QUALITY DISTRIBUTION INC
Form 424B5
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**Filed Pursuant to Rule 424(b)(5)**
**Registration No. 333-175094**

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted

Subject to Completion. Dated March 5, 2012.

**Preliminary Prospectus Supplement**

To prospectus dated August 1, 2011

5,000,000 Shares

# Quality Distribution, Inc.

Common Stock

Quality Distribution is offering 2,500,000 of the shares to be sold in the offering. The selling stockholders identified in this prospectus supplement are offering an additional 2,500,000 shares. Quality Distribution will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

The common stock is quoted on the NASDAQ Global Market under the symbol QLTY . The last reported sale price of the common stock on March 2, 2012 was $13.36 per share.

*See Risk Factors on page S-18 and in our Annual Report on Form 10-K for the year ended December 31, 2011 to read about factors you should consider before buying shares of the common stock.*

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

| | Per Share | Total |
|---|---|---|
| Initial price to public | $ | $ |
| Underwriting discount | $ | $ |
| Proceeds, before expenses, to Quality Distribution | $ | $ |
| Proceeds, before expenses, to the selling stockholders | $ | $ |

To the extent that the underwriters sell more than 5,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 750,000 shares from the selling stockholders at the initial price to public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2012.

**Goldman, Sachs & Co.** **J.P. Morgan** **BofA Merrill Lynch** **Credit Suisse**

**SunTrust Robinson Humphrey** **BB&T Capital Markets** **RBC Capital Markets**

**Apollo Global Securities, LLC** **Avondale Partners** **Sterne Agee**

Prospectus Supplement dated , 2012.

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### Prospectus Supplement



### Prospectus

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We have not authorized any other person to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement or the accompanying prospectus, or that information contained in any document incorporated or deemed to be incorporated by reference is accurate as of any date other than the date of that document. Our business, financial condition, results of operations and prospects may have changed since that date.

The distribution of this prospectus supplement and the accompanying prospectus in some jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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## CERTAIN TERMS

In this prospectus supplement, unless the context otherwise requires or indicates:

- (i) the terms our company, Quality Distribution, QDI, we, us and our refer to Quality Distribution, Inc. and its consolidated subsidiaries and their predecessors and (ii) the term QD LLC refers to our wholly owned subsidiary, Quality Distribution, LLC, and its consolidated subsidiaries and their predecessors;
- the term Boasso refers to our wholly owned subsidiary Boasso America Corporation and its wholly owned subsidiary Greensville Transport Company ( Greensville );
- Apollo means Apollo Management, L.P., together with its affiliates;
- the 2018 Second Secured Notes means our outstanding 9.875% Second-Priority Senior Secured Notes due 2018;
- the 2013 PIK Notes means our previously outstanding 11.75% Senior Subordinated PIK Notes due 2013; and
- the ABL Facility means the asset-based revolving credit facility that we entered into on August 19, 2011, as it may be amended, modified, refinanced or replaced.

## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this common stock offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted.

Information contained in or connected to our website does not constitute part of this prospectus supplement or the accompanying prospectus.

## MARKET AND INDUSTRY DATA

Market and industry data and other statistical information used throughout this prospectus supplement or the documents incorporated by reference herein are based on independent industry publications, government publications and other published independent sources, including *Bulk Transporter s Tank Truck Carrier 2010 Annual Gross Revenue Report*. Some data are also based on our good faith estimates, which are derived from our review of management s knowledge of the industry and independent sources. Although we believe that this information is reliable, we cannot guarantee its accuracy and completeness, nor have we independently verified it. We also obtain certain other market share and industry data from internal company analyses and management estimates, and based on our knowledge of the industry. While we believe such internal company analyses and management estimates are reliable, no independent sources have verified such analyses and estimates. Although we are not aware of any misstatements regarding the market share and the industry data that we present in this prospectus supplement, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under Risk Factors and Forward-Looking Statements and Certain Considerations.

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Our logo and other trademarks mentioned in this prospectus supplement, the accompanying prospectus or any document incorporated by reference herein are our property. Solely for convenience, our trademarks referred to in this prospectus supplement or accompanying prospectus are without the ® or symbol, as applicable, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks. Other brand names or trademarks appearing in this prospectus supplement, the accompanying prospectus or any document incorporated by reference herein are the property of the respective owners.

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## PROSPECTUS SUPPLEMENT SUMMARY

*This summary may not contain all the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference herein and therein, including the financial statements and related notes, before making an investment decision. Unless otherwise expressly stated or the context otherwise requires, all information in this prospectus supplement assumes that the option granted to the underwriters to purchase additional shares is not exercised.*

### Our Company

We operate the largest chemical bulk tank truck network in North America through our wholly owned subsidiary, Quality Carriers, Inc. ( QCI ), and are also the largest provider of intermodal ISO tank container and depot services in North America through our wholly owned subsidiary, Boasso, which also includes Greensville. In 2011, we entered the gas and oil frac shale energy markets, providing logistics services to these markets through our wholly owned subsidiaries, QC Energy Resources, Inc. and QC Energy Resources, LLC (collectively, QCER ). We operate an asset-light business model and service customers across North America through our network of 29 independent affiliates, 95 terminals servicing the chemical markets (89 of which are operated by independent affiliates and 6 which are company-operated), 9 company-operated tank depot services terminals serving the intermodal market, and 2 terminals servicing the energy markets, which are operated by independent affiliates. We utilize approximately 2,700 drivers (approximately 2,500 of whom work within our independent affiliate network). We also own or lease approximately 4,100 tank or specialty trailers, the majority of which we lease or sublease to our independent affiliates to help facilitate our business. These trailers generally have long useful lives and we believe that increasing their utilization can significantly improve our operating income due to high operating leverage. Given the specialty nature of the services we provide and the size of our existing network, we believe there are significant barriers to entry to our industry.

***Financial Reporting Segments***

In connection with our entry into the gas and oil frac shale energy market in 2011, a new segment for financial reporting purposes was identified during the fourth quarter of 2011, to better distinguish logistics services to the energy markets from logistics services to the chemical markets based upon how these businesses are managed. Our previous logistics segment was renamed Chemical Logistics.

We have three reportable business segments for financial reporting purposes that are distinguished primarily on the basis of services offered:

- Chemical Logistics, which consists of the transportation of bulk chemicals primarily through our network of 29 independent affiliates, and equipment rental income;
- Energy Logistics, which consists primarily of the transportation of fresh water, disposal water and oil for the energy logistics markets, primarily through 2 independent affiliates; and
- Intermodal, which consists solely of Boasso and Greensville s International Organization for Standardization or intermodal ISO tank container transportation and depot services supporting the international movement of bulk liquids.

In 2011, we generated operating revenue of $746.0 million, of which our chemical logistics business segment accounted for $600.7 million, or 80.5%, our energy logistics segment accounted for $30.5 million, or 4.1% and our intermodal segment accounted for $114.8 million, or 15.4%.

*Chemical Logistics*

In our chemical logistics business, we primarily coordinate the transport of a broad range of chemical products, primarily through our independent affiliate network, and provide our customers with logistics and other value-added services. We believe we have the leading market share (estimated at 15% in 2010) in the chemical and food grade bulk transportation market (which we estimated to be $4.0 billion in 2010). We are a core transportation provider for many of the major companies engaged in chemical processing, including Arclin, Arkema, 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 independent affiliates generally own or lease their terminals, employ drivers and manage independent owner-operators, pay all tractor operating expenses, lease trailers from us, pay routine maintenance on all trailers and provide national network capacity. Each affiliate is an independent company that generally has an exclusive contract with us to operate under the Quality Carriers® mark and receive a percentage of gross revenues collected on each shipment they transport. We in turn provide various services to the independent affiliates, including working capital, back office and sales support, technology support, insurance and cash flow management and regulatory compliance oversight. Typically, we receive 15% of the revenue (excluding fuel surcharges) generated on loads hauled by the independent affiliates. We also lease our trailers to the independent affiliates typically for a flat weekly rate, and the affiliates have significant contractual limitations on their ability to lease or purchase trailers from sources other than us. When the trailer rent is added to the 15%revenue share per load, we can earn approximately 23% of the total revenue generated on loads hauled. We view the trailer leasing business as attractive given the low upfront costs, long useful life of the equipment, limited maintenance and attractive return on investment. Due to several factors, including our ownership of the customer contracts and relationships, the presence of non-compete agreements with the independent affiliates, and our ownership of the trailers, our relationships with the independent affiliates tend to be long-term in nature, with minimal voluntary turnover.

Of our total affiliates, 26 out of our 29 independent affiliates have been associated with us for more than five years, and we derived approximately 95% of our chemical logistics transportation revenue (excluding intermodal) in 2011 from independent affiliate operations. Our affiliate-based model is an asset-light, variable-cost based model that enables us to leverage our independent affiliates and better serve customers while minimizing capital requirements and fixed costs and maximizing shareholder value. We believe our asset-light business model will enable us to benefit from an economic recovery without incurring substantial capital expenditures.

Our well-established coast-to-coast geographic footprint and our proximity to major chemical production facilities and ports afford us certain advantages that many of our smaller competitors lack. These advantages include the ability to dedicate significant capacity with prompt response times to customers across all of North America and enhanced lane density and efficiencies in driver recruiting.

Our transportation revenue (excluding energy logistics and intermodal) is principally 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. In 2011, we experienced some year-over-year volume improvements and believe this trend could continue as the economy recovers.

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***Energy Logistics***

Beginning in the second quarter of fiscal 2011, transportation revenue includes revenue earned from hauling fresh and disposal water for the energy market and in the fourth quarter of 2011 we began hauling oil. This revenue is principally a function of the volume of shipments, price per hour of service, and the allocation of shipments between us and other carriers under logistics contracts we manage. Similar to the shipment of bulk chemicals, we expect revenues to generally be lower during the winter months, as drilling within certain shales that we service may be adversely affected by the severity of weather in various sections of the country. Demand in the energy market is driven by the level of frac shale drilling in North America for natural gas and oil.

***Intermodal***

In our intermodal business, we are the largest North American provider of intermodal ISO (International Organization for Standardization) tank container transportation and depot services, with nine terminals located in the eastern half of the United States. In addition to intermodal ISO tank transportation services, we provide tank cleaning, heating, testing, maintenance and storage services to customers. We provide local and over-the-road trucking primarily within proximity of the port cities where their depots are located. This business also sells equipment that its customers use for portable alternative storage or office space.

Demand for intermodal ISO tank containers is driven by the aggregate volume of imports and exports of chemicals through United States ports. Our intermodal revenues are accordingly impacted by this import/export volume, in particular the number and volume of shipments through ports at which Boasso has terminals, as well as by its market share. Economic conditions and differences among the laws and currencies of foreign nations may impact the volume of shipments as well. We believe this business will continue to benefit from the trend towards globalization of petrochemical production, leading to greater quantities of chemicals being imported into North America.

***Recent Strategic Initiatives***

We have implemented several important initiatives designed to grow our business, improve our capital structure, enhance our operating flexibility and strengthen our competitive positioning. As a result, we believe we are well-placed to take advantage of expansion opportunities. These initiatives are summarized below:

*Energy market opportunity*. In late 2010, we initiated a growth strategy targeting the gas and oil frac shale market. We recently established QC Energy Resources, LLC and QC Energy Resources, Inc. (collectively, QCER ) to provide logistics services to this rapidly growing market. QCER currently serves several customers and operates approximately 200 units of energy equipment in this market. More importantly, in our third quarter of 2011, QCER won a multi-year contract with a major energy company to provide full logistics of their fresh and disposal water hauling needs in the Marcellus Shale region of Pennsylvania. The logistics revenues associated with this contract began in the third quarter of 2011 and are expected to provide significant revenue and growth prospects for the future. In our fourth quarter of 2011, we began hauling oil in the Eagle Ford shale region of Texas which we expect to provide revenue and growth prospects for the future as well. From an operational perspective, the water hauling business is attractive because of its expected higher operating margins and its

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highly efficient use of assets. We believe the energy market has significant revenue potential and we may realize higher margins and better equipment utilization than we experience in our chemical logistics business. In connection with our entry into this business, due to the attractive return profile associated with this business, we may operate a portion of the business on our own rather than through affiliates, which could affect the overall mix of our asset-light business.

*Acquisitions to facilitate growth*. In 2007, we acquired Boasso, the largest North American provider of ISO intermodal tank container transportation and depot services. In 2011, we acquired Greensville, a leading ISO intermodal tank container transportation and depot services which expanded Boasso s geographic reach. In addition to acquiring companies, we are able to grow by bringing new independent affiliates into our network. In 2010, we added a dry bulk carrier primarily servicing the east coast markets to our affiliate network, and in 2011, we added a new carrier to haul oil in the Eagle Ford shale. We continue to actively evaluate multiple opportunities to acquire complimentary businesses within the energy markets, as well as all other segments of our business.

*Improved capital structure*. In November 2010, we completed an offering of our 2018 Second Secured Notes, the proceeds of which were used to retire certain indebtedness, effectively extending our principal debt maturities. In February 2011, we raised $17.6 million in a common stock offering and redeemed a portion of our 2013 PIK Notes with our net proceeds therefrom. We subsequently redeemed the remaining outstanding balance of our 2013 PIK Notes in July 2011. In August 2011, we entered into our ABL Facility, which has a maturity of five years and a maximum borrowing capacity of $250.0 million. We believe our liquidity is strong as we had $82.3 million of borrowing availability under our ABL Facility as of December 31, 2011.

*Simplification of business model and transition to asset-light independent affiliate network*. We have transitioned the majority of our company-operated terminals to affiliates, resulting in a highly variable cost structure with relatively minimal capital investment requirements. Our trucking terminals are currently 94% affiliate-operated, compared with 45% as of December 31, 2007. We also moved towards a smaller number of stronger independent affiliates leading to a simpler, more efficient business model with improved customer service.

*Increased focus on cash flow generation*. As a result of our shift to a more asset-light model with an independent affiliate network, we believe we have created a more cash-efficient business model. With minimal maintenance capital investment requirements (net capital expenditures estimated at approximately 1% of revenues) we believe our business model allows for significant cash flow generation. As a result of this increased focus on cash flow generation, in the year ended December 31, 2011, our net cash provided by operating activities was $35.4 million, Free Cash Flow (as defined below in footnote (6) under Summary Financial Data ) was $13.5 million, adjusted earnings per diluted share was $0.70 and GAAP earnings per diluted share was $0.96.

## Our Industry

### *Chemical Logistics*

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 estimate, based on industry sources, that the highly fragmented North American for-hire segment of the bulk transport market generated revenues of approximately $5.9 billion in 2010. We specifically operate in the for-hire chemical and food grade bulk transport market

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(which we estimated at $4.0 billion in 2010 based on figures contained in *Bulk Transporter s Tank Truck Carrier 2010 Annual Gross Revenue Report*). We believe we have the leading market share (estimated at 15% in 2010) in this sector based on revenues. Through our independent affiliate network, we operate the largest for-hire chemical bulk tank truck network in North America comprising terminals, tractors and trailers. We believe managing a larger carrier network facilitates customer service and lane density, and provides a more favorable cost structure for us and our independent affiliates. As such, we believe we are well-positioned to expand our business by increasing our market share.

The chemical bulk tank truck industry growth is generally dependent on volume growth in the industrial chemical industry, the rate at which chemical companies outsource their transportation needs, the overall capacity of the rail system, and, in particular the extent to which chemical companies make use of the rail system for their bulk chemical transportation needs. We believe the most significant factors relevant to our future business growth in our core business are the ability to obtain additional business from existing customers, add new customers, increase the utilization of our trailer fleet and add and retain qualified drivers.

The chemical bulk tank industry is characterized by high barriers to entry such as the time and cost required to develop the operational infrastructure necessary to handle sensitive chemical cargo, the financial and managerial resources required to recruit and train drivers, substantial and increasingly more stringent industry regulatory requirements, strong customer relationships and the significant capital investments required to build a fleet of equipment and establish a network of terminals and independent affiliates.

The tank truck business is competitive and fragmented. In our chemical logistics segment, we compete primarily with other tank truck carriers and dedicated private fleets in various states within the United States and Canada. Competition from for-hire carriers is composed of fewer than ten large carriers, most of which have other businesses that do not compete with ours, and more than 200 smaller, primarily regional carriers. With respect to certain aspects of our business, we also compete with intermodal transportation and railroads. Intermodal transportation has increased in recent years. Competition for the bulk tank truck services is based primarily on rates and service. We believe that we enjoy significant competitive advantages over other tank truck carriers because of our market share, variable cost structure, overall fleet size, strength of our independent affiliates and our national terminal network.

***Energy Logistics***

In 2010, we initiated a growth strategy targeting the gas and oil frac shale energy market through QCER. We currently serve several customers and operate approximately 200 units of energy equipment in this market. In our third quarter of 2011, QCER won a multi-year contract with a major energy company to provide full logistics of their fresh and disposal water hauling needs in the Marcellus shale region of Pennsylvania. The logistics revenues associated with this contract began in the third quarter of 2011 and are expected to provide significant revenue and growth prospects for the future. In our fourth quarter of 2011, we began hauling oil in the Eagle Ford shale region of Texas which we expect to provide revenue and growth prospects for the future as well. We believe the energy market has significant revenue potential and we may realize higher margins and better equipment utilization than we experience in our chemical logistics business. In connection with our entry into this business, due to its attractive return profile, we may operate a portion of the business through company-operated terminals, rather than through independent affiliates, which could affect the overall mix of our asset-light business.

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*Intermodal*

We estimate that the North American intermodal ISO tank container transportation and depot services market generated revenues of approximately $225.0 million in 2010, and we believe Boasso and Greensville, collectively have the leading market share. The intermodal ISO tank container business generally provides services that facilitate the global movement of liquid and dry bulk chemicals, pharmaceuticals and food grade products.

The proliferation of global import/export of bulk liquid chemicals has driven the movement of basic manufacturing out of the United States and has resulted in an increase in chemical plant infrastructure to service these off-shore industries. Driven by this globalization, the intermodal ISO tank container market is a growing sector of the overall liquid bulk chemical transportation sector. Furthermore, chemical manufacturers have sought to efficiently transport their products by utilizing ISO tank containers. The resulting demand for distributors that can offer a broad range of services within the supply chain will drive future growth in this sector. We believe that our intermodal business will benefit from these trends because of its market leadership, experience and track record.

Our intermodal business competes primarily with other national, regional and local tank truck carriers and dedicated private fleets as well as local and regional dry container transporters. Competition in our intermodal ISO tank container services business depends on which competitors have facilities that are proximate to the ports serviced by Boasso. Among competitors for a port location, competition is based primarily on rates and service.

## Our Competitive Strengths

We believe the following competitive strengths will enable us to sustain our market leadership and continue to grow our business:

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

We operate the largest tank truck network in North America with a 15% share of the highly fragmented $4.0 billion for-hire chemical and food grade bulk transport market, in each case estimated by us based on figures contained in *Bulk Transporter s Tank Truck Carrier 2010 Annual Gross Revenue Report*. We believe our unique large nationwide network covers all major North American chemical shippers and enables us to serve customers with both international and national requirements better than our competitors, the majority of which are regionally focused. Our size allows us, our independent affiliates and our independent owner-operators to benefit from economies of scale in the purchasing of supplies and services, including fuel, tires and insurance coverage. Additionally, we believe the breadth of our network provides us with a competitive advantage as we continue to pursue the gas and oil frac shale energy market, which is currently primarily served by numerous smaller carriers.

Given the size and breadth of our network, we serve customers in a number of different industries, whose products reach a diverse group of end-markets. Many of our customers major end-markets, such as refining and water treatment, energy, ink and agriculture typically have volumes that we believe are not highly correlated with economic cycles. In addition, our most recent affiliate addition expands our presence in the dry bulk shipping industry. We believe the diversity of our customer base, geography and end-markets provides a competitive advantage.

***Asset-Light Business Model***

Our extensive use of independent affiliates and independent owner-operators results in a highly variable cost structure with relatively minimal net capital investment requirements. We generally expect sustaining capital expenditures for our chemical logistics and intermodal businesses, net of proceeds from property and equipment sale, to be approximately 1% of operating revenues annually, compared to the industry average of more than 10% for truckload carrier companies. This model also contributes to the stability of our cash flow and margins and increases our return on invested capital. The independent affiliates are responsible for capital investments and most of the operating expenses related to the business they service, including the capital costs related to purchasing and maintaining tractors. Typically, independent affiliates purchase or lease tractors for their business directly from the manufacturers and lease trailers from us. Independent owner-operators are independent contractors who supply one or more tractors and drivers for our own or our independent affiliates use. As with independent affiliates, independent owner-operators are responsible for most of the operating expenses related to the business they service, including costs related to the acquisition and maintenance of tractors. With our entry into the energy markets, we expect our capital expenditure outlays for our energy logistics business to rise as we organically build our equipment and other resources for this business.

We prefer to own the trailers as they provide us with a stable source of lease income, as well as access to attractive capital through the ABL Facility. Through proper maintenance, we are typically able to extend the useful lives of trailers beyond the expected 20-year life, leading to operational flexibility and lower maintenance capital expenditure requirements.

***Core Carrier to Blue Chip Chemical Companies***

We provide services to most of the top 100 chemical producers with North American operations, including many Fortune 500 companies and other major companies engaged in chemical processing. Our key customers include Arclin, Arkema, Ashland, BASF, Dow, DuPont, ExxonMobil, Georgia-Pacific, Honeywell, PPG Industries, Procter & Gamble, Sunoco and Unilever. In 2011, our top 10 customers accounted for approximately 35.6% of our chemical logistics revenue, and none of our customers accounted for more than 6.0% of our chemical logistics revenue in 2011. Our ability to maintain these business relationships reflects our service performance and commitment to safety and reliability. We have established long-term customer relationships with these clients, which help us attract and retain experienced independent affiliate terminal operators and drivers. Our team of national account vice presidents and directors have decades of experience in our industry, which we believe enables them to provide practical solutions to complex customer issues.

***Exposure to High Growth International Markets***

Through our intermodal business, we have significant exposure to high growth international markets. Boasso and Greensville, collectively are the leading providers of intermodal ISO tank container over-the-road transportation and depot services in North America. The intermodal tank container transportation market has experienced significant growth recently as international chemical trade has increased and chemical manufacturers move towards greater utilization of intermodal tanks and standardized intermodal tank containers to efficiently transport their products around the world via sea, land and air. Our intermodal tank container depots, which provide transportation, cleaning, heating, testing, maintenance and storage services, are located at or near ports in New Orleans, LA; Houston, TX; Newark, NJ; Charleston, SC; Chicago, IL; Detroit, MI; Savannah, GA; Jacksonville, FL; and Norfolk, VA. Since we acquired Boasso in 2007, their revenues have increased at a compound annual growth rate of approximately 12%. Greensville was acquired in November 2011.

***Diverse Product End-Markets***

We serve customers in a number of different industries, whose products reach a diverse group of end-markets. Many of our customers major end-markets, such as refining and water treatment, energy, ink and agriculture typically have volumes that we believe are not highly correlated with economic cycles. In addition, our recent affiliate additions in the energy market have expanded our presence into the natural gas and oil industries. We believe the diversity of our customer base, geography and end-markets provides a competitive advantage.

***Stable Pricing Environment***

We believe pricing in the bulk tank truck industry tends to be more stable than pricing in the overall trucking industry. We believe the specialized nature of the bulk tank truck industry, including specifically licensed drivers, specialized equipment and more stringent safety requirements, create barriers to entry which limit the more drastic swings in supply experienced by the broader trucking industry. Additionally, it is common practice in the bulk tank truck industry for customers to pay fuel surcharges, which enables trucking companies to recover fuel price increases from customers.

***Independent Affiliate Trucking Operations***

We have focused over the last three years and continue to focus on a less capital-intensive business model based on our 29 independent affiliates. We believe this focus has enabled us to reduce certain fixed costs and provide a more flexible, variable cost structure. In 2008 and 2009, we transitioned the majority of our company-operated terminals to independent affiliates. We also moved one-third of our sales representatives to the independent affiliates to better cover key regional accounts. As a result of these actions and the sale of our tank wash business in 2009, we generated approximately 95% of our chemical logistics transportation revenue in the year ended December 31, 2011 from independent affiliates. At the same time, due to our ownership of the customer contracts and relationships, presence of non-compete agreements with the independent affiliates, and our ownership of the trailers, our relationships with the independent affiliates tend to be long-term in nature, with fairly minimal historical voluntary turnover. We also monitor volume performance of each affiliate on a regular basis to ensure operating performance is in line with management s expectations. We work proactively with our affiliates to take corrective action or render assistance where appropriate and have certain contractual mechanisms in place to remedy sustained underperformance. We believe our selected independent affiliates are also generally well-financed and have the capacity to increase their revenue base while maintaining a high level of customer service.

***Safe and Efficient Operations***

We have a strong emphasis on safety in our operations and have a relentless focus on improving productivity and efficiency. Since 2007, we have reduced our Department of Transportation ( DOT ) accident rating from 0.7 to 0.5, which is below the national average of 0.7 in 2011. This proactive approach to safety has resulted in financial benefits by enabling us to reduce our insurance deductibles from $5 million to $2 million and obtain letter of credit reductions of $24.2 million in the past few years. In addition, our insurance costs have decreased from $23.9 million in 2007 to $14.0 million in 2011. Given the nature of the cargo we haul, which requires a high degree of careful handling, we believe that our strong focus on safety creates a competitive advantage for us. We believe we are well positioned to comply with the recent implementation of the Federal Motor Carrier Safety Administration s (the FMCSA ) Comprehensive Safety Analysis 2010 ( CSA ) program, which imposes additional safety standards on the industry. For example, we completed the installation of electronic on-board recorders ( EOBRs ) in substantially all of our U.S. chemical logistics fleet in 2011 even though this is not currently required by regulation.

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***Strong Management Team with a Track Record of Success***

Our management team, led by our Chief Executive Officer, Gary Enzor, successfully navigated our business through the economic slowdown by implementing cost savings measures and by leading the transition to an affiliate-based network, among other initiatives. As a result, we believe we are well positioned to benefit from an economic recovery. Mr. Enzor, as well as our President and Chief Operating Officer, Steve Attwood, our Executive Vice President and Chief Financial Officer, Joe Troy, and other senior managers have significant managerial, operational and financial experience and have implemented various operational initiatives to improve productivity. Our management team has demonstrated its ability to acquire and integrate assets, as well as divest non-core businesses, as evidenced by the acquisition of Boasso in December 2007, the divestiture of the QSI tank wash business in October 2009 and the acquisition of Greensville in November 2011. Over the last 18 months, our management team has successfully refinanced our debt, reduced leverage and raised equity capital, leading to a stronger financial position for the company.

**Our Growth Strategy**

Building on the strengths mentioned above, we plan to grow our revenue and increase cash flow and profitability by focusing on the following opportunities:

***Pursue Attractive Growth Opportunities***

***Penetrate Energy Market***

In 2010, we launched an initiative to identify complementary markets to enhance organic growth in our logistics business. Specifically, in our fourth fiscal quarter of 2010, we began marketing transportation services to the frac shale natural gas and oil drilling industry. This addressable market is extensive and we believe is growing at a faster rate than our core chemical logistics business. As we attempt to penetrate this market, we seek to build a sizable share as the market is currently served primarily by small under-resourced carriers. In addition to growth potential, we believe that the expected returns in the energy logistics market are very compelling with higher margins and better equipment utilization than we generally experience in our core chemical logistics business. In the second quarter of 2011, we began hauling fresh water to drill sites for customers in the Marcellus Shale region of Pennsylvania, and in the third quarter of 2011, we won a multi-year contract with a major energy company to provide full logistics of their fresh and disposal water hauling needs in the Marcellus shale region. The logistics revenues associated with this contract began in the third quarter of 2011 and are expected to provide significant revenue and growth prospects in the future. In the fourth quarter of 2011, we began hauling oil for a customer in the Eagle Ford Shale region of Texas and we are in discussions with other energy companies in the Eagle Ford region and Bakken shale region of North Dakota. We are optimistic that this new market can be a significant contributor to our 2012 revenue growth.

***Grow Business with Blue Chip Customers***

We plan to leverage our strong existing relationships with the major chemical shippers to increase our market share of these customers volumes. For example, in the past few years, due to our strong commitment to customer service, we have been the sole source provider for one major chemical shipper and have grown revenue from $1 million in 2004 to $18 million in 2011. In addition, we increased our revenue with another major chemical distributor from $3 million in 2004 to $22 million in

2011 by leveraging our national network, solutions approach and customer service. Through our dedicated sales force, we maintain an active and robust pipeline of potential opportunities to grow our business. We believe our business model allows our existing infrastructure to absorb significant additional volume without the need for major capital expenditures in our chemical logistics business.

***Expand Through Acquisitions and New Independent Affiliations***

We have strong organizational competence which we believe will allow us to identify and evaluate potential opportunities to acquire assets and businesses and increase our independent affiliate network. We believe we can make selective, highly accretive add-on acquisitions on an opportunistic basis to supplement our existing core business. For example, in 2007, we acquired Boasso, the largest North American provider of ISO intermodal tank container transportation and depot services. In November 2011, we acquired Greensville, a leading provider of ISO intermodal tank container transportation and depot services with access to ports in Virginia, Maryland and South Carolina. In addition to acquiring companies, we are able to grow externally by bringing new independent affiliates into our network. We believe that the various services we provide to our independent affiliates, including working capital, back office and sales support, technology support, insurance and cash flow management and regulatory compliance oversight, make our platform attractive for our independent affiliates. For example, in 2010, we added a dry bulk carrier primarily servicing the east coast markets, to our affiliate network and in the fourth quarter of 2011, we added a new carrier to haul oil in the Eagle Ford shale region. We continually evaluate potential future acquisitions, some of which could be material.

***Enhance Independent Affiliate Trucking Operations***

We have focused over the last three years and continue to focus on a less capital-intensive business model based on our 29 independent affiliates. We believe this business model reduces certain fixed costs and provide a more flexible, variable cost structure for us. In 2008 and 2009, we transitioned the majority of our company- operated chemical logistics terminals to independent affiliates. We also moved one-third of our sales representatives to the independent affiliates to better cover key regional accounts. As a result of these actions and the sale of our tank wash business, we generated approximately 95%, 95% and 77% of our chemical logistics transportation revenue in the years ended December 31, 2011, 2010 and 2009, respectively, from independent affiliates. We believe that the greater proportion of operating revenue derived from independent affiliate operations in 2011 and 2010 is likely to be indicative of the proportion of operating revenue derived from independent affiliate operations in the future. At the same time, due to our ownership of the customer contracts and relationships, presence of non-compete agreements with the independent affiliates, and our ownership of the trailers, our relationships with the independent affiliates tend to be long-term in nature, with minimal turnover. We also monitor volume performance of each independent affiliate on a regular basis to ensure operating performance is in line with management s expectations. We work proactively with our affiliates to take corrective action or render assistance where appropriate and have certain contractual mechanisms in place to remedy sustained underperformance. We believe our selected independent affiliates are also generally well-financed and have the capacity to increase their revenue base while maintaining a high level of customer service.

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

We are committed to being a driver-focused company that provides both technical support and personal respect to these professionals. We believe we offer competitive compensation at a premium compared to most commercial driving opportunities. With an average haul length of 300 miles, the drivers are also generally home more frequently. Our driver organization contains field-based recruiters who augment the friendly, small business environment provided by our business model. In 2011, we implemented EOBR s (Electronic On-Board Recorders) within our U.S. chemical logistics network fleet prior to regulatory requirements to which we believe all major carriers will be subject in the future. While this has temporarily increased driver turnover and adversely impacted our revenue during 2011, we believe that as the overall economy improves, our historical ability to attract qualified drivers could prove to be a significant competitive advantage to us.

***Increase Trailer Utilization***

At December 31, 2011, we own or lease approximately 3,700 trailers, the majority of which we lease or sublease to independent affiliates. Trailer leasing is a key component of our business model. Through proper maintenance, we are typically able to extend the useful lives of trailers beyond their 20-year life, leading to operational flexibility and lower maintenance capital expenditure requirements. Our independent affiliates have significant contractual limitations on their ability to lease or purchase trailers from sources other than us, helping to ensure their continued utilization. Based on our current trailer fleet, we believe we have the ability to continue to capture additional chemical logistics business volume with minimal capital expenditures. To increase our trailer utilization, we also actively pursue opportunities to lease our trailers to third parties other than our independent affiliates. The operating leverage inherent in our business model allows a significant portion of any incremental revenue generated through increased trailer utilization to flow through to our operating income.

## Our Formation and Ownership

We were formed in 1994 as a holding company known as MTL Inc., which consummated its initial public offering on September 17, 1994. On June 9, 1998, MTL Inc. was recapitalized through a merger with a corporation controlled by Apollo Investment Fund III, L.P. As a result of the recapitalization, MTL Inc. became a private company. On August 28, 1998, we completed our acquisition of Chemical Leaman Corporation and its subsidiaries, or CLC. Through the 1998 acquisition, we combined two of the then-leading bulk transportation service providers, namely, Montgomery Tank Lines, Inc. and Chemical Leaman Tank Lines, Inc., under one operating company, Quality Carriers, Inc., or QCI. In 1999, we changed our name from MTL Inc. to Quality Distribution, Inc. On May 30, 2002, as part of a corporate reorganization, we transferred substantially all of our assets to QD LLC, consisting principally of the capital stock of our operating subsidiaries. On November 13, 2003, we consummated the initial public offering of 7,875,000 shares of our common stock. Boasso America Corporation ( Boasso ) became our wholly owned subsidiary in December 2007, when we acquired all of its outstanding capital stock from a third party. Greensville became Boasso s wholly owned subsidiary in November 2011, when we acquired all of its outstanding capital stock from a third party.

As of December 31, 2011, affiliates of Apollo Management, L.P., or Apollo , owned or controlled approximately 32.9% of our common stock, or approximately 29.7% on a fully diluted basis. Following this offering, affiliates of Apollo will own approximately 20.4% of our common stock and approximately 18.6% on a fully diluted basis. If the option to purchase additional shares is exercised in full, Apollo will own approximately 17.5% of our common stock and approximately 16.0% on a fully diluted basis.

## Corporate Information

Our company is a Florida corporation formed in 1994. Our principal executive offices are located at 4041 Park Oaks Blvd., Suite 200, Tampa, Florida, 33610, and our telephone number is (813) 630-5826. We are a holding company with no significant assets or operations other than the ownership of 100% of the membership units of QD LLC. Our website address is http://www.qualitydistribution.com. The contents of our website are not incorporated by reference into this prospectus supplement.

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## THE OFFERING

| | |
|---|---|
| Issuer | Quality Distribution, Inc. |
| Common stock offered by us: | 2,500,000 shares |
| Common stock offered by selling stockholders: | 2,500,000 shares |
| Common stock to be outstanding after the offering as of March 2, 2012 | 26,932,486 shares |
| Underwriters option to purchase additional shares | The selling stockholders have granted the underwriters an option to purchase up to 750,000 shares of common stock owned by them. In the event the underwriters exercise the option to purchase additional shares, we will not receive any of the proceeds from the sale of shares by the selling stockholders. |
| Use of proceeds | We intend to use the net proceeds from our sale of shares in this offering for general corporate purposes, including potential acquisitions. We may also elect to redeem a portion of our 2018 Second Secured Notes. Pending such use of proceeds, we will reduce the amounts owing under our ABL Facility. See Use of Proceeds. |
| | We will not receive any of the proceeds from the sale of shares by the selling stockholders, including pursuant to an exercise of the option to purchase additional shares. |
| Dividend Policy | We do not currently anticipate paying any dividends on our common stock in the foreseeable future. See Dividend Policy. |
| The NASDAQ Global Market symbol | QLTY |
| | The last reported sale price on March 2, 2012 was $13.36 per share. |
| Conflicts of interest | Affiliates of Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, SunTrust Robinson Humphrey, Inc., RBC Capital Markets, LLC and BB&T Capital Markets, a division of Scott & Stringfellow, LLC, which are underwriters, are lenders and/or agents under the ABL Facility and may receive more than five percent of the net proceeds from this offering if we repay outstanding borrowings under the ABL Facility as described in Use of Proceeds. In addition, Apollo Global Securities, LLC, which is an underwriter, is an affiliate of the selling stockholders and such selling stockholders will |

| | |
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| | receive more than five percent of the net proceeds from this offering as a result of their sale of shares of common stock in this offering. Thus, Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, SunTrust Robinson Humphrey, Inc., BB&T Capital Markets, a division of Scott & Stringfellow, LLC, RBC Capital Markets, LLC and Apollo Global Securities, LLC are deemed to have a conflict of interest under the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. See Conflicts of Interest. |
| Risk Factors | You should carefully consider all of the information set forth in this prospectus supplement and, in particular, the information under the heading Risk Factors beginning on page S-18, prior to purchasing the shares of common stock offered hereby. |

Unless otherwise indicated, all share information in this prospectus supplement is based on the number of shares of common stock outstanding as of December 31, 2011 and excludes 1,037,501 shares of common stock reserved for issuance under our stock option plan, 2,207,297 outstanding stock options and warrants representing 354,429 shares of common stock as of December 31, 2011.

Unless we specifically state otherwise, all information in this prospectus supplement assumes no exercise by the underwriters of their option to purchase additional shares.

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## SUMMARY FINANCIAL DATA

The following table sets forth our summary historical financial information. The historical statement of operations data for the fiscal years ended December 31, 2011, 2010 and 2009 and the historical balance sheet data as of December 31, 2011 and 2010 are derived from, and should be read in conjunction with, our audited financial statements and related notes appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which has been incorporated by reference into this prospectus supplement and the accompanying prospectus. The historical balance sheet data as of December 31, 2009 has been derived from our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which has not been incorporated by reference into this prospectus supplement and the accompanying prospectus.

The information contained in this table should also be read in conjunction with Capitalization and Risk Factors included elsewhere in this prospectus supplement and our financial statements and the related notes incorporated by reference herein.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| **(dollars in thousands, except per share data)** | | | |
| **Statement of Operations Data** | | | |
| Operating revenues | $ 745,951 | $ 686,598 | $ 613,609 |
| Operating expenses: | | | |
| Purchased transportation | 522,866 | 471,792 | 369,460 |
| Depreciation and amortization | 14,413 | | |