive compensation to award in any year but did not establish company or business-level financial performance targets that must be achieved as a prerequisite to cash incentive compensation. Cash incentive compensation paid in this manner is categorized as Bonus in the accompanying summary compensation table. The Compensation Committee established in January 2011 company-wide financial performance targets to be met for Named Executive Officers to earn cash incentive compensation for 2011. Cash incentive compensation paid in this manner is categorized as Non-Equity Incentive Plan Compensation in the accompanying summary compensation table.

Also for the first time in 2011, the Compensation Committee determined to pay a portion of the amounts that it would have otherwise awarded as cash incentive compensation in shares of restricted stock. It concurrently determined to make additional equity awards to provide further incentives for officers of the Company, including some Named Executive Officers, to contribute to our future operational and financial performance. While the decision to award cash incentive compensation, award shares of restricted stock and make additional grants of equity were all made in January 2011, cash incentive compensation awarded must be reported in the accompanying summary compensation table for 2010 while all of the equity grants must be reported in the table as compensation for 2011.

The Compensation Committee determined in February 2012 whether non-equity incentive plan compensation targets for 2011 were met, determined to pay a portion of the amounts that it would have otherwise awarded as cash incentive compensation in shares of restricted stock and concurrently determined to make additional equity awards. Only the cash incentive compensation is reported in the accompanying summary compensation table for 2011; all of these equity grants will be required to be reported as 2012 compensation in the summary compensation table included in the proxy statement for our 2013 annual meeting of shareholders. Because we view the concurrent cash and equity awards as parts of a single decision-making process, we report in the table below the grant date fair values of the restricted stock and option awards together with cash incentive compensation, all as determined by the Compensation Committee in February 2012.

**Design and Components of Executive Compensation**

The total compensation package provided to each executive officer comprises base salary, cash incentive compensation, equity compensation and benefits. Each component is specific in its purpose and relevance to meeting the objectives of our executive compensation program. In allocating compensation among these elements, we believe that the compensation of our senior-most levels of management, the levels of management having the greatest ability to influence our performance, should be more performance-based than other levels of management. Our executive compensation program is designed to compensate the executive for job knowledge, individual expertise and increasing shareholder value through the achievement of short-term and long-term performance goals. The cash incentive compensation program provides financial stability and opportunities for higher pay levels tied to performance while the equity based awards provide for recognition of long-term success and alignment with shareholder interests.

All of our Named Executive Officers have entered into employment agreements with us. We consider the employment agreements executed within the last few years by individuals not previously employed by us to be highly reliable indicators of compensation that was competitive at the time of execution for such positions with companies such as us. However, all Named Executive Officers are generally subject to the same policies and participate in the same compensation plans. An annual cash incentive compensation target and minimum base salary for each of the Named Executive Officers has been established under their respective employment agreement and compensation policies outlined in this Compensation Discussion and Analysis.

The Compensation Committee retained Frederic W. Cook & Co., Inc. (F.W. Cook) as its compensation consultant to advise it on matters related to our Named Executive Officers overall executive compensation and compensation design. This engagement began in 2011 but relates primarily to compensation for 2012 and future years. The Compensation Committee determined that F.W. Cook could act as an independent consultant for the committee and that its work would not give rise to any conflict of interest. During 2011 and 2012, F.W. Cook provided the Compensation Committee with comparative market data on compensation practices and programs based upon identified peer companies and published compensation surveys and provided guidance on best practices. With input from management, F.W. Cook identified a peer group of 14 publicly-traded companies from industry groups including trucking, transportation, energy transportation and storage and industrial services that were generally comparable in size to us, which was approved by the Compensation Committee. The identified peer group is comprised of:

| | | |
|---|---|---|
| Air Transport Services Group, Inc. | Echo Global Logistics, Inc. | Forward Air Corporation |
| Hub Group, Inc. | Kirby Corporation | Landstar System, Inc. |
| Newpark Resources, Inc. | Pacer International, Inc. | RailAmerica, Inc. |
| Roadrunner Transportation Systems, Inc. | Saia, Inc. | Standard Parking Corporation |
| Universal Truckload Services, Inc. | UTi Worldwide Inc. | |

Using this market data, F.W. Cook advised the Compensation Committee and made recommendations with respect to base salary, annual cash incentive compensation opportunities and long-term equity incentive opportunities. F.W. Cook compared Quality s existing compensation elements with the $25^{th}$ percentile of the identified peer group because the Company was approximately at the $25^{th}$ percentile of the group based upon size determined through several measures. The Compensation Committee did not target a specific percentile for all elements of the compensation plan because it believes that market practice is only one of many factors that must be considered in determining compensation. However, the Compensation Committee did note F.W. Cook s findings in assessing compensation for the Named Executive Officers. Changes with respect to 2012 base salaries for Named Executive Officers are discussed below.

The Compensation Committee used the results of the F.W. Cook analysis to compare current and prospective cash incentive compensation and equity incentive compensation for its Named Executive Officers to peer group practices. The Compensation Committee intends to observe key findings from the analysis. The Compensation Committee expects 2012 and future cash incentive compensation to be based upon objective measures determined annually, though the committee reserves the right to increase or decrease any awards that would otherwise result from the application of the selected measures. The Compensation Committee also expects to continue to issue stock options and restricted stock or other full value awards with time-based vesting as our equity incentive plan compensation and also will consider typical burn rates deemed acceptable by institutional investors for companies in the transportation industry.

More detailed information regarding the compensation of our Named Executive Officers is provided below. The compensation determinations made by the Compensation Committee and Board of Directors in February 2012 were:

| | Cash Incentive Compensation Earned | Grant Date Fair Value of Stock Awards in Lieu of Cash(1) | Grant Date Fair Value of Additional Stock Awards(2) | Grant Date Fair Value of Option Awards(2) |
|---|---|---|---|---|
| Gary R. Enzor | $ 288,000 | $ 301,911 | $ 226,273 | $ 226,632 |
| Joseph J. Troy | $ 125,000 | $ 131,405 | $ 105,124 | $ 104,937 |
| Stephen R. Attwood | $ 125,000 | $ 131,405 | $ 105,124 | $ 104,937 |
| Randall T. Strutz | $ 42,000 | $ 44,229 | $ 55,126 | $ 55,062 |
| Jonathan C. Gold | $ 66,000 | | $ 40,383 | $ 40,698 |

(1) Awards vest on the second anniversary of grant date.
(2) Awards vest ratably over four years on each anniversary of grant date.

***Base Salary***

Base salary is the fixed-cash portion of executive officers compensation payable in even installments throughout the year. Base salary levels are assigned based on job responsibilities, personal performance, historical salary levels for the position, contractual minimum requirements, market information, internal equity considerations and other factors. Each of our Named Executive Officers has an employment agreement that provides for a minimum base salary payable in cash. For certain of our Named Executive Officers, minimum base salary levels were determined when they were recruited to accept certain key positions after consideration of, with no specific weighting, the importance of the position being filled, the experience and background of the candidate, the level of compensation required to induce the executive to leave his then current position and the compensation paid historically to executives recruited for such position and the individual s contributions to the organization. For 2011, the Compensation Committee increased the base salaries of Messrs. Enzor and Attwood based upon its belief that their salaries were lower than those of comparably titled executives at companies that might compete with the Company for executive services. For 2012, the Compensation Committee has increased the base salaries of Messrs. Enzor, Troy and Attwood to bring their salaries in line with the 25$^{th}$ percentile benchmark reflected in the analysis of F.W. Cook. The salaries of the other Named Executive Officers were already in line with these benchmarks.

| Named Executive Officer | 2010 | 2011 | 2012 |
|---|---|---|---|
| Gary R. Enzor | $ 350,000 | $ 360,000 | $ 410,000 |
| Joseph J. Troy | $ 250,000 | $ 250,000 | $ 275,000 |
| Stephen R. Attwood | $ 235,000 | $ 250,000 | $ 275,000 |
| Randall T. Strutz | $ 210,000 | $ 210,000 | $ 210,000 |
| Jonathan C. Gold | $ 220,000 | $ 220,000 | $ 220,000 |

***Annual Cash Incentive Compensation***

Individual cash incentive compensation awards are a function of an executive s target cash incentive compensation and the applicable annual incentive plan. While the incentive plan is overseen by the Compensation Committee, annual cash incentive compensation targets are recommended by management and approved each year by the Board as part of its annual budgeting process. The percentage of base salary that the Named Executive Officers are eligible to receive is set by their respective employment agreements, but in the case of Mr. Attwood was increased from 40 to 50% following his promotion to our President and Chief Operating Officer.

The annual cash incentive compensation target in 2011 for each of our Named Executive Officers as a percentage of their base salary was as follows:

| **Named Executive Officer** | **2011 Target** |
|---|---|
| Gary R. Enzor | 80% |
| Joseph J. Troy | 50% |
| Stephen R. Attwood | 50% |
| Randall T. Strutz | 40% |
| Jonathan C. Gold | 30% |

Although cash incentive compensation has been substantially discretionary in past years, the annual cash incentive compensation plan for 2011 in which most of our executives, including the Named Executive Officers, participated provided for executive cash incentive compensation that was determined based upon the executive s level of base compensation and the achievement of our adjusted earnings per share ( *Adjusted EPS* ) and adjusted earnings before interest, taxes, depreciation and amortization ( *Adjusted EBITDA* ) targets. We believe that Adjusted EPS and Adjusted EBITDA (which are non-GAAP financial measures) targets link the annual cash incentive compensation to our overall financial and operating performance. These measures are regularly reported by the Company as measures of its financial performance. Adjusted EPS is calculated by excluding from net income certain items not considered by us to be part of regular operating activities and the provision for or benefit from taxes, applying a normalized tax rate of 39%, and dividing by the fully diluted number of shares outstanding. Adjusted EBITDA is calculated by adding back to net income the amount of interest, tax, depreciation and amortization expense (or subtracting the benefit in the case of taxes) included to calculate net income and excluding certain items not considered by the Company to be part of regular operating activities. We believe that these measures are appropriate for rewarding management for the financial performance of the Company because Adjusted EPS normalizes the Company s tax rate across reporting periods with different effective tax rates and adjusts for significant items that we do not consider part of regular operating activities and Adjusted EBITDA facilitates internal comparisons to the bulk transportation, logistics and intermodal industries in general by addressing capital structures and cost of capital (which affect interest expense) and taxation and book depreciation of facilities and equipment (which affect depreciation expense). We believe annual cash incentive compensation linked to Adjusted EPS and Adjusted EBITDA helps us achieve our objective to retain highly qualified talent and increase shareholder value by linking executive pay and company performance. For 2011, the executives could achieve their target cash incentive compensation if we achieved Adjusted EPS of $0.52 per diluted share and Adjusted EBITDA of $66.0 million. Our annual incentive plan did not establish threshold financial performance amounts or formulas at which partial cash incentive compensation would be payable nor did it establish additional payment entitlements if the Company s financial performance exceeded the targets.

For 2011, we generated Adjusted EPS of $0.70 and Adjusted EBITDA of $74.2 million. This resulted in full cash incentive compensation awards to each of the Named Executive Officers at their cash incentive compensation target except for Mr. Strutz. In light of the outperformance of the Company relative to the targeted financial performance goals, the Compensation Committee exercised discretion to pay cash incentive compensation in excess of target to the Named Executive Officers other than Mr. Gold. Although the annual incentive plan contemplated payments in cash only, the Compensation Committee also determined to pay the amounts in excess of original targets to Named Executive Officers in shares of restricted stock rather than cash. The Compensation Committee believed that equity payments would further align the interests of our executives with those of our shareholders. The restricted shares vest over a period of two years, requiring our executives to maintain their employment with us to obtain the full benefit of their cash incentive compensation and tying a substantial portion of these executives compensation to our future stock price. The Named Executive Officers that received higher cash incentive payouts were more highly compensated due to their involvement in significant achievements of the Company in 2011, including increasing Adjusted EPS and Adjusted EBITDA, expanding and refinancing our revolving credit facility in a timely manner, successfully completing an equity offering, commencing our new energy business initiative, completing the acquisition of Greensville Transport Company and completing the installation of electronic on-board recorders in substantially all of our U.S. chemical logistic fleet.

***Equity Compensation***

Equity incentives are a key component of at-risk compensation and are intended to help further our growth and success by permitting our executive officers, employees and directors to acquire shares of common stock, thereby increasing their personal stake in the Company s growth and success, to help further link the interests of award recipients with those of our shareholders and to encourage a longer-term perspective. In order to meet the motivation and retention objectives of the compensation program, we provide equity incentives to executives and other key employees through the grant of stock options and restricted stock under the 2003 Stock Option Plan and the 2003 Restricted Stock Incentive Plan. Equity awards, which necessarily relate to the financial performance of our entire company, also serve to temper any excessive risk-taking incentives created through business-specific cash incentive compensation. The Compensation Committee approves all awards and determines the effective date of such awards.

Under the terms of our 2003 Restricted Stock Incentive Plan, restricted stock awards are granted by the Compensation Committee on a discretionary basis. The Compensation Committee believes that restricted stock is an effective way to align the interests of management and our shareholders. Equity ownership of our executives is increased while their ability to monetize grants is limited through vesting periods. Vesting for employees is generally over four years annually on the date of grant, but the Compensation Committee has the discretion to vary the schedule. As noted above, the Compensation Committee determined to award shares of restricted stock in lieu of cash incentive compensation that would have otherwise been payable for 2010 and 2011. The 2010 award vests ratably over two years on the anniversaries of the grant and the 2011 award vests on the second anniversary date of the grant. The committee believes that a shorter schedule is appropriate because these awards would otherwise be cash awards.

The Compensation Committee believes that stock options provide a means to help further align the interests of management and our shareholders and as a tool to retain qualified and talented employees. Although many companies now utilize only full value awards such as restricted stock due in part to current accounting treatment, the Compensation Committee continues to believe that stock options are an important element of equity compensation. Options with an exercise price no less than the market value of the underlying stock on the date of grant provide executives the opportunity to participate in stock price increases that benefit our shareholders while providing no benefit in the event our stock price does not increase. The number of shares available for issuance under our 2003 Stock Option Plan automatically increases on January 1 of each year unless otherwise determined by the Board of Directors. The increase is 2.5% of the outstanding shares as of December 31 of the prior year. All options are nonqualified stock options, and the exercise price of each option must be no less than the market value of the underlying stock on the date of grant of the award. Vesting for employees is generally over four years annually on the date of grant, but the Compensation Committee has the discretion to vary the schedule. Options reflected in the accompanying summary compensation table as 2011 compensation were awarded in January 2011 and vest ratably over four years.

In deciding whether, when and how much incentive equity to award, the Compensation Committee considers a number of factors, including the recipients total compensation packages, existing equity ownership, the potential dilutive effects of the grants, respective executive accountability levels, future potential stock values, creation of proper incentives to enhance our long-term performance and the executives respective contributions towards the achievement of company goals and objectives. Many of our Named Executive Officers were awarded equity in connection with their hiring or promotion, although the grants may be awarded subsequent to the hiring or promotion date. Mr. Strutz received awards for these reasons in 2012 and 2010, and Mr. Troy received an award upon his hiring in 2010. More recently, the analysis of F.W. Cook was considered in connection with the awards issued in 2012.

***Policy Against Hedging***

We have an insider trading policy that prohibits short sales and other hedging of our common stock by all of our directors and employees, including our Named Executive Officers. We believe that this policy helps ensure that our employees interests through stock ownership continue to align with our shareholders.

***Retirement Plans***

We maintain a 401(k) plan, which is generally available to employees including our Named Executive Officers. Our 401(k) plan allows executives and other participants to defer income taxation on a portion of their compensation, subject to IRS regulations. We believe that a 401(k) plan with a discretionary matching feature is common for companies of our size and therefore essential to maintaining a compensation package competitive with other potential employers. We may make a discretionary contribution to the plan that is approved by the Compensation Committee. Differences in amounts of our 401(k) contributions reflected in the accompanying summary compensation table reflect the contribution decisions of individual officers rather than a decision to treat employees disparately.

***Perquisites and Other Benefits***

Senior management also participates in our other benefit plans on the same terms as other employees. These plans include medical and dental insurance and life insurance. The Compensation Committee believes that perquisites should be limited in scope and value, and we generally do not provide significant perquisites or personal benefits to our executive officers. The sole perquisite currently provided to our continuing executive officers is additional group term life insurance for senior managers at or above the level of senior vice president. Although perquisites reflected in the accompanying summary compensation table include travel, relocation and housing expenses and allowances, we view these costs principally as expense reimbursements rather than personally enjoyed benefits of the recipients.

**Tax Treatment**

The Compensation Committee believes that it is generally in our best interests to satisfy the requirements for deductibility under Section 162(m) of the Internal Revenue Code. Accordingly, the Compensation Committee has taken actions it believes appropriate to preserve the deductibility of compensation where possible. The 2012 Equity Incentive Plan presented to our shareholders for approval in this proxy statement would have performance measures that would facilitate the future deductibility of cash compensation if the plan is approved. Our existing equity incentive plans did not include such pre-approved performance measures. Notwithstanding its desire that compensation be deductible, the Compensation Committee also believes that there may be circumstances in which the Company s interests are best served by maintaining flexibility in the way compensation is provided, whether or not compensation is fully deductible under Section 162(m).

## COMPENSATION RISK ASSESSMENT

We believe that our compensation plans and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. We have evaluated our compensation plans to determine if any provisions or practices create undesired or unintentional risk of a material nature, including a review of plan design, business drivers and performance measures. Incentive compensation plan design varies across businesses based on differing goals established for businesses. Incentive compensation targets for 2011 were set in 2011 and incentive compensation targets for 2012 were set in 2012, in both cases in light of overall company performance goals even for individuals with award opportunities based upon business-level goals. The mix of equity awards in our incentive program that includes full value awards, such as restricted stock, also mitigates risk. The multi-year vesting of our equity awards properly accounts for the time horizon of risk. The Company s compensation structure includes key risk-mitigating factors: approval of executive compensation by a committee of independent directors, long-term incentive awards aligned with shareholder interests and annual incentive awards that include company-wide performance measures and not just business-level measures.

## SEVERANCE AND CHANGE IN CONTROL BENEFITS

Our Named Executive Officers employment agreements may require us to make payments and provide benefits to these executives in the event of a termination of their employment or of a change in control. In addition, the Named Executive Officers have the rights available to all recipients of awards under our equity incentive plans.

### Severance

Each of the Named Executive Officers has an employment agreement that provides for severance if the employment of the executive is terminated by us without cause or if the executive resigns for good reason. Cause includes the failure to satisfactorily perform duties as a result of material dishonesty, gross negligence and intentional misconduct, the conviction of a felony, or a material breach of the agreement not cured within 30 days after written notice. Good reasons include, but are not limited to:

- a material diminution of duties
- a material breach by QDI of its contractual obligations or
- an involuntary relocation by more than 50 miles from Tampa, Florida.

Our Named Executive Officers employment agreements do not have minimum durations and generally may be terminated by us with 30 days or fewer prior notice.

### Change in Control

Our senior management and other employees have built QDI into the successful enterprise that it is today, and we believe that it is important to protect them in the event of a change in control. Further it is our belief that the interests of our shareholders will be best served if the interests of our senior management are aligned with them, and providing change in control benefits should eliminate, or at least reduce, the reluctance of senior management to pursue potential change in control transactions that may be in the best interests of shareholders. Relative to the overall value of QDI, we consider those potential change in control benefits to be minor. The cash component of change in control benefits for our Named Executive Officers are the same as if we terminate their employment without cause or if they terminate their employment for good reason or, in the case of Mr. Enzor, the benefits provided to any executive at a comparable level as a change of control benefit, if greater.

Below are estimates of payments owed and values of accelerated equity awards and other benefits required to be provided to the Named Executive Officers under their respective employment agreements and equity incentive plan awards, exclusive of benefits available on a non-discriminatory basis generally, in each case assuming that the triggering event identified below occurred on December 30, 2011. A change in control by itself does not trigger any benefit to any of the Named Executive Officers under their employment agreements or equity incentive awards. Rather, they would be entitled to cash severance payments only if terminated without cause or they resign for good reason. Additionally, under the terms of the 2003 Restricted Stock Incentive Plan and the 2003 Stock Option Plan, any unvested shares of restricted stock and options held by any award recipient automatically vest upon the first anniversary of a change in control or the earlier termination of the employment of the award recipient, unless employment is terminated for cause in either case.

| Name and Principal Position | Triggering Event | Cash Severance ($) | Accelerated Stock Option Awards ($) | Accelerated Restricted Stock Awards ($) | Medical Insurance Premiums ($) | Total ($) |
|---|---|---|---|---|---|---|
| Gary R. Enzor | Termination: without Cause(1) or for Good Reason(2) | 1,008,000(3) | 0(4) | 1,648,519(5) | 14,888(6) | 2,671,407 |
| Chief Executive Officer | | | | | | |
| | Termination: for Cause(1) or without Good Reason(2) | 0 | 0 | 0 | 0 | 0 |
| | Change in Control Plus One Year(7) | 0(8) | 1,279,111 | 1,648,519 | 0 | 2,927,630 |
| | Termination: death or disability | 288,000(9) | 0 | 0 | 0 | 288,000 |
| Joseph J. Troy | Termination: without Cause(1) or for Good Reason(2) | 375,000(3) | 0 | 0 | 10,947(6) | 385,947 |
| Executive Vice President and Chief Financial Officer | | | | | | |
| | Termination: for Cause(1) or without Good Reason(2) | 0 | 0 | 0 | 0 | 0 |
| | Change in Control Plus One Year(7) | 0 | 502,763 | 186,750 | 0 | 689,513 |
| | Termination: death or disability | 125,000(9) | 0 | 0 | 0 | 125,000 |
| Stephen R. Attwood | Termination: without Cause(1) or for Good Reason (2) | 375,000(3) | 0 | 0 | 8,904(6) | 383,904 |
| President and Chief Operating Officer | | | | | | |
| | Termination: for Cause(1) or without Good Reason(2) | 0 | 0 | 0 | 0 | 0 |
| | Change in Control Plus One Year(7) | 0 | 354,325 | 351,563 | 0 | 705,888 |
| | Termination: death or disability | 125,000(9) | 0 | 0 | 0 | 125,000 |
| Randall Strutz | Termination: without Cause(1) or for Good Reason(2) | 294,000(3) | 0 | 0 | 8,904(6) | 302,904 |
| Senior Vice President and President of QCI | | | | | | |
| | Termination: for Cause(1) or without Good Reason(2) | 0 | 0 | 0 | 0 | 0 |
| | Change in Control Plus One Year(7) | 0 | 194,025 | 28,125 | 0 | 222,150 |
| | Termination: death or disability | 84,000(9) | 0 | 0 | 0 | 84,000 |
| Jonathan C. Gold | Termination: without Cause(1) or for Good Reason(2) | 286,000(10) | 0 | 0 | 0(6) | 286,000 |
| Senior Vice President, General Counsel, and Secretary | | | | | | |
| | Termination: for Cause(1) or without Good Reason(2) | 0 | 0 | 0 | 0 | 0 |
| | Change in Control Plus One Year(7) | 0 | 317,713 | 56,250 | 0 | |