QD CAPITAL CORP
Form S-4/A
June 13, 2011

As filed with the Securities and Exchange Commission on June 13, 2011

Registration No. 333-173556

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2 TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

QUALITY DISTRIBUTION, LLC

and the Guarantors identified in footnote (1) below

(Exact name of registrant as specified in charter)

Delaware	**4213**	**04-3668323**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

4041 Park Oaks Blvd., Suite 200

Tampa, Florida 33610

(813) 630-5826

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

QD CAPITAL CORPORATION

and the Guarantors identified in footnote (1) below

(Exact name of registrant as specified in charter)

Delaware	**4213**	**02-0692668**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

4041 Park Oaks Blvd., Suite 200

Tampa, Florida 33610

(813) 630-5826

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Jonathan C. Gold

Senior Vice President, General Counsel and Secretary

Quality Distribution, Inc.

4041 Park Oaks Blvd., Suite 200

Tampa, Florida 33610

(813) 630-5826

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

With copies to:

William E. Turner II

Barack Ferrazzano Kirschbaum & Nagelberg LLP

200 West Madison Street, Suite 3900

Chicago, Illinois 60606

(312) 984-3100

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

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

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

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

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

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	x

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

(1) The following parent of Quality Distribution, LLC and domestic direct or indirect wholly owned subsidiaries of Quality Distribution, LLC are Guarantors of the exchange 9.875% Second-Priority Senior Secured Notes due 2018, and are Co-Registrants, each of which is incorporated in the jurisdiction and has the I.R.S. Employer Identification Number indicated: Quality Distribution, Inc., a Florida corporation (59-3239073); American Transinsurance Group, Inc., a Delaware corporation (23-2613934); Boasso America Corporation, a Louisiana corporation (72-1176189); Chemical Leaman Corporation, a Pennsylvania corporation (23-2021808); QC Energy Resources, Inc., a Delaware corporation (23-2735584); Mexico Investments, Inc., a Florida corporation (59-3433851); Power Purchasing, Inc., a Delaware corporation (23-2611487); QD Risk Services, Inc., a Florida corporation (80-0388660); Quala Systems, Inc., a Delaware corporation (23-2343087); and Quality Carriers, Inc., an Illinois corporation (36-2590063).

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

Subject to Completion, dated June 13, 2011

Quality Distribution, LLC

QD Capital Corporation

Offer to Exchange All Outstanding $225,000,000 Principal Amount At Maturity of

9.875% Second-Priority Senior Secured Notes due 2018

For

9.875% Second-Priority Senior Secured Notes due 2018

Which Have Been Registered Under the Securities Act of 1933

The Exchange Offer:

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

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

The exchange offer expires at 5:00 p.m., New York City time, on , 2011, unless we extend the offer.

The Exchange Notes:

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

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

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

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

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

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

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

You should carefully consider the Risk Factors beginning on page 1 of this prospectus before participating in the exchange offer.

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

The date of this prospectus is , 2011.

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

The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our notes. In this prospectus, unless the context otherwise requires or indicates, (i) the terms our company, QD LLC, we, us and our refer to Quality Distribution, LLC, a Delaware limited liability company, and its consolidated subsidiaries and their predecessors, (ii) QDI refers to Quality Distribution, Inc., our parent company, (iii) QD Capital refers to QD Capital Corporation, our wholly owned subsidiary and a co-issuer of the 9.875% Second-Priority Senior Secured Notes due 2018, (iv) the Issuers refers to QD LLC (without its consolidated subsidiaries and their predecessors) and QD Capital, (v) QCI refers to our wholly owned subsidiary Quality Carriers, Inc., an Illinois corporation, (vi) Boasso refers to our wholly owned subsidiary Boasso America Corporation, a Louisiana corporation, (vii) the Existing 2018 Notes refers to the Issuers outstanding 9.875% Second-Priority Senior Secured Notes due 2018, (viii) the Exchange 2018 Notes refers to the Issuers 9.875% Second-Priority Senior Secured Notes due 2018 that are registered under the Securities Act of 1933 and will be issued pursuant to this exchange offer, (ix) the 2018 Notes refers to the Existing 2018 Note and the Exchange 2018 Notes together, (x) the 2018 Notes Indenture refers to the Indenture, dated as of November 3, 2010, among the Issuers, the guarantors of the 2018 Notes and The Bank of New York Mellon Trust Company, N.A., as collateral agent and trustee, (xi) the ABL Facility refers to our asset-based revolving credit facility that we entered into on December 18, 2007, and amended on October 22, 2010, and (xii) the 2013 PIK Notes refers to our 11.75% Senior Subordinated PIK Notes due 2013.

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In connection with the exchange offer, we have filed with the SEC a registration statement on Form S-4 under the Securities Act, relating to the Exchange 2018 Notes to be issued in the exchange offer. As permitted by SEC rules, this prospectus does not contain all the information included in the registration statement. Accordingly, this prospectus incorporates important business and financial information that is not included in or delivered with this document. Copies of this information are available without charge to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to Quality Distribution, Inc., Attention: Tricia Bushn, 4041 Park Oaks Boulevard, Suite 200, Tampa, Florida 33610. Oral requests should be made by telephone (813) 569-7251. To obtain timely delivery, you must request the information no later than , 2011, which is five business days before the expiration of the Exchange Offer.

MARKET AND INDUSTRY DATA

Market and industry data and other statistical information used throughout this prospectus are based on independent industry publications, government publications and other published independent sources, including *Bulk Transporter s Tank Truck Carrier 2009 Annual Gross Revenue Report*. Although we believe that this information is reliable, we cannot guarantee its accuracy and completeness, nor have we independently verified it. We also obtain certain other market share and industry data from internal company analyses and management estimates, and based on our knowledge of the industry. While we believe these internal company analyses and management estimates are reliable, no independent sources have verified these analyses and estimates. Although we are not aware of any misstatements regarding the market share and the industry data that we present in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under Risk Factors and Cautionary Note Regarding Forward-Looking Statements.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus but might not contain all of the information that is important to you. Before participating in the exchange offer, you should read this entire prospectus carefully, including the Risk Factors section and the consolidated financial statements and the notes thereto included elsewhere in this prospectus. Except as otherwise noted, the financial data included in the prospectus comes from the consolidated financial statements of our parent, Quality Distribution, Inc. and its subsidiaries. Quality Distribution, Inc. is a guarantor of our Existing 2018 Notes, our 2013 PIK Notes and our ABL Facility, and will be a guarantor of the Exchange 2018 Notes, and has no material assets or operations other than its ownership of 100% of our membership interests. As a result, the consolidated financial position and results of operations of Quality Distribution, Inc. are substantially the same as ours.

Our Company

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

The bulk tank truck market in North America includes all products shipped by bulk tank truck carriers and consists primarily of liquid and dry bulk chemicals (including plastics) and bulk dry and liquid food-grade products. We primarily transport a broad range of chemical products and provide our customers with logistics and other value-added services through 29 independent affiliates with 93 trucking terminals and through three company-operated trucking terminals. We are a core carrier for many of the major companies engaged in chemical processing, including 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 transportation revenue is a function of the volume of shipments by the bulk chemical industry, prices, the average number of miles driven per load, our market share and the allocation of shipments between tank truck transportation and other modes of transportation such as rail. The volume of shipments of chemical products is, in turn, affected by many other industries and end-use markets, including consumer and industrial products, paints and coatings, paper and packaging, agriculture and food products, and tends to vary with changing economic conditions.

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

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

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

Our Formation and Development

We are a Delaware limited liability company formed on April 14, 2002. We are a holding company with no significant assets or operations other than the ownership of our operating subsidiaries, including QCI and Boasso. Our sole member is QDI. QDI is a holding company with no significant assets or operations other than the ownership of 100% of our membership interests. QD Capital, our wholly owned subsidiary, is a Delaware corporation, formed on May 1, 2003 and is a co-issuer of the Existing 2018 Notes and will be a co-issuer of the Exchange 2018 Notes. QD Capital has nominal assets and no operations.

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

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QDI was formed in 1994 as a holding company known as MTL, Inc. In 1999, QDI changed its name from MTL, Inc. to Quality Distribution, Inc. On May 30, 2002, as part of a corporate reorganization, QDI transferred substantially all of its assets to us, consisting principally of the capital stock of QDI s operating subsidiaries. On November 13, 2003, QDI consummated the initial public offering of its common stock. Boasso became our wholly owned subsidiary in December 2007, when we acquired all of its outstanding capital stock from a third party.

Risk Factors

An investment in the Exchange 2018 Notes involves a high degree of risk. Potential investors should carefully consider the risk factors set forth under Risk Factors beginning on page 1 and the other information contained in this prospectus prior to participating in the exchange offer.

Corporate Information

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

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Summary of the Terms of the Exchange Offer

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

- the issuance of the Exchange 2018 Notes has been registered under the Securities Act, and as a result the Exchange 2018 Notes will be freely tradable by persons who are not affiliated with us;
- the Exchange 2018 Notes are not entitled to registration rights, which are only applicable to the Existing 2018 Notes under the registration rights agreement; and
- our obligation to pay additional interest on the Existing 2018 Notes because the registration statement of which this prospectus forms a part was not declared effective by November 3, 2011, or the exchange offer was not consummated by December 3, 2011, in each case, at incremental rates ranging from 0.25% per annum to 1.0% per annum depending on how long we fail to comply with these deadlines, does not apply to the Exchange 2018 Notes.

The Exchange Offer	We are offering to exchange up to all outstanding Existing 2018 Notes, which were issued on November 3, 2010, for a like principal amount of Exchange 2018 Notes that have been registered under the Securities Act.
Resales	We believe that the Exchange 2018 Notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act provided that:

- the Exchange 2018 Notes are being acquired in the ordinary course of your business;
- you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the Exchange 2018 Notes issued to you in the exchange offer; and
- you are not an affiliate of ours.

If any of these conditions are not satisfied and you transfer any Exchange 2018 Notes issued to you in the exchange offer without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your Exchange 2018 Notes, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, these liabilities.

	Each broker-dealer that is issued Exchange 2018 Notes in the exchange offer for its own account in exchange for Existing 2018 Notes that were acquired by that broker-dealer as a result of market-marking or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those Exchange 2018 Notes. A broker-dealer may use this prospectus, as it may be amended or supplemented, for an offer to resell, resale or other retransfer of the Exchange 2018 Notes issued to it in the exchange offer.
Expiration Date; Withdrawal of Tenders	The exchange offer will expire at 5:00 p.m., New York City time, , 2011, or a later date and time to which we extend it. A tender of Existing 2018 Notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any Existing 2018 Notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, some of which we may waive.

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Procedures for Tendering Existing 2018 Notes	If you wish to accept the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a copy of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or the copy, together with the Existing 2018 Notes and any other required documents, to the exchange agent at the address set forth on the cover of the letter of transmittal. However, if you hold Existing 2018 Notes through The Depository Trust Company, or DTC, and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal.
	By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:
	any Exchange 2018 Notes that you receive will be acquired in the ordinary course of your business;
	you have no arrangement or understanding with any person or entity to participate in the distribution of the Exchange 2018 Notes;
	if you are a broker-dealer that will receive Exchange 2018 Notes for your own account in exchange for Existing 2018 Notes that were acquired as a result of market-making or other trading activities, that you will deliver a prospectus, as required by law, in connection with any resale of those Exchange 2018 Notes;
	if you are not a broker-dealer, that you are not engaged in, and you do not intend to engage in, the distribution of Exchange 2018 Notes; and
	you are not our affiliate as defined in Rule 405 under the Securities Act.
Guaranteed Delivery Procedures	If you wish to tender your Existing 2018 Notes and your Existing 2018 Notes are not immediately available or you cannot deliver your Existing 2018 Notes, the letter of transmittal or any other documents required by the letter of transmittal or comply with the applicable procedures under DTC s Automated Tender Offer Program prior to the expiration date, you must tender your Existing 2018 Notes according to the guaranteed delivery procedures described in this prospectus.
Effect on Holders of Existing 2018 Notes	As a result of the making of, and upon acceptance for exchange of all validly tendered Existing 2018 Notes pursuant to the terms of, the exchange offer, we will have fulfilled covenants contained in the registration rights agreement applicable to the Existing 2018 Notes and, accordingly, we will not be obligated to pay additional interest as described in the registration rights agreement. If you are a holder of Existing 2018 Notes and do not tender your Existing 2018 Notes in the exchange offer, you will continue to hold the Existing 2018 Notes and you will be entitled to all the rights and limitations applicable to the Existing 2018 Notes in the 2018 Notes Indenture, except for any rights under the registration rights agreement that by their terms terminate upon the consummation of the exchange offer.
Consequences of Failure to Exchange	All untendered Existing 2018 Notes will continue to be subject to the restrictions on transfer provided for in the Existing 2018 Notes and in the 2018 Notes Indenture. In general, the Existing 2018 Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a

	transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, or as otherwise required under certain limited circumstances pursuant to the terms of the registration rights agreement, we do not currently anticipate that we will register the Existing 2018 Notes under the Securities Act.
Accounting Treatment	We will record the Exchange 2018 Notes in our accounting records at the same carrying value as the Existing 2018 Notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer. We will capitalize certain expenses of the exchange offer as deferred financing costs and amortize those costs over the life of the Exchange 2018 Notes.
Certain U.S. Federal Income Tax Considerations	The exchange of Existing 2018 Notes for Exchange 2018 Notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Considerations.

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

Summary of the Terms of the Exchange 2018 Notes

Issuers	Quality Distribution, LLC and QD Capital Corporation
Securities Offered	$225,000,000 principal amount of 9.875% Second-Priority Senior Secured Notes due 2018
Maturity Date	November 1, 2018
Interest	Interest on the 2018 Notes accrues at a rate of 9.875% per annum and is payable in cash on May 1 and November 1 of each year, and was first paid on May 2, 2011. The next interest payment date for the 2018 Notes is November 1, 2011. Holders who exchange their Existing 2018 Notes for Exchange 2018 Notes will receive the same interest payment on November 1, 2011 as holders of Existing 2018 Notes that do not tender in the exchange offer.
Collateral	The Exchange 2018 Notes and the guarantees will be secured by a security interest in certain collateral granted to the collateral agent, who initially will be the trustee, for the benefit of the holders of the Exchange 2018 Notes. The collateral securing the Exchange 2018 Notes and the guarantees will initially consist of substantially all of the property and assets held by the Issuers and the guarantors, to the extent that these assets secure the ABL Facility, subject to certain exceptions. The collateral does not include, subject to certain exceptions:

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

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

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

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

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

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

certain other exceptions described in the security documents.

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

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

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	The liens on the collateral may be released without the consent of the holders of Exchange 2018 Notes if collateral is disposed of in a transaction that complies with the 2018 Notes Indenture, security documents and intercreditor agreement. This could include dispositions pursuant to an enforcement by the holders of first-priority lien obligations. The value of collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral.
Intercreditor Agreement	The trustee and the collateral agent under the 2018 Notes Indenture and the agents under the ABL Facility have entered into an intercreditor agreement pursuant to which the liens securing the Exchange 2018 Notes are junior in priority and subordinated to the liens that secure obligations under the ABL Facility, and obligations under certain hedging agreements and cash management obligations and certain other first-priority lien obligations permitted under the 2018 Notes Indenture. Under the intercreditor agreement, the liens securing the Exchange 2018 Notes may be equally and ratably secured by other second-lien indebtedness permitted under the 2018 Notes Indenture. Under the intercreditor agreement, the liens securing the Exchange 2018 Notes may not be enforced at any time when obligations secured by first-priority liens are outstanding. The holders of the first-priority liens will receive all proceeds from any realization on the collateral or proceeds thereof in any insolvency proceeding, until the first-priority lien obligations are paid in full in cash.
Guarantees	Our obligations under the Exchange 2018 Notes are fully and unconditionally guaranteed, jointly and severally, by our parent company, QDI, and each of our existing and certain future U.S. restricted subsidiaries. Exchange 2018 Notes are not and will not be, however, guaranteed by our foreign subsidiaries or our unrestricted subsidiaries. Investors should not rely on the QDI guarantee in evaluating an investment in the Exchange 2018 Notes as QDI currently has no material assets other than the ownership of 100% of our membership interests, and the covenants contained in the 2018 Notes Indenture will not apply to QDI.

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Ranking	The Exchange 2018 Notes and the guarantees thereof will be our unsubordinated obligations and will rank:
	equally in right of payment with all of our existing and future senior debt, including the ABL Facility, the Existing 2018 Notes and the guarantees thereof, but effectively senior to all senior debt that is unsecured, to the extent of the assets securing the 2018 Notes;
	effectively junior in security to all of our existing and future first-priority lien obligations, including borrowings under the ABL Facility, to the extent of the value of the assets securing the debt;
	senior in right of payment to all of our existing and future subordinated debt, including the 2013 PIK Notes and the guarantees thereof; and
	structurally subordinated to all liabilities, including trade payables, of our subsidiaries that are not guarantors, which are principally our subsidiaries in Mexico and Canada, and which provided less than 1% of our operating revenues in 2010 and during the three months ended March 31, 2011.
	As of March 31, 2011, we had outstanding on a consolidated basis:
	$69.7 million of first-lien senior secured indebtedness, including borrowings outstanding under the ABL Facility, capital lease obligations and other secured notes, all of which are effectively senior to the 2018 Notes to the extent of the value of the collateral securing this secured indebtedness, and approximately $77.1 million in availability under the ABL Facility;
	$225.0 million of second-lien senior secured indebtedness, consisting of the Existing 2018 Notes; and
	$5.8 million of senior subordinated unsecured indebtedness, consisting of the 2013 PIK Notes.
Optional Redemption	Prior to November 1, 2014, we may redeem the 2018 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2018 Notes redeemed, plus accrued and unpaid interest to the redemption date, plus an additional make-whole premium intended to capture the value of holding 2018 Notes through November 1, 2014, but not less than 1%. During any twelve-month period prior to November 1, 2014, we may also redeem up to 10% of the original aggregate principal amount of the 2018 Notes at a redemption price of 103%, plus accrued and unpaid interest to the redemption date. Additionally, at any time prior to November 1, 2014, we may redeem up to 35% of the principal amount of the 2018 Notes at a redemption price of 109.875%, plus accrued and unpaid interest to the redemption date, with the net proceeds of one or more equity offerings so long as at least 50% of the aggregate original principal amount of the 2018 Notes remains outstanding afterwards. On or after November 1, 2014, we may redeem the 2018 Notes, in whole or in part, with the payment of a redemption premium beginning at 4.938%, reducing to 2.469% at November

	1, 2015 and to 0% at November 1, 2016, plus accrued and unpaid interest through the redemption date.
Mandatory Offer to Repurchase	If we sell all or substantially all of our assets or undergo other types of changes in control, each holder will have the right to require us to repurchase all or any part of the holder s Exchange 2018 Notes at 101% of the aggregate principal amount of the Exchange 2018 Notes.

Certain Covenants	The 2018 Notes Indenture, among other things, limits our ability and the ability of our restricted subsidiaries to: incur or guarantee additional indebtedness; pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments; make investments; consummate certain asset sales; engage in transactions with affiliates; grant or assume liens; and consolidate, merge or transfer all or substantially all of our assets. These limitations are subject to a number of important qualifications and exceptions as described in this prospectus.
Limited Market	The Exchange 2018 Notes generally will be freely transferable. However, we do not currently intend to list the Exchange 2018 Notes or the Existing 2018 Notes on any exchange, and there can be no assurance as to the development or liquidity of any market for any of the Exchange 2018 Notes.

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Summary Financial Data

The following table sets forth summary consolidated financial data, and other historical consolidated financial data of QDI. QDI is or will be a guarantor of the Existing 2018 Notes, the Exchange 2018 Notes, the 2013 PIK Notes and the ABL Facility and has no material assets or operations other than its ownership of 100% of our membership interests. As a result, the consolidated financial position and results of operations of QDI are substantially the same as ours. The summary historical consolidated financial information set forth below is qualified in its entirety by reference to, and should be read in conjunction with, our consolidated financial statements and notes thereto included elsewhere in this prospectus and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. The historical results do not necessarily indicate results expected for any future period, and results for any interim period do not necessarily indicate results expected for a full fiscal year.

The consolidated statements of operations data set forth below for the years ended December 31, 2010, 2009 and 2008 and the historical balance sheet data as of December 31, 2010 and 2009 are derived from our audited financial statements included in this prospectus. The historical statements of operations data for the years ended December 31, 2007 and 2006 and the historical balance sheet data as of December 31, 2008, 2007 and 2006 are derived from our audited financial statements that are not included in this prospectus. The consolidated statements of operations data set forth below for the three months ended March 31, 2011 and 2010 and the historical balance sheet data as of March 31, 2011 are derived from our unaudited financial statements included in this prospectus. The historical balance sheet data as of March 31, 2010 are derived from our unaudited financial statements that are not included in this prospectus.

	YEAR ENDED DECEMBER 31					(UNAUDITED) THREE MONTHS ENDED MARCH 31	
	2010	2009	2008	2007	2006	2011	2010
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
Statements of Operations Data (1)							
Operating revenues	$ 686,598	$ 613,609	$ 815,290	$ 751,558	$ 730,159	$ 177,910	$ 161,333
Operating expenses:							
Purchased transportation	476,307	373,539	466,823	471,531	493,686	124,722	109,824
Depreciation and amortization	16,004	20,218	21,002	17,544	16,353	3,492	4,243
Impairment charge (2)		148,630					
Other operating expenses	157,552	186,398	294,487	238,630	171,842	37,503	38,582
Operating (loss) income	36,735	(115,176)	32,978	23,853	48,278	12,193	8,684
Interest expense, net	35,548	28,047	35,120	30,524	29,388	7,672	8,506
Write-off of debt issuance costs	7,391	20	283	2,031		1,786	
Gain on extinguishment of debt		(1,870)	(16,532)				
Other expense (income)	791	1,912	(2,945)	940	888	(36)	6
(Loss) income before taxes	(6,995)	(143,285)	17,052	(9,642)	18,002	2,771	172
Provision for (benefit from) income taxes	411	37,249	4,940	(2,079)	(38,168)	49	(626)
Net (loss) income	$ (7,406)	$ (180,534)	$ 12,112	$ (7,563)	$ 56,170	$ 2,722	$ 798
Net (loss) income per common share:							
Basic	$ (0.36)	$ (9.28)	$ 0.63	$ (0.39)	$ 2.97	$ 0.12	$ 0.04
Diluted	$ (0.36)	$ (9.28)	$ 0.62	$ (0.39)	$ 2.87	$ 0.12	$ 0.04
Weighted average common shares outstanding:							
Basic	20,382	19,449	19,379	19,336	18,920	22,192	19,501
Diluted	20,382	19,449	19,539	19,336	19,571	23,505	21,470

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	YEAR ENDED DECEMBER 31					(UNAUDITED) THREE MONTHS ENDED MARCH 31	
	2010	2009	2008	2007	2006	2011	2010
	(DOLLARS IN THOUSANDS, EXCEPT TERMINAL, TRAILER AND TRACTOR DATA)						
Other Data (1)							
Cash paid for interest	$ 29,427	$ 22,704	$ 30,690	$ 28,850	$ 27,034	$ 1,709	$ 3,329
Net cash provided by operating activities	21,071	39,756	19,593	14,052	28,236	5,664	(4,154)
Net cash provided by (used in) investing activities	(1,079)	9,577	(8,524)	(63,399)	(10,591)	(335)	(3,229)
Net cash (used in) provided by financing activities	(23,879)	(50,515)	(13,485)	52,194	(12,474)	(4,343)	4,421
Number of terminals at end of period	102	108	149	169	165	104	103
Number of trailers managed at end of period	5,738	6,410	7,115	7,506	7,769	5,613	6,246
Number of tractors managed at end of period	2,901	2,839	3,224	3,927	3,829	2,861	2,815
Ratio of earnings to fixed charges (3)			1.4x		1.5x	1.3x	1.0x
Balance Sheet Data at Period End (1)							
Working capital	$ 34,955	$ 19,016	$ 44,967	$ 67,093	$ 59,673	$ 40,885	$ 23,236
Total assets	271,335	279,616	502,103	493,976	417,873	281,433	287,919
Total indebtedness, including current maturities	317,332	321,284	362,586	349,271	279,122	299,128	326,447
Shareholders (deficit) equity	(146,379)	(140,736)	31,020	27,300	31,774	(124,405)	(139,178)

(1) On December 17, 2007, we acquired 100% of the stock of Boasso America Corporation. The results of Boasso have been included in our results since the date of the acquisition.

(2) The impairment charge in 2009 resulted from an impairment analysis of goodwill and intangible assets performed during the quarter ended June 30, 2009. Refer to Note 13 to the consolidated financial statements for the years ended December 31, 2010, 2009 and 2008 included elsewhere in this prospectus.

(3) For the purpose of computing the ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before income taxes and fixed charges. Fixed charges consist of interest expense including the amortization of deferred debt issuance costs. In 2007, 2009 and 2010 earnings were insufficient to cover fixed charges by approximately $9.6 million, $143.3 million and $7.0 million, respectively.

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RISK FACTORS

You should carefully consider the risks described below before participating in the exchange offer. Although the risks described below are all of the risks that we believe are material, they are not the only risks relating to our business and the Exchange 2018 Notes. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your investment.

Risks Related to the Exchange Offer

Your Existing 2018 Notes will not be accepted for exchange if you do not follow the exchange offer procedures described in this prospectus.

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

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

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

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

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

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

Based on interpretations of the staff of the SEC contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (May 13, 1988), *Morgan Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (July 2, 1993), we believe that you may generally offer for resale, resell or otherwise transfer the Exchange 2018 Notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus, certain holders of Exchange 2018 Notes will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer the Notes. If such a holder transfers any Exchange 2018 Notes without delivering a prospectus meeting the requirements of the Securities Act or without an applicable exemption from registration under the Securities Act, the holder could incur liability under the Securities Act. We do not and will not assume, or indemnify such holders against, this liability.

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Risks Related to an Investment in the Exchange 2018 Notes

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

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

As of March 31, 2011, we had $69.7 million of first-priority lien obligations, primarily consisting of debt under the ABL Facility, capital lease obligations and other secured notes, and approximately $77.1 million in availability under the ABL Facility. The ABL Facility and the 2018 Notes Indenture permit the incurrence of substantial additional indebtedness by us and our restricted subsidiaries in the future, including first-priority lien obligations.

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

We conduct substantially all of our operations through our subsidiaries. As a result, we are required to rely upon our subsidiaries for the funds necessary to meet our obligations, including the payment of interest on and principal of the Exchange 2018 Notes. The ability of our guarantor subsidiaries to make these payments will be subject to, among other things, applicable state laws. Although the guarantees of the Exchange 2018 Notes provide the holders of the Exchange 2018 Notes with a direct claim against the assets of the guarantors, the subsidiary non-guarantors have not guaranteed the obligations under the Exchange 2018 Notes. Claims of creditors of our subsidiary non-guarantors, including trade creditors, generally will have priority with respect to the assets and earnings of these subsidiaries over the claims of our creditors, including holders of the Exchange 2018 Notes. For 2010 and for the three months ended March 31, 2011, less than 1.0% of our consolidated revenues and our consolidated operating income was generated by our non-guarantor subsidiaries. Such non-guarantor subsidiaries had less than $0.1 million of liabilities, including trade payables, but excluding intercompany balances, at March 31, 2011.

In addition, enforcement of the guarantees of the Exchange 2018 Notes against any guarantor may be subject to legal challenge in a bankruptcy or reorganization case or a lawsuit by or on behalf of creditors of any guarantor and would be subject to certain defenses available to guarantors generally. Although the 2018 Notes Indenture contains waivers of most guarantor defenses, certain of those waivers may not be enforced by a court in a particular case. To the extent that the guarantees of the Exchange 2018 Notes are not enforceable, the Exchange 2018 Notes would be effectively subordinated to all liabilities of the guarantors, including trade payables of any guarantors.

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

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

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

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

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

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

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

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

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

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

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

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

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

- a sale, transfer or other disposition of the collateral in a transaction not prohibited under the 2018 Notes Indenture;
- for collateral held by a guarantor, upon the release of such guarantor from its guarantee in connection with a sale of such subsidiary guarantor to the extent such transaction not prohibited by the 2018 Notes Indenture; and
- subject to certain exceptions, the release of all other liens securing first-priority lien obligations.

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

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

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

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

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

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

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

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

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

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

We do not intend to list the Exchange 2018 Notes on a national securities exchange. Although the initial purchasers of the Existing 2018 Notes have advised us that they currently intend to make a market in the Exchange 2018 Notes, they are not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act and may be limited during the exchange offer. If a trading market does not develop, you may not be able to sell the Exchange 2018 Notes. If any of the Exchange 2018 Notes are traded after their issuance, they may trade at a discount from the initial offering price of the Existing 2018 Notes, depending upon:

- prevailing interest rates;
- the market for similar securities; and
- other factors, including general economic conditions and our financial condition, performance and prospects.

The market for non-investment grade debt securities has historically been subject to disruptions that have caused volatility in their prices independent of the operating and financial performance of the issuers of these securities. It is possible that the market for the Exchange 2018 Notes will be subject to these kinds of disruptions regardless of our prospects and financial performance. Accordingly, declines in the liquidity and market price of the Exchange 2018 Notes may occur independent of our operating and financial performance. We cannot assure you that any liquid market for the Exchange 2018 Notes will develop.

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

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

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

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

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

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

- was insolvent or rendered insolvent by reason of such incurrence;

- was left with inadequate capital to conducts its business; or

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

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

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

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

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

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

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

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

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

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

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

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

The guarantee of our parent company is of limited value.

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

Risks related to our Indebtedness

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

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

incur or guarantee additional indebtedness or issue certain preferred shares;

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- redeem, repurchase, make payments on or retire subordinated indebtedness or make other restricted payments;
- make certain loans, acquisitions, capital expenditures or investments;
- sell certain assets, including stock of our subsidiaries;
- enter into sale and leaseback transactions;
- create or incur liens;
- consolidate, merge, sell, transfer or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our independent affiliates.

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

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

- would not be required to lend any additional amounts to us under the ABL Facility;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due immediately and terminate all commitments to extend further credit; or
- could require us to apply all of our available cash to repay these borrowings.

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

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

At March 31, 2011, we had consolidated long-term indebtedness and capital lease obligations, including current maturities, of $301.1 million (which excludes unamortized original issue discount of $1.9 million). Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt will depend on a range of economic, competitive and business factors, many of which are outside our control. Our business may not generate sufficient cash flow from operations to meet our debt service and other obligations, and currently anticipated cost savings and operating improvements may not be realized on schedule, or at all. If we are unable to meet our expenses and debt service and other obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets or raise equity. We may not be able to refinance any of our indebtedness, sell assets or raise equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms would have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

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

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

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

- it increases our vulnerability to adverse economic and industry conditions;

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

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

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

- it limits our ability to exploit business opportunities; and

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

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

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

The ABL Facility, the 2018 Notes Indenture and the indenture governing our 2013 PIK Notes contain restrictions on our ability to incur additional indebtedness. These restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Accordingly, we or our subsidiaries could incur significant additional indebtedness in the future. As of March 31, 2011, we had approximately $77.1 million available for additional borrowing under the ABL Facility, including a subfacility for letters of credit, and the covenants under our debt agreements would allow us to borrow a significant amount of additional indebtedness. Additional leverage could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

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

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

- our future ability to borrow under the ABL Facility, the availability of which depends on, among other things, our compliance with the covenants in the ABL Facility.

We cannot assure you that our business will generate sufficient cash flow from operations, or that we will be able to draw under the ABL Facility or otherwise, in an amount sufficient to fund our liquidity needs.

If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the Exchange 2018 Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt-service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt agreements may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due.

Repayment of our debt, including required principal and interest payments on the Exchange 2018 Notes, is dependent on cash flow generated by our subsidiaries.

Our subsidiaries own substantially all of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the Exchange 2018 Notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our non-guarantor subsidiaries do not have any obligation to pay amounts due on the Exchange 2018 Notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the Exchange 2018 Notes.

Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the 2018 Notes Indenture and the indenture governing the 2013 PIK Notes limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries we may be unable to make required principal and interest payments on our indebtedness, including the Exchange 2018 Notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Exchange 2018 Notes.

Any default under the agreements governing our indebtedness, including a default under the ABL Facility that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal, premium, if any, or interest on the Exchange 2018 Notes and could substantially decrease the market value of the Exchange 2018 Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, any premium or interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including the ABL Facility), we could be in default under the terms of the agreements governing such indebtedness. In the event of a default, the holders of our indebtedness could elect to make all the funds borrowed immediately payable, together with accrued and unpaid interest, the lenders under the ABL Facility could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, or we may be required to apply all of our available cash to repay such holders, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek waivers from the required lenders under the ABL Facility to avoid being in default. If we breach our covenants under the ABL Facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under the ABL Facility, the lenders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation.

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Because a substantial portion of our indebtedness bears interest at rates that fluctuate with changes in certain prevailing short-term interest rates, we are vulnerable to interest rate increases.

A substantial portion of our indebtedness, consisting of borrowings under the ABL Facility, bears interest at rates that fluctuate with changes in certain short-term prevailing interest rates. As of March 31, 2011, we had $48.5 million of floating rate debt under the ABL Facility. We also had an additional $77.1 million available for borrowing under the ABL Facility as of March 31, 2011. Assuming a consistent level of debt, a 1.0% increase in the interest rate on floating rate debt of $48.5 million effective from the beginning of the year would increase our interest expense under the ABL Facility by approximately $0.5 million on an annual basis. If interest rates increase dramatically, we could be unable to service our debt, which could have a material adverse effect on our business, financial condition, results of operations or cash flows. Recently interest rates have been subject to unprecedented volatility, which may intensify this risk.

Risks Related to Our Business

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

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

- the availability of qualified drivers;
- access to the credit and capital markets;
- changes in regulations concerning shipment and storage of material we transport and depot;
- increases in fuel prices, taxes and tolls;
- increases in costs of equipment;
- interest rate and currency fluctuations;
- excess capacity in the chemical tank or ISO container industry;
- changes in license and regulatory fees;
- potential disruptions at U.S. ports of entry;
- downturns in customers business cycles; and
- reductions in customers shipping requirements.

As a result, we may experience periods of overcapacity, declining prices, lower profit margins and less availability of cash in the future. We have a large number of customers in the chemical-processing and consumer-goods industries. If these customers experience fluctuations in their business activity due to an economic downturn, work stoppages or other industry conditions, the volume of freight transported by us or intermodal provided by us on behalf of those customers may decrease. The volume of shipments of chemical products is, in turn, affected by many other 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.

The trucking industry, in general, has experienced a slowdown due to lower demand resulting from slowing economic conditions through 2008 and 2009. These conditions continued, although to a lesser extent, in 2010 and it is uncertain whether economic conditions will improve in 2011 and beyond.

The trucking industry is extremely competitive and fragmented.

The trucking industry is extremely competitive and fragmented. No single truckload carrier has a significant market share. We compete with many other truckload carriers of varying sizes, customers private fleets, and, to a lesser extent, with railroads, which may limit our growth opportunities and reduce profitability. Historically, competition has created downward pressure on the trucking industry s pricing structure. Some trucking companies with which we compete have greater financial resources than we do.

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We believe that the most significant competitive factor that impacts demand for our services is rates, and we may be forced to lower our rates based on our competitors pricing decisions, which would reduce our profitability. In fact, certain markets that we serve have experienced fierce price competition in recent years. This has been further magnified through the impact of the recent global economic recession as trucking companies have focused more on price to retain business and market share. With respect to certain aspects of our business, we also compete with intermodal transportation and railroads. Intermodal transportation has increased in recent years. Growth in such forms of transport could adversely affect our market share, net sales and profit margins. Competition from non-trucking modes of transportation and from intermodal transportation would likely increase if state or federal fuel taxes were to increase without a corresponding increase in taxes imposed upon other modes of transportation.

Additional trends include current and anticipated consolidation among our competitors which may cause us to lose market share as well as put downward pressure on pricing. Some of our competitors are larger, have greater financial resources and have less than we do. As a result, those competitors may be better able to withstand a change in conditions within our industry and in the economy as a whole. If we do not compete successfully, our operating margins, financial condition, cash flows and profitability could be adversely affected.

Our reliance upon independent affiliates and independent owner-operators could adversely affect our operations and profitability.

We rely heavily upon independent affiliates and independent owner-operators to perform the logistics services for which we contract with our customers. A reduction in the number of independent owner-operators, whether due to capital requirements related to the expense of obtaining, operating and maintaining equipment or for other reasons, could have a negative effect on our operations and profitability. Similarly the loss of one or more independent affiliates could adversely affect our profitability.

Contracts with independent affiliates are for various terms and contracts with independent owner-operators may be terminated by either party on short notice. Although independent affiliates and independent owner-operators are responsible for paying for their own equipment and other operating costs, significant increases in these costs could cause them to seek a higher percentage of the revenue generated if we are unable to increase our rates commensurately. A continued decline in the rates we pay to our independent affiliates and independent owner-operators could adversely affect our ability to maintain our existing independent affiliates and independent owner-operators and attract new independent affiliates, independent owner-operators and drivers. Disagreements with independent affiliates or independent owner-operators as to payment or other terms, or the failure of a key independent affiliate to meet our contractual obligations or otherwise perform consistent with our requirements may require us to utilize alternative suppliers, in each case at potentially higher prices or with disruption of the services that we provide to our customers. If we fail to deliver on time or if the costs of our services increase, then our profitability and customer relationships could be harmed.

Although our independent affiliates and independent owner-operators have substantial contractual obligations to us, we do not control them. These independent affiliates and independent owner-operators typically utilize tractors and trailers bearing our tradenames and trademarks. To the extent that one of our independent affiliates or independent owner-operators are subject to negative publicity, it could reflect on us and have a material adverse effect on our business, brand, results of operations, cash flows or financial condition.

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

We are dependent upon a limited number of large customers. Our top ten customers accounted for 35.8% of our logistics revenue during 2010. The loss of one or more of our major customers, or a material reduction in services we perform for such customers, may have a material adverse effect on our business, results of operations or financial condition.

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

The primary accident risks associated with our business are:

- motor-vehicle related bodily injury and property damage;
- workers compensation claims;

environmental pollution liability claims;

cargo loss and damage; and

general liability claims.

We currently maintain insurance for:

- motor-vehicle related bodily injury and property damage claims, covering all employees, independent owner operators and independent affiliates;
- workers compensation insurance coverage on our employees and company drivers;
- environmental pollution liability claims; and

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general liability claims.

Our insurance program includes a self insured deductible of $2.0 million per incident for bodily injury and property damage and a $1.0 million deductible for workers compensation. In addition, we currently maintain insurance policies with a total limit of $40.0 million, of which $35.0 million is provided under an umbrella liability policy and $5.0 million is provided under a truckers liability policy. The $2.0 million deductible per incident could adversely affect our profitability, particularly in the event of an increase in the number or severity of incidents. Additionally, we are self-insured for damage to the equipment that we own and lease, as well as for cargo losses and such self-insurance is not subject to any maximum limitation. We extend insurance coverage to our independent affiliates and independent owner-operators for (i) motor vehicle related bodily injury, (ii) motor-vehicle related property damage, and (iii) cargo loss and damage. Under this extended coverage, independent affiliates and independent owner-operators are responsible for only a small portion of the applicable deductibles.

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

Changes in laws and regulations regarding health insurance benefits could adversely affect our cost of operations, employee relations and profitability.

The Patient Protection and Affordable Care Act, enacted in 2010, could significantly increase our employee costs by requiring us either to provide health insurance coverage to our employees or to pay certain penalties for electing not to provide such coverage. Because these new requirements are broad, complex, subject to certain phase-in rules and may be challenged by legal actions in the coming months and years, it is difficult to predict the ultimate impact that this legislation will have on our business and operating costs. We cannot assure you that this legislation or any alternative version that may ultimately be implemented will not materially increase our operating costs. This legislation could also adversely affect our employee relations and ability to compete for new employees if our response to this legislation is considered less favorable than the responses or health benefits offered by employers with whom we compete for talent.

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

As a motor carrier, we are subject to regulation by the Federal Motor Carrier Safety Administration and the United States Department of Transportation, and by various federal, state, and provincial agencies. These regulatory authorities exercise broad powers governing various aspects such as operating authority, safety, hours of service, hazardous materials transportation, financial reporting and acquisitions. There are additional regulations specifically relating to the trucking industry, including testing and specification of equipment, product-handling requirements and drug testing of drivers. We recently underwent a compliance review by the FMCSA in which we retained our satisfactory DOT safety rating. We anticipate a follow-up review in the future, including with respect to issues identified in the recent review, which could result in the imposition of corrective action with which we would be required to comply.

In December 2010, the FMCSA began to rate individual driver safety performance inclusive of all driver violations over 3-year time periods under new regulations known as the Comprehensive Safety Analysis 2010, or CSA. CSA is an FMCSA initiative designed to provide motor carriers and drivers with attention from FMCSA and state partners about their potential safety problems with an ultimate goal of achieving a greater reduction in large truck and bus crashes, injuries, and fatalities. Prior to these regulations, only carriers were rated by the DOT and the rating only included out-of-service violations and ticketed offenses associated with out-of-service violations. Any downgrade in our DOT safety rating (as a result of these new regulations, any follow-up reviews or otherwise) could adversely affect our business.

The trucking industry is subject to possible regulatory and legislative changes that may affect the economics of the industry by requiring changes in operating practices, emissions or by changing the demand for common or contract carrier services or the cost of providing trucking services. Possible changes include:

- increasingly stringent environmental regulations, including changes intended to address climate change;
- restrictions, taxes or other controls on emissions;
- increasing control over the transportation of hazardous materials;

- changes in the hours-of-service regulations, which govern the amount of time a driver may drive in any specific period;
- extension of electronic on-board recorder mandates;
- requirements leading to accelerated purchases of new trailers;
- mandatory limits on vehicle weight and size; and
- mandatory regulations imposed by the Department of Homeland Security.

From time to time, various legislative proposals are introduced, including proposals to increase federal, state, or local taxes, including taxes on motor fuels and emissions, which may increase our or our independent affiliates operating costs, require capital expenditures or adversely impact the recruitment of drivers.

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Restrictions on emissions or other climate change laws or regulations could also affect our customers that use significant amounts of energy or burn fossil fuels in producing or delivering the products we carry. We could also lose revenue if our customers divert business from us because we have not complied with their sustainability requirements.

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

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

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

In addition, we have been named a potentially responsible party at various sites under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and other environmental regulatory programs. Our current reserves provided for these sites may prove insufficient, which would result in future charges against earnings. Furthermore, we could be named a potentially responsible party at other sites in the future and the costs associated with such future sites could be material.

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

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

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

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

The loss of qualified drivers or other personnel could limit our growth and negatively affect operations.

During periods of high trucking volumes, there is substantial competition for qualified drivers in the trucking industry. Regulatory requirements, including CSA (discussed above), and an improvement in the economy could reduce the number of eligible drivers. Furthermore, certain geographic areas have a greater shortage of qualified drivers than other areas. We operate in many of the geographic areas where there have been driver shortages in the past and have turned down new business opportunities as a result of the lack of qualified new drivers. We expect this to occur again as the economy begins to improve. Difficulty in attracting qualified personnel, particularly qualified drivers, could require us to increase driver compensation, forego available customer opportunities and underutilize the tractors and trailers in our network. These actions could result in increased costs and decreased revenues. In addition, we may not be able to recruit other qualified personnel in the future.

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

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

We depend on members of our senior management.

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

Our long-lived assets are subject to potential asset impairment.

At March 31, 2011, goodwill and other intangible assets represented approximately $43.6 million, or approximately 15.5% of our total assets and approximately 25.8% of our non-current assets, the carrying value of which may be reduced if we determine that those assets are impaired. In addition, at March 31, 2011, net property and equipment totaled approximately $111.1 million, or approximately 39.5% of our total assets.

We review for potential goodwill impairment on an annual basis as part of our goodwill impairment testing in the second quarter of each year with a measurement date of June 30, and more often if a triggering event or circumstance occurs making it likely that impairment exists. In addition, we test for the recoverability of long-lived assets at year end, and more often if an event or circumstance indicates the carrying value may not be recoverable. We conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations.

The annual goodwill impairment review performed as of June 30, 2010 resulted in no impairment. The annual goodwill impairment review performed in June 2009 indicated there was goodwill impairment. As a result of the analysis, we concluded that a total impairment charge to goodwill of $146.2 million was necessary at June 30, 2009, of which $144.3 million was related to our logistics segment, eliminating 100% of the carrying amount of goodwill of that segment, and $1.9 million was related to our intermodal segment.

If there are changes to the methods used to allocate carrying values, if management s estimates of future operating results change, if there are changes in the identified reporting units or if there are changes to other significant assumptions, the estimated carrying values and the estimated fair value of our goodwill could change significantly, and could result in future impairment charges, which could materially impact our results of operations and financial condition.

We may be unable to successfully realize all of the intended benefits from future acquisitions, and we may be unable to identify or realize the intended benefits of potential future acquisition candidates.

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

Our restructuring involves risks to our business operations and may not reduce our costs.

During 2008, 2009, and 2010, we eliminated non-driver positions, consolidated and closed under-performing company terminals, implemented certain contract terminations, transitioned company-owned terminals to independent affiliates and took other measures intended to reduce future costs. These steps have placed, and will continue to place, pressures on our management, administrative and operational infrastructure as well as on our results of operations. Employees that departed in connection with the restructuring possessed knowledge of our business, skills and relationships with our customers, independent affiliates, drivers and other employees that were not replaced. As a result, our remaining employees may be required to serve new operational roles in which they have limited experience, which may reduce employee satisfaction and productivity. New relationships may also reduce customer, independent affiliate or driver satisfaction. Additionally, our restructuring plans and related efforts may divert management s and other employees attention from other business concerns.

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As a result of the restructuring, we took pre-tax charges in 2008, 2009 and 2010, which represent severance-related costs and costs associated with lease and contract terminations. The majority of these costs were cash expenditures paid during 2008, 2009 and 2010 or costs that we expect to pay in the future. Actual costs may exceed our estimates. Furthermore, we formulated this restructuring plan with the goal of reducing our future operating expenses. Our future operating expenses may not be reduced as we expect, or reductions may be offset in the future by other expenses.

In addition, risks and uncertainties associated with implementation of the restructuring plan that are not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition and/or operating results.

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

Although only approximately 2.8% of our driver population, including independent owner-operators and employees of independent affiliates, was subject to collective bargaining agreements at March 31, 2011, unions such as the International Brotherhood of Teamsters have traditionally been active in the U.S. trucking industry. Unionized workers could disrupt our operations by strike, work stoppage or other slowdown. In addition, our non-union workforce has been subject to unionization efforts in the past, and we could be subject to future unionization. Increased unionization of our workforce could result in higher compensation and working condition demands that could increase our operating costs or constrain our operating flexibility.

If we withdraw from any of our multi-employer pension plans, we will be liable for a proportionate share of such plan s unfunded vested benefit liabilities upon our withdrawal.

As of March 31, 2011, we contribute to three multi-employer pension plans for employees under collective bargaining agreements. In conjunction with our restructuring efforts, in the third quarter of 2010, we notified the trustees of three other plans of our intention to withdraw from the plans. These three withdrawal notifications are expected to result in an aggregate withdrawal liability of approximately $2.0 million. Therefore, we recorded a restructuring charge for this amount in the third quarter of 2010. Approximately $0.3 million of the total estimated withdrawal liability was paid in the first quarter of 2011 with the remaining $1.7 million expected to be paid through 2023.

We do not currently intend to withdraw from the remaining three multi-employer pension plans or take any actions that would subject us to payment of contingent obligations. Based on information provided to us from the trustees of these remaining plans, we estimate our portion of the contingent liability in the case of a full withdrawal or termination from these remaining plans to be approximately $58.0 million, of which the largest component relates to the Central States Southeast and Southwest Areas Pension Plan, which is estimated to be $54.0 million.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, along with other documents that are publicly disseminated by us, contain or might contain forward-looking statements within the meaning of the Securities Act and the Securities Exchange Act of 1934, as amended. All statements included in this prospectus and in any subsequent filings made by us with the SEC, other than statements of historical fact, that address activities, events or developments that we or our management expect, believe or anticipate will or may occur in the future, are forward-looking statements. These statements represent our reasonable judgment on the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors that could cause our actual results and financial position to differ materially. We claim the protection of the safe harbor for forward-looking statements provided in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act. Examples of forward-looking statements include: (i) projections of revenue, earnings, capital structure and other financial items, (ii) statements of our plans and objectives, (iii) statements of expected future economic performance, and (iv) assumptions underlying statements regarding us or our business. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as believes, expects, estimates, may, will, should, could, seeks, plans, intends, anticipates negatives of those terms, or other variations of those terms or comparable language, or by discussions of strategy or other intentions.

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

- the effect of local and national economic, credit and capital market conditions on the economy in general, and on the particular industries in which we operate, including excess capacity in the industry, the availability of qualified drivers, changes in fuel and insurance prices, interest rate fluctuations, and downturns in customers business cycles and shipping requirements;
- our substantial leverage, our ability to make required payments and restrictions contained in our debt arrangements;
- competition and rate fluctuations;
- our reliance on independent affiliates and independent owner-operators;
- the loss of or material reduction in the services to one or more of our major customers;
- our liability as a self-insurer to the extent of our deductibles as well as changing conditions and pricing in the insurance marketplace;
- increased unionization, which could increase our operating costs or constrain operating flexibility;
- changes in the future, or our inability to comply with, governmental regulations and legislative changes affecting the transportation industry;
- our ability to comply with current and future environmental regulations and the increasing costs relating to environmental compliance;

potential disruption at U.S. ports of entry;

diesel fuel prices and our ability to recover costs through fuel surcharges;

our ability to attract and retain qualified drivers;

terrorist attacks and the cost of complying with existing and future anti-terrorism security measures;

our dependence on senior management;

the potential loss of our ability to use net operating losses to offset future income;

potential future impairment charges;

the interests of our largest shareholder, which may conflict with your interests;

our ability to successfully identify acquisition opportunities, consummate such acquisitions and integrate acquired businesses;

our success in entering new markets;

adverse weather conditions;

the impact of our restructuring on our operations and costs;

changes in health insurance benefit regulations;

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- our liability for our proportionate share of unfunded vested benefit liabilities in the event of our withdrawal from any of our multi-employer pension plans; and

- changes in planned or actual capital expenditures due to operating needs, changes in regulation, covenants in our debt arrangements and other expenses, including interest expenses.

In addition, there may be other factors that could cause our actual results to be materially different from the results referenced in the forward-looking statements. All forward-looking statements contained in this prospectus are qualified in their entirety by this cautionary statement. Forward-looking statements speak only as of the date they are made, and we do not intend to update or otherwise revise the forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

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THE EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

We hereby offer to exchange a like principal amount of Exchange 2018 Notes for any and all Existing 2018 Notes on the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal. You may tender some or all of your Existing 2018 Notes pursuant to the exchange offer. As of the date of this prospectus, $225.0 million principal amount of Existing 2018 Notes are outstanding. This prospectus, together with the letter of transmittal, is first being sent to holders of the Existing 2018 Notes on or about , 2011. Our obligation to accept the Existing 2018 Notes for exchange pursuant to the exchange offer is subject to certain conditions described in Certain Conditions to the Exchange Offer. We currently expect that the conditions will be met and that no waivers will be necessary. We have entered into a registration rights agreement with representatives of the initial purchasers of the Existing 2018 Notes in which we agreed to use our commercially reasonable efforts to file a registration statement relating to an offer to exchange the Existing 2018 Notes for Exchange 2018 Notes and to cause the registration statement to be declared effective within 365 days following the issuances of the Existing 2018 Notes. We further agreed to use our commercially reasonable efforts to complete the exchange offer as promptly as practicable after the effective date of the registration statement of which this prospectus forms a part. The Exchange 2018 Notes will have terms substantially identical to the Existing 2018 Notes, except that the Exchange 2018 Notes will not have transfer restrictions, registration rights and additional interest payable for the failure to have the registration statement of which this prospectus forms a part declared effective by November 3, 2011 or the exchange offer consummated by December 3, 2011. The Existing 2018 Notes were issued on November 3, 2010.

Under the circumstances set forth below, we will be obligated under the registration rights agreement to use our commercially reasonable efforts to cause the SEC to declare effective a shelf registration statement or statements for the resale of the Existing 2018 Notes and to keep the shelf registration statement or statements effective until the earlier of (a) the date on which all outstanding Existing 2018 Notes held by persons that are not our affiliates may be resold without registration under the Securities Act pursuant to Rule 144 without being subject to volume restrictions or public information requirements, (b) November 3, 2012, and (c) such time as all of the Existing 2018 Notes have been sold thereunder. These circumstances include:

- because of any change in current law or applicable interpretations of the staff of the SEC, we are not permitted to effect the exchange offer;
- the exchange offer is not consummated on or prior to November 3, 2011; or
- any holder of Existing 2018 Notes who is not entitled to participate in the exchange offer so requests in writing on or before the 60th day after the consummation of the exchange offer.

Each holder of Existing 2018 Notes that wishes to exchange Existing 2018 Notes for Exchange 2018 Notes in the exchange offer will be required to make the following representations to us in writing:

- that any Exchange 2018 Notes to be received by it will be acquired in the ordinary course of its business;
- that at the time of the commencement of the exchange offer it had no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of Exchange 2018 Notes in violation of the Securities Act;
- that it is not an affiliate, as defined in Rule 405 under the Securities Act, of ours, or if it is an affiliate of ours, that it will comply with the applicable registration and prospectus delivery requirements of the Securities Act;

- if such holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of Exchange 2018 Notes; and

- if such holder is a broker-dealer, that it will receive Exchange 2018 Notes for its own account in exchange for Existing 2018 Notes that were acquired as a result of market-making or other trading activities and that it will deliver a prospectus in connection with any resale of the Exchange 2018 Notes.

Resale of Exchange 2018 Notes

Based on interpretations of the SEC staff set forth in no-action letters issued to unrelated third parties, we believe that Exchange 2018 Notes issued under the exchange offer in exchange for Existing 2018 Notes may be offered for resale, resold and otherwise transferred by a holder of such Exchange 2018 Notes without compliance with the registration and prospectus delivery requirements of the Securities Act, if:

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

- such Exchange 2018 Notes are acquired in the ordinary course of the holder s business; and

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- the holder does not intend to participate in the distribution of such Exchange 2018 Notes.

Any holder who tenders Existing 2018 Notes in the exchange offer with the intention of participating in any manner in a distribution of the Exchange 2018 Notes:

- cannot rely on the position of the staff of the SEC set forth in interpretations of the staff of the SEC contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (May 13, 1988), *Morgan Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (July 2, 1993) or similar no-action letters; and

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

This prospectus may be used for an offer to resell, for the resale or other retransfer of Exchange 2018 Notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the Existing 2018 Notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives Exchange 2018 Notes for its own account in exchange for Existing 2018 Notes, where such Existing 2018 Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the Exchange 2018 Notes. Please read Plan of Distribution for more details regarding these procedures for the transfer of Exchange 2018 Notes.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any Existing 2018 Notes properly tendered and not withdrawn prior to the expiration date of the exchange offer. We will issue a like principal amount of Exchange 2018 Notes in exchange for the principal amount of Existing 2018 Notes surrendered under the exchange offer.

The form and terms of the Exchange 2018 Notes will be substantially identical to the form and terms of the Existing 2018 Notes, except the Exchange 2018 Notes will be registered under the Securities Act, will not bear legends restricting their transfer and will not provide for any additional interest upon our failure to fulfill our obligations under the registration rights agreement to file, and cause to be effective, a registration statement. The Exchange 2018 Notes will evidence the same debt as the Existing 2018 Notes. The Exchange 2018 Notes will be issued under and entitled to the benefits of the same indenture that authorized the issuance of the Existing 2018 Notes. Consequently, both series of 2018 Notes will be treated as a single class of debt securities under the 2018 Notes Indenture.

This exchange offer is not conditioned upon any minimum aggregate principal amount of Existing 2018 Notes being tendered for exchange.

As of the date of this prospectus, $225.0 million principal amount of Existing 2018 Notes are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of Existing 2018 Notes. There will be no fixed record date for determining registered holders of Existing 2018 Notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC. Existing 2018 Notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits such holders have under the 2018 Notes Indenture.

We will be deemed to have accepted for exchange properly tendered Existing 2018 Notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the Exchange 2018 Notes from us and delivering Exchange 2018 Notes to such holders. Subject to the terms of the registration rights agreement, we expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any Existing 2018 Notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under the caption Certain Conditions to the Exchange Offer.

Holders who tender Existing 2018 Notes in the exchange offer will not be required to pay brokerage commissions or fees, or, except for those described below, transfer taxes with respect to the exchange of Existing 2018 Notes. We will pay all charges and expenses, other than those transfer taxes described below, in connection with the exchange offer. It is important that you read the section labeled Fees and Expenses below for more details regarding fees and expenses incurred in the exchange offer.

Expiration Date; Extensions; Amendments

This exchange offer will expire at 5:00 p.m., New York City time on , 2011, unless in our sole discretion, we extend it.

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In order to extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify in writing or by public announcement the registered holders of Existing 2018 Notes of the extension no later than 9:00 a.m., New York City time on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

- to delay accepting for exchange any Existing 2018 Notes;
- to amend the terms of the exchange offer, or to terminate the exchange offer and to refuse to accept Existing 2018 Notes not previously accepted, if any of the conditions set forth below under Certain Conditions to the Exchange Offer have not been satisfied, by giving oral or written notice of such termination or amendment to the exchange agent; or
- to extend the exchange offer by giving oral or written notice to the exchange agent.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice or public announcement thereof to the registered holders of Existing 2018 Notes. If we amend the exchange offer in a manner that we determine to constitute a material change, including the waiver of a material condition, we will promptly disclose such amendment in a manner reasonably calculated to inform the holders of Existing 2018 Notes of such amendment and will extend the exchange offer to the extent required by law, if necessary. Generally we must keep the exchange offer open for at least five business days after a material change. Under Rule 14e-1(b) under the Exchange Act, if we increase or decrease the percentage of Existing 2018 Notes being sought, we will extend the exchange offer for at least ten business days from the date that notice of such increase or decrease is first published, sent or given by us to holders of the Existing 2018 Notes. We currently do not intend to decrease the percentage of Existing 2018 Notes being sought.

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

Certain Conditions to the Exchange Offer

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange any Exchange 2018 Notes for, any Existing 2018 Notes, and we may terminate the exchange offer as provided in this prospectus before accepting any Existing 2018 Notes for exchange if in our reasonable judgment:

- the Exchange 2018 Notes to be received will not be tradable by the holder without restriction under federal securities laws and without material restrictions under the blue sky or securities laws of substantially all of the states of the United States;
- the exchange offer, or the making of any exchange by a holder of Existing 2018 Notes, would violate applicable law or any applicable interpretation of the staff of the SEC; or
- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer.

In addition, we will not be obligated to accept for exchange the Existing 2018 Notes of any holder that prior to the expiration of the exchange offer has not made:

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

- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the Exchange 2018 Notes under the Securities Act.

We expressly reserve the right, at any time or at various times on or prior to the scheduled expiration date of the exchange offer, to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any Existing 2018 Notes by giving oral or written notice of such extension to the registered holders of the Existing 2018 Notes in accordance with the notice procedures described in the following paragraph. During any such extensions, all Existing 2018 Notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange unless they have been previously withdrawn. We will return any Existing 2018 Notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer on or prior to the scheduled expiration date of the exchange offer, and to reject for exchange any Existing 2018 Notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified above. We will give written notice or public announcement of any extension, amendment, non-acceptance or termination to the registered holders of the Existing 2018 Notes as promptly as practicable. In the case of any extension, such notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

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

In addition, we will not accept for exchange any Existing 2018 Notes tendered, and will not issue Exchange 2018 Notes in exchange for any such Existing 2018 Notes, if any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part.

Procedures for Tendering

Only a holder of Existing 2018 Notes may tender such Existing 2018 Notes in the exchange offer. To tender in the exchange offer, a holder must:

- complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and mail or deliver such letter of transmittal or facsimile to the exchange agent prior to the expiration date; or
- comply with DTC s Automated Tender Offer Program procedures described below.

In addition, either:

- the exchange agent must receive Existing 2018 Notes along with the letter of transmittal; or
- the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of such Existing 2018 Notes into the exchange agent s account at DTC according to the procedures for book-entry transfer described below or a properly transmitted agent s message; or
- the holder must comply with the guaranteed delivery procedures described below.

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

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

The method of delivery of Existing 2018 Notes, the letter of transmittal and all other required documents to the exchange agent is at the holder s election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before the expiration date. Holders should not send us the letter of transmittal or Existing 2018 Notes. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

Any beneficial owner whose Existing 2018 Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owner s behalf. If such beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its Existing 2018 Notes, either:

- make appropriate arrangements to register ownership of the Existing 2018 Notes in such owner s name; or

- obtain a properly completed bond power from the registered holder of Existing 2018 Notes.

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

Signatures on a letter of transmittal or a notice of withdrawal described below must be guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc., a commercial bank or trust company having an office or correspondent in the United States or another eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act, unless the Existing 2018 Notes tendered pursuant thereto are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or for the account of an eligible guarantor institution.

If the letter of transmittal is signed by a person other than the registered holder of any Existing 2018 Notes, such Existing 2018 Notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder s name appears on the Existing 2018 Notes and an eligible guarantor institution must guarantee the signature on the bond power.

If the letter of transmittal or any Existing 2018 Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC s system may use DTC s Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the Existing 2018 Notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent s message to the exchange agent. The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, to the effect that:

DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that is tendering Existing 2018 Notes that are the subject of such book-entry confirmation;

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

the agreement may be enforced against such participant.

We will determine in our sole discretion all questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered Existing 2018 Notes and withdrawal of tendered Existing 2018 Notes. Our determination will be final and binding. We reserve the absolute right to reject any Existing 2018 Notes not properly tendered or any Existing 2018 Notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular Existing 2018 Notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Existing 2018 Notes must be cured within the time we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Existing 2018 Notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of Existing 2018 Notes will not be deemed made until any defects or irregularities have been cured or waived. Any Existing 2018 Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, promptly following the expiration date.

In all cases, we will issue Exchange 2018 Notes for Existing 2018 Notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

Existing 2018 Notes or a timely book-entry confirmation of such Existing 2018 Notes into the exchange agent s account at DTC; and

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

By signing the letter of transmittal, each tendering holder of Existing 2018 Notes will represent that, among other things:

any Exchange 2018 Notes that the holder receives will be acquired in the ordinary course of its business;

the holder has no arrangement or understanding with any person or entity to participate in the distribution of the Exchange 2018 Notes;

if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the Exchange 2018 Notes;

if the holder is a broker-dealer that will receive Exchange 2018 Notes for its own account in exchange for Existing 2018 Notes that were acquired as a result of market-making or other trading activities, that it will deliver a prospectus, as required by law, in connection with any resale of such Exchange 2018 Notes; and

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

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Book-Entry Transfer

The exchange agent will make a request to establish account(s) with respect to Existing 2018 Notes at DTC for purposes of the exchange offer promptly after the date of this prospectus, and any participant in DTC s system may make book-entry delivery of Existing 2018 Notes by causing DTC to transfer such Existing 2018 Notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer. Holders of Existing 2018 Notes who are unable to deliver confirmation of the book-entry tender of their Existing 2018 Notes into the exchange agent s account at DTC or all other documents of transmittal to the exchange agent on or prior to the expiration date must tender their Existing 2018 Notes according to the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

Holders wishing to tender their Existing 2018 Notes but whose Existing 2018 Notes are not immediately available or who cannot deliver their Existing 2018 Notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC s Automated Tender Offer Program prior to the expiration date of the exchange offer may tender if:

- the tender is made through an eligible guarantor institution;

- on or prior to the expiration date, the exchange agent receives from such eligible guarantor institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission with receipt confirmed by telephone and an original delivered by guaranteed overnight carrier, mail or hand delivery or a properly transmitted agent s message and notice of guaranteed delivery:

  - setting forth the name and address of the holder, the registered number(s) of such Existing 2018 Notes (if applicable) and the principal amount of Existing 2018 Notes tendered;

  - stating that the tender is being made thereby; and

  - guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile thereof together with the Existing 2018 Notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible guarantor institution with the exchange agent; and

- the exchange agent receives such properly completed and executed letter of transmittal or facsimile thereof, as well as all tendered Existing 2018 Notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their Existing 2018 Notes according to the guaranteed delivery procedures set forth above.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, holders of Existing 2018 Notes may withdraw their tenders at any time prior to the expiration date.

For a withdrawal to be effective:

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

- holders must comply with the appropriate procedures of DTC s Automated Tender Offer Program system.

Any such notice of withdrawal must:

- specify the name of the holder who tendered the Existing 2018 Notes to be withdrawn;

- identify the Existing 2018 Notes to be withdrawn, including the principal amount of such Existing 2018 Notes and the registered number(s) of such Existing 2018 Notes (if applicable); and

- if certificates for Existing 2018 Notes have been transmitted, specify the name in which such Existing 2018 Notes were registered, if different from that of the withdrawing holder.

If certificates for Existing 2018 Notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit:

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

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a signed notice of withdrawal with signatures guaranteed by an eligible guarantor institution unless such holder is an eligible institution.

If Existing 2018 Notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Existing 2018 Notes and otherwise comply with the procedures of DTC. We will determine all questions as to the validity, form and eligibility, including time of receipt, of such notices, and our determination will be final and binding on all parties. We will deem any Existing 2018 Notes so withdrawn not to have validity tendered for exchange for purposes of the exchange offer. Any Existing 2018 Notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder without cost to the holder (or, in the case of Existing 2018 Notes tendered by book-entry transfer into the exchange agent s account at DTC according to the procedures described above, such Existing 2018 Notes will be credited to an account(s) maintained with DTC for the Existing 2018 Notes) as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer.

Properly withdrawn Existing 2018 Notes may be retendered by following one of the procedures described under Procedures for Tendering above at any time on or prior to the expiration date.

Exchange Agent

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

For Delivery by Hand, Overnight Delivery, **Registered or Certified Mail:**	**By Facsimile Transmission** (for eligible institutions only):
The Bank of New York Mellon Trust Company, N.A. Corporate Trust Operations Reorganization Unit 480 Washington Boulevard 27th Floor Jersey City, New Jersey 07310	(212) 298-1915 Corporate Trust Operations Reorganization Unit **To Confirm by Telephone** **or for Information Call:** (212) 815-5920 Corporate Trust Operations Reorganization Unit

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

Fees and Expenses

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

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

Our expenses in connection with the exchange offer include:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of Existing 2018 Notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing Existing 2018 Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of Existing 2018 Notes tendered;

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- tendered Existing 2018 Notes are registered in the name of any person other than the person signing the letter of transmittal; or

- a transfer tax is imposed for any reason other than the exchange of the Existing 2018 Notes under the exchange offer.

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

Holders who instruct us to register Exchange 2018 Notes in the name of, or request that Existing 2018 Notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be required to pay any applicable transfer tax.

Consequences of Failure to Exchange

Holders of Existing 2018 Notes who do not exchange their Existing 2018 Notes for Exchange 2018 Notes under the exchange offer will remain subject to the restrictions on transfer of such Existing 2018 Notes:

- as set forth in the legend printed on the Existing 2018 Notes as a consequence of the issuances of the Existing 2018 Notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws; and

- otherwise as set forth in the offering memorandum distributed in connection with the offering of the Existing 2018 Notes.

In general, you may not offer or sell the Existing 2018 Notes unless the offer and sale are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the Existing 2018 Notes under the Securities Act. Based on interpretations of the SEC staff, Exchange 2018 Notes issued pursuant to the exchange offer may be offered for resale, resold or otherwise transferred by their holders, other than a holder that is our affiliate within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the holders acquired the Exchange 2018 Notes in the ordinary course of the holders business and the holders have no arrangement or understanding with respect to the distribution of the Exchange 2018 Notes to be acquired in the exchange offer. Any holder who tenders in the exchange offer for the purpose of participating in a distribution of the Exchange 2018 Notes:

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

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

Accounting Treatment

We will record the Exchange 2018 Notes in our accounting records at the same carrying value as the Existing 2018 Notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer. We will capitalize certain expenses of the exchange offer as deferred financing costs and amortize those costs over the life of the Exchange 2018 Notes ratably based on the total principal amount of 2018 Notes**.**

Other

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

We may in the future seek to acquire untendered Existing 2018 Notes in the open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any Existing 2018 Notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered Existing 2018 Notes.

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement we entered into in connection with the issuance of the Existing 2018 Notes. With the proceeds of the issuance of the Existing 2018 Notes, we repaid at maturity all of our outstanding 9% Senior Subordinated Notes Due 2010, fully redeemed all of our outstanding Senior Floating Rate Notes Due 2012 and all of our outstanding 10% Senior Notes Due 2013, redeemed $47.5 million of our outstanding 2013 PIK Notes and paid down a portion of our outstanding borrowings under the ABL Facility. We will not receive any cash proceeds from the issuance of the Exchange 2018 Notes. In consideration for issuing the Exchange 2018 Notes as contemplated in this prospectus, we will receive in exchange Existing 2018 Notes in like principal amount, which will be canceled and as such will not result in any increase in our indebtedness.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2011. The completion of the exchange offer contemplated by this prospectus will not change the amount of debt outstanding or otherwise affect capitalization and is therefore not reflected in the table below. You should read this table in conjunction with Selected Historical Financial Information and Use of Proceeds included elsewhere in this prospectus as well as the historical consolidated financial statements and related notes included in this prospectus.

	As of March 31, 2011 (dollars in thousands)
Cash and cash equivalents	$ 2,738
Debt:	
The ABL Facility	48,500
2013 PIK Notes (1)	5,752
Existing 2018 Notes (2)	225,000
Capital lease obligations	11,744
Other Notes	10,064
Total debt (including current maturities)	301,060
Total shareholders deficit	(124,405)
Total capitalization	$ 176,655

(1) Excludes unamortized original issue discount of $0.3 million.
(2) Excludes unamortized original issue discount of $1.6 million.

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SELECTED HISTORICAL FINANCIAL INFORMATION

The selected consolidated financial data set forth below is qualified in its entirety by reference to, and should be read in conjunction with, our consolidated financial statements and notes thereto included elsewhere in this prospectus and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. The historical results do not necessarily indicate results expected for any future period, and results for any interim period do not necessarily indicate results expected for a full fiscal year.

The consolidated statements of operations data set forth below for the years ended December 31, 2010, 2009 and 2008 and the historical balance sheet data as of December 31, 2010 and 2009 are derived from our audited consolidated financial statements included in this prospectus. The historical statements of operations data for the years ended December 31, 2007 and 2006 and the historical balance sheet data as of December 31, 2008, 2007 and 2006 are derived from our audited consolidated financial statements that are not included in this prospectus. The consolidated statements of operations data set forth below for the three months ended March 31, 2011 and 2010 and the historical balance sheet data as of March 31, 2011 are derived from our unaudited financial statements included in this prospectus. The historical balance sheet data as of March 31, 2010 are derived from our unaudited financial statements that are not included in this prospectus.

	YEAR ENDED DECEMBER 31					(UNAUDITED) THREE MONTHS ENDED MARCH 31	
	2010	2009	2008	2007	2006	2011	2010
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
Statements of Operations Data (1)							
Operating revenues	$ 686,598	$ 613,609	$ 815,290	$ 751,558	$ 730,159	$ 177,910	$ 161,333
Operating expenses:							
Purchased transportation	476,307	373,539	466,823	471,531	493,686	124,722	109,824
Depreciation and amortization	16,004	20,218	21,002	17,544	16,353	3,492	4,243
Impairment charge (2)		148,630					
Other operating expenses	157,552	186,398	294,487	238,630	171,842	37,503	38,582
Operating income (loss)	36,735	(115,176)	32,978	23,853	48,278	12,193	8,684
Interest expense, net	35,548	28,047	35,120	30,524	29,388	7,672	8,506
Write-off of debt issuance costs	7,391	20	283	2,031		1,786	
Gain on extinguishment of debt		(1,870)	(16,532)				
Other expense (income)	791	1,912	(2,945)	940	888	(36)	6
(Loss) income before taxes	(6,995)	(143,285)	17,052	(9,642)	18,002	2,771	172
Provision for (benefit from) income taxes	411	37,249	4,940	(2,079)	(38,168)	49	(626)
Net (loss) income	$ (7,406)	$ (180,534)	$ 12,112	$ (7,563)	$ 56,170	$ 2,722	$ 798
Net (loss) income per common share:							
Basic	$ (0.36)	$ (9.28)	$ 0.63	$ (0.39)	$ 2.97	$ 0.12	$ 0.04
Diluted	$ (0.36)	$ (9.28)	$ 0.62	$ (0.39)	$ 2.87	$ 0.12	$ 0.04
Weighted average common shares outstanding:							
Basic	20,382	19,449	19,379	19,336	18,920	22,192	19,501
Diluted	20,382	19,449	19,539	19,336	19,571	23,505	21,470

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	YEAR ENDED DECEMBER 31					(UNAUDITED) THREE MONTHS ENDED MARCH 31	
	2010	2009	2008	2007	2006	2011	2010
	(DOLLARS IN THOUSANDS, EXCEPT TERMINAL, TRAILER AND TRACTOR DATA)						
Other Data (1)							
Cash paid for interest	$ 29,427	$ 22,704	$ 30,690	$ 28,850	$ 27,034	$ 1,709	$ 3,329
Net cash provided by operating activities	21,071	39,756	19,593	14,052	28,236	5,664	(4,154)
Net cash (used in) provided by investing activities	(1,079)	9,577	(8,524)	(63,399)	(10,591)	(335)	(3,229)
Net cash (used in) provided by financing activities	(23,879)	(50,515)	(13,485)	52,194	(12,474)	(4,343)	4,421
Number of terminals at end of period	102	108	149	169	165	104	103
Number of trailers managed at end of period	5,738	6,410	7,115	7,506	7,769	5,613	6,246
Number of tractors managed at end of period	2,901	2,839	3,224	3,927	3,829	2,861	2,815
Ratio of earnings to fixed charges (3)			1.4x		1.5x	1.3x	1.0x
Balance Sheet Data at Period End (1)							
Working capital	$ 34,955	$ 19,016	$ 44,967	$ 67,093	$ 59,673	$ 40,885	$ 23,236
Total assets	271,335	279,616	502,103	493,976	417,873	281,433	287,919
Total indebtedness, including current maturities	317,332	321,284	362,586	349,271	279,122	299,128	326,447
Shareholders (deficit) equity	(146,379)	(140,736)	31,020	27,300	31,774	(124,405)	(139,178)

(1) On December 17, 2007, we acquired 100% of the stock of Boasso America Corporation. The results of Boasso have been included in our results since the date of the acquisition.

(2) The impairment charge in 2009 resulted from an impairment analysis of goodwill and intangible assets performed during the quarter ended June 30, 2009. Refer to Note 13 to the consolidated financial statements for the years ended December 31, 2010, 2009 and 2008 included elsewhere in this prospectus.

(3) For the purpose of computing the ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before income taxes and fixed charges. Fixed charges consist of interest expense including the amortization of deferred debt issuance costs. In 2007, 2009 and 2010 earnings were insufficient to cover fixed charges by approximately $9.6 million, $143.3 million and $7.0 million, respectively.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

QDI guarantees the 2018 Notes, the 2013 PIK Notes and borrowings under the ABL Facility and has no material assets or operations other than its ownership of all of our membership interests. As a result, the discussion below of the historical results of operations and liquidity of QDI is substantially the same as ours. The following discussion of our results of operations and financial condition should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. The following discussion includes forward-looking statements. For a discussion of important factors that could cause actual results to differ from results discussed in the forward-looking statements, see Cautionary Note Regarding Forward-Looking Statements beginning on page 15 of this prospectus.

Overview

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

Logistics

The bulk tank truck market in North America includes all products shipped by bulk tank truck carriers and consists primarily of liquid and dry bulk chemicals (including plastics) and bulk dry and liquid food-grade products. We primarily transport a broad range of chemical products and provide our customers with logistics and other value-added services through 29 independent affiliates with 93 trucking terminals and through three company-operated trucking terminals. We are a core carrier for many of the major companies engaged in chemical processing, including 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. We believe the diversity of our customer base, geography and end-markets provides a competitive advantage.

During the fourth 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 it is growing at a faster rate than our core chemical market. We expect this new market to be a significant contributor to our revenue growth. In the first quarter of 2011, we began hauling fresh water to drill sites for two customers in the Marcellus Shale region of Pennsylvania and are in contract discussions to provide services to other customers as well.

Our transportation revenue is a function of the volume of shipments by the bulk chemical industry, prices, the average number of miles driven per load, our market share and the allocation of shipments between tank truck transportation and other modes of transportation such as rail. The volume of shipments of chemical products is, in turn, affected by many other industries and end use markets, including consumer and industrial products, paints and coatings, paper and packaging, agriculture and food products, and tends to vary with changing economic conditions. Due to the nature of our customers business, our revenues are seasonal. Revenues generally decline during winter months, namely our first and fourth fiscal quarters and over holidays and rise during our second and third fiscal quarters. Highway transportation can be adversely affected depending upon the severity of the weather in various sections of the country during the winter months.

We believe rates in the bulk tank truck industry tend to be more stable than rates 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 helps enable recovery of fuel price increases from customers.

Our bulk tank truck network is comprised largely of independent affiliates and independent owner operators, who are responsible for most of their operating costs, including tractors. This asset-light business model results in a highly variable cost structure with limited capital investment requirements.

Intermodal

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

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

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Our Network

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

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

- Independent affiliates and independent owner-operators generally are paid a fixed, contractual percentage of revenue collected on each load they transport creating a variable cost structure that mitigates against cyclical downturns.

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

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. During 2009 and 2010, we consolidated certain company-operated terminals and transitioned other company-operated terminals to independent affiliates. These actions have resulted in a larger portion of our revenue being generated by independent affiliates and a substantial reduction in the number of terminals in our network. We believe these actions have reduced certain fixed costs, provide a more variable cost structure and position us with a financially flexible, asset-light business platform.

We believe the most significant factors relevant to our future business growth are the ability to (i) obtain additional business from existing customers, (ii) add new customers, (iii) expand into new markets, (iv) improve the utilization of our trailer fleet and (v) add and retain qualified drivers. While many of our customers source some of their logistics needs with rail, we expect our customers to continue to outsource a greater proportion of their logistics needs to full service tank truck carriers. As a result of our leading market position, strong customer relationships and flexible business model, we believe we are well-positioned to benefit from customers seeking consolidation of their shipping relationships and those opting to outsource a greater portion of their logistics needs to third-party tank truck carriers.

Recent Significant Transactions

2010 Senior Note Offering

On November 3, 2010, QD, LLC and QD Capital completed an offering of $225.0 million in aggregate principal amount of 2018 Notes at an issue price of 99.324% of par. Pursuant to the offering, we sent irrevocable redemption notices to holders of our 10% Senior Notes due 2013 (the 2013 Senior Notes), Senior Floating Rate Notes due 2012 (the 2012 Notes) and 2013 PIK Notes. On November 15, 2010, we repaid at maturity the remaining 9% Senior Subordinated Notes due 2010 (the 9% Notes). On December 3, 2010, net proceeds from the offering of the 2018 Notes were used to fully redeem or repay all of the outstanding 2013 Senior Notes and 2012 Notes, plus accrued and unpaid interest. We also utilized proceeds to redeem at par, plus accrued and unpaid interest, $47.5 million of the 2013 PIK Notes. The balance of the offering proceeds were used to pay down outstanding borrowings under the ABL Facility.

2011 Common Stock Offering

On February 9, 2011, QDI sold 2.0 million shares of its common stock in an underwritten public offering, at a gross price of $9.50 per share, and received net proceeds, after underwriting fees and expenses, of approximately $17.5 million. Certain affiliates of Apollo also sold 2.6 million shares in the offering. Pursuant to the offering, we sent irrevocable redemption notices to holders of our 2013 PIK Notes to redeem $17.5 million of these notes at par, plus accrued and unpaid interest. This note redemption was completed on March 11, 2011.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). We believe the following are the more critical accounting policies that impact the financial statements, some of which are based on management s best estimates available at the time of preparation. Actual future experience may differ from these estimates.

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Property and equipment

Property and equipment expenditures, including tractor and trailer rebuilds that extend the useful lives of such equipment, are capitalized and recorded at cost. For financial statement purposes, these assets are depreciated using the straight-line method over the estimated useful lives of the assets to an estimated salvage value.

The asset lives used are presented in the following table:

	Average Lives (in years)
Buildings and improvements	10 - 25
Tractors and terminal equipment	5 - 7
Trailers	15 - 20
Furniture and fixtures	3 - 5
Other equipment	3 - 10

Tractor and trailer rebuilds, which are recurring in nature and extend the lives of the related assets, are capitalized and depreciated over the period of extension, generally 3 to 10 years, based on the type and extent of these rebuilds. Maintenance and repairs are charged directly to expense as incurred. Management estimates the useful lives of these assets based on historical trends and the age of the assets when placed in service. Any changes in the actual lives could result in material changes in the net book value of these assets. Additionally, we estimate the salvage values of these assets based on historical sales or disposals, and any changes in the actual salvage values could also affect the net book value of these assets.

Furthermore, we evaluate the recoverability of our long-lived assets whenever adverse events or changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. This analysis requires us to make significant estimates and assumptions in projecting future cash flows, and changes in facts and circumstances could result in material changes in the amount of any write-offs for impairment.

Goodwill and Intangible Assets

We evaluate goodwill and indefinite-lived intangible assets for impairment at least annually during the second quarter with a measurement date of June 30, and more frequently if indicators of impairment arise, in accordance with FASB s guidance on goodwill and other intangible assets. We evaluate goodwill for impairment by determining the fair value for each reporting unit to which our goodwill relates. At June 30, 2010, our intermodal segment was our only reporting unit that contained goodwill. Our intermodal segment contains goodwill and other identifiable intangible assets associated with our Boasso acquisition in December 2007.

The methodology applied in the analysis performed at June 30, 2010 was consistent with the methodology applied in prior years, but was based on updated assumptions, as appropriate. As a result of our analysis, we concluded no impairment had occurred as of June 30, 2010.

We continued to evaluate indicators of impairment quarterly following our annual goodwill impairment test at June 30, 2010 through year end 2010, and again in the quarter ended March 31, 2011. There were no indications that a triggering event had occurred as of March 31, 2011. As of March 31, 2011, our intermodal segment had total goodwill of $27.0 million. As of March 31, 2011, we had total intangibles of $16.6 million, of which $16.2 million was allocated to our intermodal segment and $0.4 million was allocated to our logistics segment.

Goodwill

Under the FASB guidance, the process of evaluating the potential impairment of goodwill involves a two-step process and requires significant judgment at many points during the analysis. In the first step, we determine whether there is an indication of impairment by comparing the fair value of a reporting unit to its carrying amount, including goodwill. If, based on the first step, we determine that there is an indication of goodwill impairment, we assess the impairment in step two in accordance with the FASB guidance.

In the first step, we determine the fair value for each reporting unit using a combination of two valuation approaches: the market approach and the income approach. The market approach uses a guideline company methodology which is based upon a comparison of us to similar publicly-traded companies within our industry. We derive a market value of invested capital or business enterprise value for each comparable company by multiplying the price per share of common stock of the publicly traded companies by their total common shares outstanding and adding each company s current level of debt. We calculate a business enterprise multiple based on revenue and earnings from each company, then apply those multiples to each reporting unit s revenue and earnings to conclude a reporting unit business enterprise value. Assumptions regarding the selection of comparable companies are made based on, among other factors, capital structure, operating environment and industry. As the comparable companies were typically larger and more diversified than our reporting units, multiples were adjusted prior to application to our reporting units revenues and earnings to reflect differences in margins, long-term growth prospects and market capitalization.

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The income approach uses a discounted debt-free cash flow analysis to measure fair value by estimating the present value of future economic benefits. To perform the discounted debt-free cash flow analysis, we develop a pro forma analysis of each reporting unit to estimate future available debt-free cash flow and discounting estimated debt-free cash flow by an estimated industry weighted average cost of capital based on the same comparable companies used in the market approach. Per the FASB guidance, the weighted average cost of capital is based on inputs (e.g., capital structure, risk, etc.) from a market participant s perspective and not necessarily from the reporting unit or QDI s perspective. Future cash flow is projected based on assumptions for our economic growth, industry expansion, future operations and the discount rate, all of which require significant judgments by management.

After computing a separate business enterprise value under the income approach and market approach, we apply a weighting to them to derive the business enterprise value of the reporting unit. The income approach and market approach were both weighted 50% in the analysis performed at June 30, 2010. The weightings are evaluated each time a goodwill impairment assessment is performed and give consideration to the relative reliability of each approach at that time. Given that the business enterprise value derived from the market approach supported what was calculated in the income approach, we believed that both approaches should be equally weighted. Based on these weightings, we calculated a business enterprise value for the reporting unit. We then add debt-free liabilities of the reporting unit to the calculated business enterprise value to derive an implied fair value of the reporting unit. The implied fair value is then compared to the reporting unit s carrying value of total assets. Upon completion of the analysis in step one, we determined that the fair value of our intermodal reporting unit exceeded its carrying value. As such, a step two analysis was not required.

Intangible assets

To determine the implied fair value of our indefinite-lived intangible assets, we utilize the relief from royalty method, pursuant to which those assets are valued by reference to the amount of royalty income they would generate if licensed in an arm s length transaction. Under the relief from royalty method, similar to the discounted cash flow method, estimated net revenues expected to be generated by the asset during its life are multiplied by a benchmark royalty rate and then discounted by the estimated weighted average cost of capital associated with the asset. The resulting capitalized royalty stream is an indication of the value of owning the asset. Based upon management s review of the value of the indefinite-lived intangible assets in our intermodal segment, we determined that the implied fair value exceeded its carrying value.

If there are changes to the methods used to allocate carrying values, if management s estimates of future operating results change, if there are changes in the identified reporting units or if there are changes to other significant assumptions, the estimated carrying values for each reporting unit and the estimated fair value of our goodwill could change significantly, and could result in future impairment charges, which could materially impact our results of operations and financial condition.

Deferred Tax Asset

In accordance with FASB guidance, we use the liability method of accounting for income taxes. Significant management judgment is required in determining the provision for income taxes and, in particular, any valuation allowance that is recorded or released against our deferred tax assets.

We continue to evaluate quarterly the positive and negative evidence regarding the realization of net deferred tax assets. The carrying value of our net deferred tax assets is based on our belief that it is more likely than not that we will generate sufficient future taxable income to realize these deferred tax assets. The Company reviews a rolling thirty-six month calculation of U.S. earnings to determine if the Company is in a cumulative loss position.

During the second quarter of 2009, an impairment charge of $148.6 million was recorded and as a result the Company determined that it was in a cumulative loss position. Based on this negative evidence we concluded that it was no longer more likely than not that the Company s net deferred tax asset was realizable. For purposes of assessing realizability of the deferred tax assets, this cumulative financial reporting loss position is considered significant negative evidence the Company will not be able to fully realize the deferred tax assets in the future. As a result, a $41.2 million deferred tax valuation allowance was recorded. Our judgments regarding future taxable income may change due to changes in market conditions, changes in tax laws, operating results or other factors. If any of these factors and related estimates change in the future, it may increase or decrease the valuation allowance and related income tax expense in the same period. The Company continues to maintain a 100% valuation allowance against the balance of the net deferred tax asset in the current period.

At December 31, 2010 we had an estimated $95.7 million in federal net operating loss carryforwards, $0.6 million of off balance sheet net operating loss related to excess stock compensation deduction, $2.3 million in alternative minimum tax credit carryforwards and $3.4 million in foreign tax credit carryforwards. The net operating loss carryforwards will expire in the years 2018 through 2030, while the alternative minimum tax credits may be carried forward indefinitely and the foreign tax credits may be carried forward for 10 years.

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Uncertain Income Tax Positions

In accordance with FASB guidance, we account for uncertainty in income taxes, using a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We re-evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition and measurement would result in recognition of a tax benefit and/or an additional charge to the tax provision.

Environmental liabilities

We have reserved for potential environmental liabilities based on the best estimates of potential clean-up and remediation for known environmental sites. We employ a staff of environmental professionals to administer all phases of our environmental programs and use outside experts where needed. These professionals develop estimates of potential liabilities at these sites based on projected and known remediation costs. These cost projections are determined through previous experiences with other sites and through bids from third-party contractors. Management believes current reserves are reasonable based on current information, but estimates of environmental reserves and exposures may be affected by information subsequently received.

Accrued loss and damage claims

We currently maintain liability insurance for bodily injury and property damage claims, covering all employees, independent owner-operators and independent affiliates, and workers compensation insurance coverage on our employees and company drivers. This insurance includes deductibles of $2.0 million per incident for bodily injury and property damage and $1.0 million for workers compensation. As such, we are subject to liability as a self-insurer to the extent of these deductibles under the policy. We are self-insured for damage to the equipment we own or lease and for cargo losses. As of March 31, 2011, we had $25.2 million in an outstanding letter of credit to our insurance administrator to guarantee the self-insurance portion of our liability. If we fail to meet certain terms of our agreement, the insurance administrator may draw down the letter of credit. In developing liability reserves, we rely on professional third party claims administrators, insurance company estimates and the judgment of our own personnel, and independent professional actuaries and attorneys. The most significant assumptions used in the estimation process include determining the trends in loss costs, the expected consistency in the frequency and severity of claims incurred but not yet reported to prior-year claims, and expected costs to settle unpaid claims. Management believes reserves are reasonable given known information, but as each case develops, estimates may change to reflect the effect of new information.

Revenue recognition

Transportation revenue, including fuel surcharges and related costs, is recognized on the date freight is delivered. Service revenue consists mainly of rental revenues (primarily tractor and trailer rental), intermodal and depot revenues, and insurance-related administrative services. Rental revenues from independent affiliates, independent owner-operators and third parties are recognized ratably over the lease period. Intermodal and depot revenues, consisting primarily of repair and storage services, are recognized when the services are rendered. Insurance-related administrative service revenues are recorded ratably over the service period. We recognize all revenues on a gross basis as the principal and primary obligor with risk of loss in relation to our responsibility for completion of services as contracted with our customers.

Allowance for uncollectible receivables

The allowance for all potentially uncollectible receivables is based on a combination of historical data, cash payment trends, specific customer issues, write-off trends, general economic conditions and other factors. These factors are continuously monitored by our management to arrive at the estimate for the amount of accounts receivable that may be ultimately uncollectible. The receivables analyzed include trade receivables, as well as loans and advances made to independent owner-operators and independent affiliates. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, an additional allowance could be required.

Stock compensation plans

Stock compensation is determined by the assumptions required under the FASB guidance. The fair values of stock option grants are based upon the Black-Scholes option-pricing model and amortized as compensation expense on a straight-line basis over the vesting period of the grants. Restricted stock awards are issued and measured at market value on the date of grant and related compensation expense is recognized over time on a straight-line basis over the vesting period of the grants. Stock-based compensation expense related to stock options and restricted stock was $2.3 million in the aggregate for the year ended December 31, 2010, $0.7 million in the aggregate for the three months ended March 31, 2011 and $0.5 million in the aggregate for the three months ended March 31, 2010. As of March 31, 2011, there was approximately $4.9 million of total unrecognized compensation cost related to the unvested portion of our stock-based awards. The recognition period for the remaining unrecognized stock-based compensation cost generally varies from two to four years. For further discussion on stock-based compensation, see Note 19 to the consolidated financial statements for the years ended December 31, 2010, 2009 and 2008 and Note 7 to the consolidated financial statements for the three months ended March 31, 2011 and 2010 included elsewhere in this prospectus.

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Pension plans

We maintain two noncontributory defined benefit plans resulting from a prior acquisition that cover certain vested salaried participants and retirees and certain other vested participants and retirees under an expired collective bargaining agreement. Both plans are frozen and, as such, no future benefits accrue. We record annual amounts relating to these plans based on calculations specified by GAAP, which include various actuarial assumptions such as discount rates (5.50% to 5.70%) and assumed rates of return (7.00% to 8.00%) depending on the pension plan. Material changes in pension costs may occur in the future due to changes in these assumptions. Future annual amounts could be impacted by changes in the discount rate, changes in the expected long-term rate of return, changes in the level of contributions to the plans and other factors.

The discount rate is based on a model portfolio of AA-rated bonds with a maturity matched to the estimated payouts of future pension benefits. The expected return on plan assets is based on our expectation of the long-term rates of return on each asset class based on the current asset mix of the funds, considering the historical returns earned on the type of assets in the funds, plus an assumption of future inflation. The current inflation assumption is 3.00%. We review our actuarial assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. The effects of the modifications are amortized over future periods.

Assumed discount rates and expected return on plan assets have a significant effect on the amounts reported for the pension plan. At December 31, 2010, our projected benefit obligation (PBO) was $48.6 million. Our projected 2011 net periodic pension expense is $1.6 million. A 1.0% decrease in our assumed discount rate would increase our PBO to $53.8 million and decrease our 2011 net periodic pension expense less than $0.1 million. A 1.0% increase in our assumed discount rate would decrease our PBO to $44.2 million and increase our 2011 net periodic pension expense less than $0.1 million. A 1.0% decrease in our assumed rate of return would not change our PBO but would increase our 2011 net periodic pension expense to $1.9 million. A 1.0% increase in our assumed rate of return would not change our PBO but would decrease our 2011 net periodic pension expense to $1.3 million.

Restructuring

We account for restructuring costs associated with one-time termination benefits, costs associated with lease and contract terminations and other related exit activities in accordance with the FASB s guidance. We have made estimates of the costs to be incurred as part of a restructuring plan developed during 2008 and concluded at the end of 2010. The restructuring consisted of various actions including termination of approximately 380 non-driver positions, the consolidation, closure and affiliation of underperforming company terminals, our withdrawal from three multi-employer pension plans and the consolidation of our corporate headquarters and resulted in charges during 2008, 2009 and 2010, primarily related to our logistics segment. At March 31, 2011, $4.9 million was accrued related to the restructuring charges, which are expected to be paid through 2023.

New Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the acquisition date that should be used for reporting pro forma financial information for business combinations. If comparative financial statements are presented, the pro forma revenue and earnings of the combined entity for the comparable prior reporting period should be reported as though the acquisition date had been completed as of the beginning of the comparable prior annual reporting period. The amendments in this guidance are effective prospectively for business combinations for which the acquisition date is on or after January 1, 2011. Adoption of this amended guidance will not have an impact on the Company s consolidated financial results.

In December 2010, the FASB also issued amendments to the guidance on goodwill impairment testing. The amendments modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In making that determination, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. These amendments are effective for fiscal years and interim periods beginning January 1, 2011 and the adoption of these amendments are not expected to have an impact on the Company s financial position, results of operations or cash flows.

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Results of Operations

The following table presents certain condensed consolidated financial information, as a percentage of revenue, for the three months ended March 31, 2011 and 2010 for the years ended December 31, 2010, 2009 and 2008:

	Year Ended December 31			Three months ended March 31	
	2010	2009	2008	2011	2010
OPERATING REVENUES:					
Transportation	72.6%	74.1%	69.4%	70.1%	73.7%
Service revenue	15.6%	17.1%	12.8%	15.0%	15.4%
Fuel surcharge	11.8%	8.8%	17.8%	14.9%	10.9%
Total operating revenues	100.0%	100.0%	100.0%	100.0%	100.0%
OPERATING EXPENSES:					
Purchased transportation	69.4%	60.9%	57.3%	70.1%	68.1%
Compensation	8.4%	12.5%	13.4%	8.4%	8.6%
Fuel, supplies and maintenance	7.3%	10.2%	14.0%	6.6%	8.3%
Depreciation and amortization	2.3%	3.3%	2.6%	2.0%	2.6%
Selling and administrative	2.8%	4.0%	4.4%	2.9%	3.0%
Insurance costs	2.3%	2.3%	1.8%	2.6%	2.1%
Taxes and licenses	0.3%	0.6%	0.6%	0.3%	0.4%
Communication and utilities	0.6%	1.3%	1.6%	0.5%	0.6%
Gain on sale of tank wash assets	0.0%	(1.2%)	0.0%	0.0%	0.0%
Loss (gain) on disposal of property and equipment	0.2%	0.1%	(0.4%)	(0.1%)	0.3%
Impairment charge	0.0%	24.2%	0.0%	0.0%	0.0%
Restructuring costs	1.1%	0.6%	0.7%	0.0%	0.7%
Total operating expenses	94.7%	118.8%	96.0%	93.3%	94.7%
Operating income (loss)	5.3%	(18.8%)	4.0%	6.7%	5.3%
Interest expense, net	5.2%	4.6%	4.3%	4.3%	5.3%
Write-off of debt issuance costs	1.1%	0.0%	0.0%	1.0%	0.0%
Gain on extinguishment of debt	0.0%	(0.3%)	(2.0%)	0.0%	0.0%
Other expense (income)	0.1%	0.3%	(0.4%)	0.0%	0.0%
(Loss) income before income taxes	(1.1%)	(23.4%)	2.1%	1.4%	0.0%
Provision for (benefit from) income taxes	0.0%	6.1%	0.6%	0.0%	(0.4%)
Net (loss) income	(1.1%)	(29.5%)	1.5%	1.4%	0.4%

The following table shows the approximate number of terminals, drivers, tractors and trailers, that we managed (including independent affiliates and independent owner-operators) as of March 31, 2011 and 2010 and as of December 31, 2010, 2009 and 2008:

	December 31			March 31	
	2010	2009	2008	2011	2010
Terminals	102	108	149	104	103
Drivers	2,730	2,591	3,053	2,717	2,630
Tractors	2,901	2,839	3,224	2,861	2,815

Trailers	5,738	6,410	7,115	5,613	6,246
Transportation billed miles (in thousands)	115,868	108,302	136,234		

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The following table shows our network terminals and facilities as of March 31, 2011 and 2010 and as of December 31, 2010, 2009 and 2008:

		December 31			March 31	
	Segment	2010	2009	2008	2011	2010
QCI independent affiliate trucking terminals	Logistics	91	83	54	93	86
QCI company-operated trucking terminals	Logistics	3	16	54	3	9
Boasso container services terminals/depots	Intermodal	8	8	8	8	8
QSI tank wash facilities (1)	Logistics		1	33		
Total	Other	102	108	149	104	103

(1) We sold substantially all of the operating assets of our tank wash business in October 2009.

Results of Operations for Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

For the quarter ended March 31, 2011, total revenues were $177.9 million, an increase of $16.6 million, or 10.3%, from revenues of $161.3 million for the same period in 2010. Transportation revenue increased by $5.8 million, or 4.8%, primarily due to an increase in pricing and an increase in volume due to adding an affiliate in the second quarter of 2010. In addition, we had a 2.5% increase in loads and a 0.4% increase in the total number of miles driven. We believe that our volume during the quarter ended March 31, 2011 was adversely affected by a high level of driver turnover driven by our implementation of electronic on-board recorders (EOBRs) in our fleet. We expect to install these EOBRs in substantially all of our fleet by the end of 2011 in order to improve efficiency and proactively address regulatory requirements that we expect in the future. This could adversely impact our volumes for the remainder of 2011.

Service revenue increased $1.8 million, or 7.4%. This increase was primarily due to an increase in our intermodal and depot revenues of $2.0 million.

Fuel surcharge revenue increased $9.0 million, or 51.3%, due to the increase in fuel prices and linehaul revenue. We have fuel surcharge programs in place with the majority of our customers. These programs typically involve a specified computation based on the changes in fuel prices. As a result, some of these programs may have a time lag between when fuel prices change and when this change is reflected in revenues. It is not meaningful to compare the amount of fuel surcharge revenue or the change in fuel surcharge revenue between reporting periods to fuel expense, or the change of fuel expense between periods, as a significant portion of fuel costs are included in purchased transportation.

Purchased transportation increased by $14.9 million, or 13.6%, due primarily to the increase in affiliation and linehaul revenue. Total purchased transportation as a percentage of transportation revenue and fuel surcharge revenue increased to 82.5% for the current quarter versus 80.5% for the prior-year quarter due primarily to the conversion of certain company-operated terminals to independent affiliate terminals. Our independent affiliates generated 94.3% of our transportation revenue and fuel surcharge revenue for the three months ended March 31, 2011 compared to 92.9% for the comparable prior-year period. We pay our independent affiliates a greater percentage of transportation revenues generated by them than is paid to independent owner-operators, so our purchased transportation costs will change as revenues generated by independent affiliates change as a percentage of total transportation revenue. During the 2011 and 2010 quarters, we paid our independent affiliates approximately 85% of the transportation revenue while we typically paid independent owner-operators approximately 65% of transportation revenue.

Compensation expense increased $1.0 million, or 7.1%, primarily due to an increase in health care costs of $0.7 million and severance costs of $0.3 million.

Fuel, supplies and maintenance decreased $1.6 million, or 11.9%, due to lower repairs and maintenance expense of $1.1 million and lower equipment rent expense of $0.7 million, partially offset by a slight increase in fuel costs of $0.2 million. Lower repairs and maintenance expense resulted from aggressive reduction of aged or underutilized specialty equipment over the last 12 months.

Depreciation and amortization expense decreased $0.8 million, or 17.7%, due to a decrease in depreciation resulting from the sale of revenue equipment.

Selling and administrative expense increased by $0.4 million or 7.8% due to an increase in professional fees of $0.5 million and bad debt expense of $0.2 million partially offset by a decrease of $0.3 million of expenses related to closed or converted terminals.

Insurance costs increased by $1.3 million, or 40.4%, due primarily to an increase in the amount of claims and number of miles driven in the current-year quarter. As a percentage of revenue, insurance costs remain within our target range of 2.0% to 3.0%.

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We recognized a gain on disposal of revenue equipment of $0.2 million for the quarter ended March 31, 2011 as compared to a loss on disposal of revenue equipment of $0.4 million in the comparable prior-year period.

In the first quarter of 2010, we incurred restructuring costs of $1.1 million resulting from a restructuring plan which began in 2008 and concluded in 2010.

For the quarter ended March 31, 2011, operating income totaled $12.2 million, an increase of $3.5 million or 40.4%, compared to $8.7 million for the same period in 2010. Our operating margin for the quarter ended March 31, 2011, was 6.9% compared to 5.4% for the same period in 2010 as a result of revenue increases and cost controls.

Interest expense decreased by $0.9 million, or 9.9%, in the quarter ended March 31, 2011 compared to the same period in 2010, primarily due to redemptions of our higher cost 2013 PIK Notes in 2010 and 2011 and lower interest rates on our 2018 Notes as a result of the debt refinancing in the fourth quarter of 2010. As a result of these lower principal balances and lower rates of interest, we expect our interest expense to continue to be lower throughout 2011 than in 2010 unless the principal balance of our indebtedness increases.

In the first quarter of 2011, we wrote off debt issuance costs of $1.8 million resulting from redemptions of our 2013 PIK Notes in January 2011 and March 2011 in the amounts of $10.0 million and $17.5 million, respectively. We had no such debt issuance cost write-off during the first quarter of 2010.

The provision for income taxes was less than $0.1 million for the quarter ended March 31, 2011 compared to a tax benefit of $0.6 million for the same period in 2010. The effective tax rates for the three months ended March 31, 2011 and 2010 were 1.8% and a benefit of more than 100%, respectively. The effective tax rates for the three months ended March 31, 2011 and 2010 include an approximately $0.2 million tax benefit and a $0.6 million tax benefit, respectively, from a change in previously recorded unrecognized tax benefits.

For the quarter ended March 31, 2011, our net income was $2.7 million compared to net income of $0.8 million for the same period in 2010 as a result of the reasons outlined above.

Segment Operating Results

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

- Logistics, which consists primarily of truckload transportation of bulk chemicals primarily through our network of independent affiliates and equipment rentals; and

- Intermodal, specifically Boasso s International Organization for Standardization, or intermodal ISO tank container transportation and depot services.

Segment revenues and operating income include the allocation of fuel surcharge to the logistics and intermodal segments. The operating income reported in our segments excludes amounts such as gains and losses on disposal of property and equipment, restructuring costs, and corporate and other unallocated amounts. Corporate and unallocated amounts include depreciation and amortization and other gains and losses. Although these amounts are excluded from the business segment results, they are included in reported consolidated earnings. We have not provided specific asset information by segment, as it is not regularly provided to our chief operating decision maker for review.

Summarized segment operating results are as follows (in thousands):

	Three Months Ended March 31, 2011		
	Logistics	**Intermodal**	**Total**
Operating Revenues:			
Transportation	$ 110,612	$ 14,069	$ 124,681
Service revenue	16,508	10,230	26,738
Fuel surcharge	23,638	2,853	26,491

Total operating revenues	$ 150,758	$ 27,152	$ 177,910
Segment revenue % of total revenue	84.7%	15.3%	100.0%
Segment operating income	$ 10,782	$ 4,663	$ 15,445

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	Three Months Ended March 31, 2010		
	Logistics	Intermodal	Total
Operating Revenues:			
Transportation	$ 105,832	$ 13,085	$ 118,917
Service revenue	16,640	8,266	24,906
Fuel surcharge	15,666	1,844	17,510
Total operating revenues	$ 138,138	$ 23,195	$ 161,333
Segment revenue % of total revenue	85.6%	14.4%	100.0%
Segment operating income	$ 10,818	$ 3,674	$ 14,492

	2011 vs 2010	Logistics	Intermodal
Segment revenues	$ change	12,620	3,957
	% of change	9.1%	17.1%
Segment operating income	$ change	(36)	989
	% of change	(0.3%)	26.9%

Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010 - Segment Results

Operating revenue:

Logistics revenues increased $12.6 million, or 9.1%, for the quarter ended March 31, 2011 compared to the same period for 2010 due to an increase of $8.0 million of fuel surcharge and an increase of $4.6 in linehaul revenue.

Intermodal revenues increased $4.0 million, or 17.1%, for the quarter ended March 31, 2011 compared to the same period for 2010 due to increase of $3.0 million in intermodal transportation and depot revenue and an increase of $1.0 million in fuel surcharge.

Operating income:

Logistics operating income remained relatively constant at $10.8 million for the quarters ended March 31, 2011 and 2010.

Intermodal operating income increased $1.0 million, or 26.9%, for the quarter ended March 31, 2011 compared to the same period for 2010 due to increased demand from existing customers.

During the fourth quarter of 2010, we realigned and renamed our business segments to better reflect our current business and asset-light model due to the shift of our company-operated operations to independent affiliate operations. Our trucking segment was renamed Logistics and our Container Services segment was renamed Intermodal to better describe the services we perform.

Segment operating results for 2010 were as follows (in thousands):

	Three Months Ended March 31, 2010		
	Logistics	Intermodal	Total
Operating Revenues:			
Transportation	$ 105,832	$ 13,085	$ 118,917
Service revenue	16,640	8,266	24,906
Fuel surcharge	15,666	1,844	17,510
Total operating revenues	$ 138,138	$ 23,195	$ 161,333
Segment revenue % of total revenue	85.6%	14.4%	100.0%
Segment operating income	$ 10,818	$ 3,674	$ 14,492

Three Months Ended June 30, 2010

	Logistics	Intermodal	Total
Operating Revenues:			
Transportation	$ 114,728	$ 14,745	$ 129,473
Service revenue	17,339	9,134	26,473
Fuel surcharge	19,247	2,359	21,606
Total operating revenues	$ 151,314	$ 26,238	$ 177,552
Segment revenue % of total revenue	85.2%	14.8%	100.0%
Segment operating income	$ 12,064	$ 4,528	$ 16,592

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	Three Months Ended September 30, 2010		
	Logistics	Intermodal	Total
Operating Revenues:			
Transportation	$ 117,763	$ 14,913	$ 132,676
Service revenue	18,354	9,824	28,178
Fuel surcharge	18,779	2,315	21,094
Total operating revenues	$ 154,896	$ 27,052	$ 181,948
Segment revenue % of total revenue	85.1%	14.9%	100.0%
Segment operating income	$ 11,573	$ 4,906	$ 16,479

	Three Months Ended December 31, 2010		
	Logistics	Intermodal	Total
Operating Revenues:			
Transportation	$ 104,253	$ 13,127	$ 117,380
Service revenue	18,137	9,780	27,917
Fuel surcharge	18,361	2,107	20,468
Total operating revenues	$ 140,751	$ 25,014	$ 165,765
Segment revenue % of total revenue	84.9%	15.1%	100.0%
Segment operating income	$ 10,336	$ 3,755	$ 14,091

	Year Ended December 31, 2010		
	Logistics	Intermodal	Total
Operating Revenues:			
Transportation	$ 442,576	$ 55,870	$ 498,446
Service revenue	70,470	37,004	107,474
Fuel surcharge	72,053	8,625	80,678
Total operating revenues	$ 585,099	$ 101,499	$ 686,598
Segment revenue % of total revenue	85.2%	14.8%	100.0%
Segment operating income	$ 44,791	$ 16,863	$ 61,654

Results of Operations for Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Total revenues for 2010 were $686.6 million, an increase of $73.0 million, or 11.9%, from revenues of $613.6 million in 2009. Transportation revenue increased by $43.8 million, or 9.6%, primarily due to an increase in linehaul revenue due to increased demand. We had a 5.6% increase in the total number of miles driven and a 5.4% increase in loads as compared with 2009.

Service revenue increased $2.5 million, or 2.4%, compared to 2009. This increase was primarily due to $10.2 million of increased rental income and $5.8 million in intermodal and depot revenue. This was partially offset by a reduction in tank wash revenue of $13.5 million due to the sale of our tank wash business in the fourth quarter of 2009.

Fuel surcharge revenue increased $26.7 million, or 49.4%, primarily due to the increase in linehaul revenue and an increase in fuel prices. We have fuel surcharge programs in place with the majority of our customers. These programs typically involve a specified computation based on the changes in fuel prices. As a result, some of these programs may have a time lag between when fuel prices change and when this change is reflected in revenues. It is not meaningful to compare the amount of fuel surcharge revenue or the change in fuel surcharge revenue between reporting periods to fuel expense, or the change of fuel expense between periods, as a significant portion of fuel costs are included in purchased transportation.

Purchased transportation increased by $102.8 million, or 27.5%, due primarily to the increase in affiliation, linehaul revenue, miles driven and loads. Total purchased transportation as a percentage of transportation revenue and fuel surcharge revenue increased to 82.2% in 2010, versus 73.4% for 2009 due primarily to the conversion of certain company-operated terminals to independent affiliate terminals. Our independent affiliates generated 93.9% of our transportation revenue and fuel surcharge revenue for 2010 compared to 72.8% for 2009. We believe that the greater proportion of operating revenue derived from independent affiliate operations during 2010 is likely to be indicative of the proportion of operating revenue derived from independent affiliate operations in the future due to the sale of our tank wash business in the fourth quarter of 2009, our addition of a new affiliate during the second quarter of 2010, and our affiliation of company owned terminals during 2009 and 2010. We pay our independent affiliates a greater percentage of transportation revenues generated by them than is paid to independent owner-operators, so our purchased transportation costs will change as revenues generated by affiliates change as a percentage of total transportation revenue. During the 2010 and 2009 periods, we paid our independent affiliates approximately 85% of transportation revenue and paid independent owner-operators approximately 65% of transportation revenue.

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Compensation expense decreased $19.4 million, or 25.2%, primarily due to $17.7 million of reduced expense from corporate headcount reductions, terminal consolidations, and conversions of company-operated terminals to independent affiliate terminals offset by a $3.0 million increase in our intermodal operations. In addition, tank wash operations had a decrease of $4.7 million due to the sale of this business.

Fuel, supplies and maintenance decreased $12.6 million, or 20.2%, due to lower fuel costs of $6.2 million, lower repairs and maintenance expense of $3.2 million related to our logistics segment and lower rent expense of $1.6 million due to the shift of revenue from company-operated terminals to independent affiliates. In addition, tank wash operations had a decrease of $5.8 million due to the sale of this business, offset by an increase of $2.8 million of repairs and maintenance expense and higher fuel costs of $1.6 million related to our intermodal segment.

Depreciation and amortization expense decreased $4.2 million, or 20.8%, due to a decrease in depreciation from disposals of revenue equipment and the sale of our tank wash assets in the fourth quarter of 2009.

Selling and administrative expenses decreased $5.2 million, or 21.3%, primarily due to a reduction in bad debt expense of $2.2 million, $0.9 million of bad debt recoveries and a $1.0 million reduction in building rent expense and other expenses related to closed or converted terminals. In addition, tank wash operations had a decrease of $1.4 million due to the sale of this business.

Insurance costs increased by $1.4 million, or 10.1%, due primarily to an increase in the amount of claims incurred and miles driven in the current year.

Communication and utilities expense decreased $3.8 million, or 47.9%, primarily due to reduced expense from terminal consolidations and conversions of company-operated terminals to independent affiliate terminals.

In 2009, we recorded a gain on sale of tank wash equipment of $7.1 million resulting from the sale of substantially all of QSI s operating assets for $13.0 million to a third party on October 10, 2009.

We incurred a loss on disposal of property and equipment of $1.1 million in 2010, as compared to a loss of $0.5 million in 2009, resulting primarily from the disposal of equipment.

In 2009, we recorded a non-cash impairment charge to goodwill and intangibles totaling $148.6 million as a result of our impairment analysis, which is performed at least annually every June 30 on both our logistics and intermodal segments. We recorded a charge of $144.3 million for the impairment of goodwill in our logistics segment. We also recorded a charge of $1.9 million for the impairment of goodwill in our intermodal segment and a charge of $2.4 million for the impairment of the tradename in our intermodal segment. We incurred no impairment charge in 2010. Further information regarding our impairment analysis is included in Goodwill and Intangible Assets in our Critical Accounting Policies and Estimates .

We incurred restructuring costs of $7.8 million in 2010 and $3.5 million in 2009 primarily due to expenses associated with our restructuring plan, which began during the second quarter of 2008. The costs in 2010 consisted primarily of $2.0 million for estimated withdrawal liability from three multi-employer pension plans, $2.2 million for the consolidation of our corporate headquarters, as well as an additional $3.6 million of other expenses related to exit activities. The costs in 2009 consisted of employee termination benefits and other related exit activities. As of December 31, 2010, we had accrued $5.4 million of additional expense related to this plan, which was concluded in the fourth quarter of 2010.

Operating income was $36.7 million in 2010 compared to an operating loss of $115.2 million in 2009. The operating margin for 2010 was 5.3%, compared to (18.8%) for 2009 as a result of the above items.

Interest expense increased by $7.8 million, or 27.7%, in 2010 compared to 2009 primarily due to higher interest rates on our 2013 PIK Notes and our 2013 Senior Notes versus the rates on the notes for which they were exchanged in the fourth quarter of 2009. Interest expense was also higher in 2010 due to the issuance of our 2018 Notes in the fourth quarter of 2010, which resulted in additional interest expense during the 30-day notification period between the date of issuance of the 2018 Notes and the date that our 2012 Notes, our 2013 Senior Notes and our 2013 PIK Notes were repaid or redeemed.

In the fourth quarter of 2010, we redeemed $50.0 million of our 2013 PIK Notes, and in the first quarter of 2011, we redeemed approximately $27.5 million of our 2013 PIK Notes. These redemptions are expected to result in lower overall interest expense in 2011 than in 2010.

In 2009, gain on debt extinguishment of $1.9 million resulted from the repurchase of $4.0 million of our 9% Notes. We did not record any gain on debt extinguishment in 2010.

Other expense of $0.8 million in 2010 consists primarily of costs associated with an unconsummated stock offering of $0.7 million. Other expense in 2009 consists primarily of $2.3 million of costs related to refinancing activities for our note exchanges in October 2009, partially offset by $0.4 million in foreign currency income.

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The provision for income taxes was $0.4 million in 2010 compared to $37.2 million in 2009. The effective rate for 2010 was (5.9%), which is lower than our anticipated 39.0% effective tax rate in large part due to an increase in the deferred tax valuation allowance.

Net loss was $7.4 million for 2010 compared with a net loss of $180.5 million for 2009 for the reasons outlined above.

Results of Operations for Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Total revenues for 2009 were $613.6 million, a decrease of $201.7 million, or 24.7%, compared to 2008 revenues. Transportation revenue decreased by $111.2 million, or 19.6%, primarily due to a decrease in linehaul revenue due to continuing softness in the housing and automotive industries and general weakening of our economy. We had a 20.0% decrease in the total number of miles driven as the average number of miles per load decreased over the prior year along with a 22.7% decrease in overall loads.

Service revenue increased by $0.9 million, or 0.9%, compared to 2008. This increase was primarily due to $11.6 million of increased rental income from the conversion of certain company-operated terminals to independent affiliate terminals, offset by reductions in tank wash revenue of $8.9 million due to tank wash closures, reduced business and the sale of substantially all of our tank wash business in the fourth quarter of 2009.

Fuel surcharge revenue decreased $91.4 million, or 62.9%, primarily due to a decrease in fuel prices and a decrease in the total number of miles driven. We have fuel surcharge programs in place with the majority of our customers. These programs typically involve a specified computation based on the changes in fuel prices. As a result, some of these programs may have a time lag between when fuel prices change and when this change is reflected in revenues. It is not meaningful to compare the amount of fuel surcharge revenue or the change in fuel surcharge revenue between reporting periods to fuel expense, or the change of fuel expense between periods, as a significant portion of fuel costs are included in purchased transportation.

Purchased transportation decreased by $93.3 million, or 20.0%, due primarily to the decrease in linehaul revenue, miles driven and loads. Total purchased transportation as a percentage of transportation revenue and fuel surcharge revenue increased to 73.4% in 2009, versus 65.6% for 2008 due to the conversion of certain company-operated terminals to independent affiliate terminals. In 2009, we transitioned the majority of company-operated terminals to independent affiliates. These actions resulted in a larger portion of our revenue being generated by independent affiliates in 2009. Our independent affiliates generated 72.8% of our transportation revenue and fuel surcharge revenue for 2009 compared to 50.7% for 2008. We pay our independent affiliates a greater percentage of transportation revenues generated by them than is paid to independent owner-operators, so our purchased transportation costs will change as revenues generated by independent affiliates change as a percentage of total transportation revenue. During the 2009 and 2008 periods, we paid our independent affiliates approximately 85% of transportation revenue and paid independent owner-operators approximately 65% of transportation revenue.

Compensation expense decreased $32.2 million, or 29.5%, primarily due to $30.0 million of reduced expense from corporate headcount reductions, terminal consolidations, and conversions of company-operated terminals to independent affiliate terminals offset by $2.2 million increase in pension expense. In addition, we had a reduction in compensation expense of $4.7 million for QSI due to tank wash closures, reduced business, and the sale of substantially all of our tank wash business in the fourth quarter of 2009.

Fuel, supplies and maintenance decreased $51.9 million, or 45.4%, due to lower fuel costs of $26.8 million, lower repairs and maintenance expense of $17.7 million, lower equipment rent expense of $4.8 million and lower QSI expenses of $3.9 million due to tank wash closures, reduced business and the sale of substantially all of our tank wash business in the fourth quarter of 2009, offset by an increase in our intermodal terminal operations.

Selling and administrative expenses decreased $11.3 million, or 31.4%, primarily due to a $4.2 million reduction in building rent expense and other expenses related to closed or converted terminals. In addition, we had a decrease of $4.1 million in professional fees, $1.6 million in travel-related costs, and $1.8 million for QSI due to tank wash closures and the sale of substantially all of our tank wash business in the fourth quarter of 2009, offset by an increase in our bad debt reserve of $0.7 million.

Insurance costs decreased $0.9 million, or 5.9%, primarily due to a reduction in the number and severity of accidents that occurred during 2009.

Communication and utilities expense decreased $4.8 million, or 37.8%, primarily due to reduced expense from terminal consolidations, conversions of company-operated terminals to independent affiliate terminals, tank wash closures and the sale of substantially all of our tank wash business in the fourth quarter of 2009.

Gain on sale of tank wash equipment of $7.1 million resulted from the sale of substantially all of QSI s operating assets for $13.0 million to a third party on October 10, 2009.

Loss on disposal of property and equipment was $0.5 million in 2009 as compared to a gain of $3.1 million in 2008. The loss in 2009 resulted from the disposals of revenue equipment compared with a gain in 2008 resulting from the sale of land not used in our business.

In 2009, we recorded a non-cash impairment charge to goodwill and intangibles totaling $148.6 million as a result of our impairment analysis, which is performed at least annually every June 30 on both our logistics and intermodal segments. We recorded a charge of $144.3 million for the impairment of goodwill in our logistics segment. We also recorded a charge of $1.9 million for the impairment of goodwill in our intermodal segment and a charge of $2.4 million for the impairment of the tradename in our intermodal segment. We incurred restructuring costs of $3.5 million in 2009 and $5.3 million in 2008 primarily due to expenses associated with our restructuring plan which began during the second quarter of 2008. These costs consist of employee termination benefits and other related exit activities. As of December 31, 2009, we had accrued $1.1 million of additional expense related to this plan.

Operating loss was $115.2 million in 2009 as compared to operating income of $33.0 million in 2008. The operating margin for 2009 was (18.8%) compared to 4.0% for 2008 as a result of the above items.

Interest expense decreased by $7.2 million, or 20.3%, in 2009 compared to 2008, primarily due to a decrease in interest rates on our floating rate debt partially offset by higher interest rates following our note exchange in the fourth quarter of 2009. In addition, the outstanding principal amount of our 9% Notes was lower due to our note repurchases during 2009 and 2008, and the outstanding balance on our ABL Facility was lower in 2009 as compared to 2008.

In 2009, gain on debt extinguishment of $1.9 million resulted from the repurchase of $4.0 million of our 9% Notes. In 2008, gain on debt extinguishment of $16.5 million resulted from the repurchase of $24.2 million of our 9% Notes.

Other expense of $1.9 million in 2009 consists primarily of $2.3 million of costs due to refinancing activities related to our note exchanges offset by $0.4 million in foreign currency income. Other income of $2.9 million in 2008 resulted primarily from the settlement of an acquired pension liability of $3.4 million partially offset by $0.3 million in foreign currency income.

The provision for income taxes was $37.2 million in 2009 as compared to a provision for income taxes of $4.9 million in 2008. The effective rate for 2009 was (26.0%), which is lower than our normalized tax rate of 39.0%, in large part due to the recording of a deferred tax valuation allowance and an impairment charge.

Net loss was $180.5 million for 2009 compared with a net income of $12.1 million for 2008 for the reasons outlined above.

Segment Operating Results

During the fourth quarter of 2010, we realigned and renamed our business segments to better reflect our current business and asset-light model due to the shift of a majority of our company-operated operations to independent affiliate operations. Our Trucking segment was renamed Logistics and our Container Services segment was renamed Intermodal to better describe the services we perform. Additionally, equipment rental, which was previously reported as Other revenue, has been reclassified to our Logistics segment, due to revenue equipment being utilized to service customers in our logistics segment. This is consistent with the information reviewed by our chief operating decision maker. Presentation of prior period results reflects these new segments.

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

- Logistics, which consists of truckload transportation of bulk chemicals and equipment rentals; and
- Intermodal, specifically Boasso s International Organization for Standardization, or intermodal ISO tank container transportation and depot services.

Segment revenues and operating income include the allocation of fuel surcharge to the logistics and intermodal segments. The operating income reported in our segments excludes amounts such as gains and losses on disposal of property and equipment, restructuring costs, impairment charge, corporate and other unallocated amounts. Corporate and unallocated amounts include depreciation and amortization and other gains and losses. Although these amounts are excluded from the business segment results, they are included in reported consolidated earnings. In 2009 and 2008, revenues contained in the other segment represent revenues from our tank wash business which was sold during the fourth quarter of 2009.

We have not provided specific asset information by segment, as it is not regularly provided to our chief operating decision maker for review.

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Summarized segment operating results are as follows (in thousands):

	Twelve months ended December 31, 2010			
	Logistics	Intermodal	Other	Total
Operating Revenues:				
Transportation	$ 442,576	$ 55,870	$	$ 498,446
Service revenue	70,470	37,004		107,474
Fuel surcharge	72,053	8,625		80,678
Total operating revenues	$ 585,099	$ 101,499	$	$ 686,598
Segment revenue % of total revenue	85.2%	14.8%	0.0%	100.0%
Segment operating income	$ 44,791	$ 16,863	$	$ 61,654

	Twelve months ended December 31, 2009			
	Logistics	Intermodal	Other	Total
Operating Revenues:				
Transportation	$ 411,213	$ 43,445	$	$ 454,658
Service revenue	58,433	31,161	15,360	104,954
Fuel surcharge	49,104	4,893		53,997
Total operating revenues	$ 518,750	$ 79,499	$ 15,360	$ 613,609
Segment revenue % of total revenue	84.5%	13.0%	2.5%	100.0%
Segment operating income	$ 36,961	$ 11,287	$ 2,240	$ 50,488
Operating Revenues:				
Transportation	$ 521,558	$ 44,256	$	$ 565,814
Service revenue	50,532	34,076	19,431	104,039
Fuel surcharge	134,054	11,383		145,437
Total operating revenues	$ 706,144	$ 89,715	$ 19,431	$ 815,290
Segment revenue % of total revenue	86.6%	11.0%	2.4%	100.0%
Segment operating income	$ 42,452	$ 10,934	$ 2,827	$ 56,213

	2010 vs 2009	Logistics	Intermodal	Other
Segment revenues	$ change	66,349	22,000	(15,360)
	% of change	12.8%	27.7%	-100.0%
Segment operating income	$ change	7,830	5,576	(2,240)
	% of change	21.2%	49.4%	-100.0%

	2009 vs 2008	Logistics	Intermodal	Other
Segment revenues	$ change	(187,394)	(10,216)	(4,071)
	% of change	-26.5%	-11.4%	-21.0%
Segment operating income	$ change	(5,491)	353	(587)
	% of change	-12.9%	3.2%	-20.8%

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009 Segment Results

Operating revenue:

Logistics revenues increased $66.3 million, or 12.8%, for 2010 compared to 2009 due to an increase of $33.2 million in linehaul revenue, an increase of $22.9 million in fuel surcharge and an increase of $10.2 million in rental revenue.

Intermodal revenues increased $22.0 million, or 27.7%, for 2010 compared to 2009 due to an increase of $18.3 million in linehaul and depot revenue and an increase of $3.7 million in fuel surcharge.

Other revenue we had no other revenue in 2010 due to the sale of our tank wash business in 2009.

Operating income:

Logistics operating income increased $7.8 million, or 21.2%, for 2010 compared to 2009 primarily due to an increase in linehaul revenue, an increase in equipment rentals and cost savings initiatives and the conversion of company-operated terminals to independent affiliate terminals.

Intermodal operating income increased $5.6 million, or 49.4%, for 2010 compared to 2009 due to increased demand from existing customers.

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Other operating income we had no other operating income in 2010 due to the sale of our tank wash business in 2009.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008 Segment Results

Operating revenue:

Logistics revenues decreased $187.4 million, or 26.5%, for 2009 compared to 2008 due to a decrease in linehaul revenue of $114.0 million from fewer miles driven and a weakened economy and a decrease in fuel surcharge of $85.0 million resulting from lower fuel prices in 2009 offset by an increase in rental revenue of $11.6 million.

Intermodal revenues decreased $10.2 million, or 11.4%, for 2009 compared to 2008 due to a decrease of $6.5 million in fuel surcharge and a decrease of $3.7 million in linehaul revenue.

Other revenue revenues decreased $4.1 million, or 21.0%, for 2009 compared to 2008 due to a decrease in our tank wash revenue.

Operating income:

Logistics operating income decreased $5.5 million, or 12.9%, for 2009 compared to 2008 primarily due to a decrease in linehaul revenue offset by cost savings initiatives and the conversion of company-operated terminals to independent affiliate terminals.

Intermodal operating income increased $0.4 million, or 3.2%, for 2009 compared to 2008 due to expanded terminal operations.

Other operating income operating income decreased $0.6 million, or 20.8%, for 2009 compared to 2008, due to reduced tank wash revenue.

Exchange Rates

We operate primarily in the United States but also have operations in Canada and Mexico. Our results of operations are affected by the relative strength of currencies in the countries where we operate. Approximately 5.5%, 6.1% and 6.4% of our revenue in 2010, 2009 and 2008, respectively, was generated outside the United States.

In comparing the average exchange rates between 2010 and 2009, the Canadian dollar appreciated against the United States dollar by approximately 10.8% while the Mexican peso depreciated against the United States dollar by approximately 6.5%. The change in exchange rates positively impacted revenue by approximately $3.6 million in 2010. The appreciation of the Canadian dollar was the primary reason for the $0.1 million net increase in cumulative currency translation loss in shareholders deficit for 2010.

Gains and losses included in the consolidated statements of operations from foreign currency transactions included a $0.2 million gain in 2010, a $0.4 million gain in 2009, and a $0.3 million gain in 2008. Risks associated with foreign currency fluctuations are discussed further in Quantitative and Qualitative Disclosures about Market Risk.

Liquidity and Capital Resources

Our primary cash needs consist of working capital, capital expenditures and debt service. Our working capital needs depend upon the timing of our collections from customers and payments to others as well as our capital and operating lease payment obligations. Our capital expenditures primarily relate to acquiring trailers and maintaining them. We have reduced our capital expenditure requirements by utilizing independent affiliates and independent owner-operators.

Independent affiliates and independent owner-operators typically supply their own tractors, which reduces our capital investment requirements. For the three months ending March 31, 2011, capital expenditures were $3.2 million and proceeds from sales of property and equipment were $2.9 million. We expect our future capital expenditures, net of proceeds from property and equipment sales, to generally be approximately 1% of operating revenues annually. We currently expect net capital expenditures for 2011 to be approximately $8.0 million, although the actual amount could differ materially because of operating needs, growth needs, regulatory changes, covenants in our debt arrangements, other expenses, or other factors. Based on our current trailer fleet, we believe we have the ability to capture additional business volume during 2011 with minimal additional capital expenditures.

Debt service consists of principal and interest payments on the outstanding balance of our ABL Facility as well as our outstanding senior and subordinated notes. These notes are currently comprised primarily of our 2018 Notes and our 2013 PIK Notes, though the aggregate principal balance and composition of notes has changed primarily between the 2010 and 2011 periods. Interest equal to 2.75% on the 2013 PIK Notes is payable through the issuance of additional notes rather than cash.

We have no major debt maturities prior to 2013. In the fourth quarter of 2010, in connection with the issuance of $225.0 million aggregate principal amount of the 2018 Notes at 99.324% of par, we paid at maturity our 9% Notes, fully redeemed our 2012 Notes and our 2013 Senior Notes, redeemed $47.5 million of our 2013 PIK Notes and paid down a portion of our outstanding borrowings under the ABL Facility. We repurchased $2.5 million and redeemed $10.0 million of our 2013 PIK Notes in December 2010 and January 2011, respectively.

On February 9, 2011, we sold 2.0 million shares of our common stock in an underwritten public offering and received net proceeds, after fees and expenses, of approximately $17.5 million. Certain affiliates of Apollo also sold 2.6 million shares in the offering. We redeemed $17.5 million of our 2013 PIK Notes with proceeds from the offering of our common stock in March 2011.

We may from time to time repurchase or redeem additional amounts of our outstanding debt or other securities. Any repurchases or redemptions would depend upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors we consider important. Future repurchases or redemptions may materially impact our liquidity, future tax liability and results of operations.

Our primary sources of liquidity for operations during the 2011 and 2010 periods have been cash flow from operations and borrowing availability under the ABL Facility. At March 31, 2011, we had $77.1 million of borrowing availability under the ABL Facility. We believe that, based on current operations and anticipated growth, our cash flow from operations, together with other available sources of liquidity, will be sufficient to fund anticipated capital expenditures, operating expenses and our other anticipated liquidity needs for the next twelve months. Anticipated debt maturities in 2013, the acquisition of another business or other events that we do not foresee may require us to seek alternative financing, such as restructuring or refinancing our long-term debt, selling assets or operations or selling additional debt or equity securities. If these alternatives were not available in a timely manner or on satisfactory terms or were not permitted under any of our debt agreements and we default on our obligations, our debt could be accelerated and our assets might not be sufficient to repay in full all of our obligations.

Cash Flows

The following table summarizes our cash flows for the three months ended March 31, 2011 and 2010 and for the years ended December 31, 2010, 2009 and 2008 as reported in our consolidated statements of cash flows in the accompanying consolidated financial statements (in thousands):

	Year Ended December 31			Three months ended March 31	
	2010	**2009**	**2008**	**2011**	**2010**
Net cash provided by (used in) operating activities	$ 21,071	$ 39,756	$ 19,593	$ 5,664	$ (4,154)
Net cash (used in) provided by investing activities	(1,079)	9,577	(8,524)	(335)	(3,229)
Net cash (used in) provided by financing activities	(23,879)	(50,515)	(13,485)	(4,343)	4,421
Effect of exchange rate changes on cash	7	28	(508)	(1)	4
Cash and cash equivalents at beginning of period	5,633	6,787	9,711	1,753	5,633
Cash and cash equivalents at end of period	1,753	5,633	6,787	2,738	2,675

Cash Flows for the Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

Net cash provided by operating activities was $5.7 million for the three-month period ended March 31, 2011 compared to $4.2 million used in the comparable 2010 period. The $9.9 million increase in cash provided by operating activities was due to a reduction of accrued loss and damage claims and an increase in our restructuring accrual. Our restructuring and cost reduction efforts in 2010 have enabled us to generate stronger operating cash in 2011.

Net cash used in investing activities totaled $0.3 million for the three-month period ended March 31, 2011 compared to $3.2 million used in the comparable 2010 period. The $2.9 million change resulted from an increase in proceeds from sale of property and equipment and a decrease in capital expenditures in the 2011 period.

Net cash used in financing activities was $4.3 million during the three-month period ended March 31, 2011, compared to $4.4 million provided by in the comparable 2010 period. In the 2011 period, net cash received from our equity offering of approximately $17.5 million and increased borrowings of $10.0 million under our ABL Facility were utilized to redeem $27.5 million in principal amount of our 2013 PIK Notes, to pay down other debt and capital lease obligations and to redeem for $1.8 million the preferred shares of our subsidiary, CLC, which we previously reflected on our balance sheet as redeemable noncontrolling interest. In the 2010 period, increased borrowings of $6.0 million under our ABL facility were used to pay a large insurance claim, pay down debt and capital lease obligations and for capital expenditures.

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Cash Flows for the Years ended December 31, 2010, 2009 and 2008

We generated $21.1 million, $39.8 million and $19.6 million in net cash provided by operating activities in 2010, 2009 and 2008, respectively. The decrease in cash provided by operating activities in 2010, as compared to 2009, was primarily due to an increase in accounts receivable in the 2010 period resulting from higher revenue, slightly offset by an increase in our restructuring accrual. We continued to experience some softness in demand during 2010; however our continued restructuring and cost reduction efforts have enabled us to generate stronger operating cash. We have aligned our cost structure to allow for flat or declining revenues. The increase in net cash provided by operating activities in 2009 as compared to 2008 was primarily due to increased collections of outstanding accounts receivable, lower loss and damage claim payments, lower operating expenses due to our restructuring and transition to independent affiliates, and closure of certain of our trucking terminals.

Net cash (used in) provided by investing activities in 2010, 2009 and 2008 was $(1.1) million, $9.6 million and $(8.5) million, respectively. Capital expenditures totaled $11.2 million, $8.2 million and $14.8 million in 2010, 2009 and 2008, respectively, while proceeds from sales of property and equipment were $10.1 million, $7.5 million and $6.3 million, respectively. In 2010, we used proceeds of $10.1 million from sale of old unutilized revenue equipment to fund $11.2 million of new revenue equipment. In 2009, we received cash of $10.0 million from the sale of tank wash assets. In 2008, we used net cash of $8.4 million to purchase new revenue equipment, the assets of two businesses and the assets of one independent affiliate.

Net cash used in financing activities was $(23.9) million, $(50.5) million and $(13.5) million in 2010, 2009 and 2008, respectively. In 2010, cash was primarily utilized to repay $29.5 million under our ABL Facility, to pay down $6.5 million of other debt and capital lease obligations, to pay financing fees of $5.6 million in connection with the issuance of our 2018 Notes, to pay a large insurance claim and issue a loan to a new independent affiliate. In 2009, we primarily used cash to repay $19.0 million of our borrowings under the ABL Facility, to pay down $17.7 million of other debt and capital lease obligations, including $2.1 million used to repurchase $4.0 million in principal amount of 9% Notes, and to pay financing fees of $4.9 million in connection with debt refinancing transactions. In 2008, we used cash of $7.7 million to repurchase $24.2 million in principal amount of our 9% Notes, and we used cash from operations and sales of properties to pay down approximately $9.0 million of our debt obligations.

Contractual Obligations

The following is a schedule of our long-term contractual commitments, including the current portion of our long-term indebtedness at March 31, 2011 over the periods we expect them to be paid (in thousands):

	Total	Remainder of 2011	Years 2012 & 2013	Years 2014 & 2015	Year 2016 and after
Operating leases (1)	$ 27,806	$ 7,047	$ 12,043	$ 5,031	$ 3,685
Total indebtedness (2)	289,316	2,738	59,499	1,813	225,266
Capital leases	11,744	3,403	7,741	600	
Interest on indebtedness (3)	177,417	19,801	50,094	44,567	62,955
Total	$ 506,283	$ 32,989	$ 129,377		