

QUALITY DISTRIBUTION INC  
Form PREM14A  
June 08, 2015  
[Table of Contents](#)

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

Washington, D.C. 20549

**SCHEDULE 14A**

**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

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

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ ..

Check the appropriate box:

- x Preliminary Proxy Statement  
.. **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))  
.. Definitive Proxy Statement  
.. Definitive Additional Materials  
.. Soliciting Material Pursuant to §240.14a-12

**QUALITY DISTRIBUTION, INC.**

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

## Edgar Filing: QUALITY DISTRIBUTION INC - Form PREM14A

.. No fee required.

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

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

common stock, no par value

2) Aggregate number of securities to which transaction applies:

28,101,787 shares of common stock (including 135,167 shares of time-based vesting restricted stock), 1,031,814 shares of common stock underlying outstanding stock options with an exercise price of less than \$16.00 per share, 299,968 shares of time-based restricted stock units and 777,956 shares of performance-based restricted stock units (assuming unvested performance-based restricted stock units will be settled for (x) the total number of shares of common stock subject to such performance-based restricted stock units granted in 2014 at maximum level and (y) 25% of the total number of shares of common stock subject to such performance-based restricted stock units granted in 2015 at target level).

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

In accordance with Exchange Act Rule 0-11(c), the filing fee of \$55,369 was determined by multiplying 0.0001162 by the aggregate merger consideration of \$476,494,902. The aggregate merger consideration was calculated as the sum of (a) 28,101,787 shares of common stock multiplied by the merger consideration of \$16.00 per share (including 135,167 shares of time-based vesting restricted stock multiplied by the merger consideration of \$16.00 per share), (b) 1,031,814 shares of common stock underlying outstanding stock options with an exercise price of less than \$16.00 per share multiplied by the difference between \$16.00 and the weighted average exercise price of \$6.68 per share of such options, (c) 299,968 shares of time-based restricted stock units multiplied by the merger consideration of \$16.00 per share and (d) 777,956 shares of performance-based restricted stock units multiplied by the merger consideration of \$16.00 per share (assuming unvested performance-based restricted stock units will be settled for (x) the total number of shares of common stock subject to such performance-based restricted stock units granted in 2014 at maximum level and (y) 25% of the total number of shares of common stock subject to such performance-based restricted stock units granted in 2015 at target level)

4) Proposed maximum aggregate value of transaction:

476,494,902

5) Total Fee Paid:

55,369

.. Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**Table of Contents**

4041 Park Oaks Boulevard, Suite 200

Tampa, Florida 33610

[June] [ ], 2015

Dear Fellow Shareholder:

You are cordially invited to attend a special meeting of shareholders of Quality Distribution, Inc., which will be held on [ ], 2015, beginning at [ ] a.m. (Eastern Time). The meeting will be held at [ ].

At the special meeting, our shareholders will be asked to consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger, dated as of May 6, 2015 (as it may be amended from time to time, the "merger agreement"), by and among Quality Distribution, Inc., Gruden Acquisition, Inc. ("Parent") and Gruden Merger Sub, Inc. ("Merger Sub"), pursuant to which Merger Sub will merge with and into Quality Distribution, Inc. (the "merger") and each share of our common stock outstanding immediately prior to the effective time of the merger (other than certain shares as set forth in the merger agreement) will be canceled and converted into the right to receive \$16.00 in cash, without interest and less any applicable withholding taxes. If the merger is completed, we will become a wholly owned subsidiary of Parent, an entity which will be indirectly owned by funds advised by Apax Partners LLP.

**After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and adoption at the special meeting.**

**Our board of directors unanimously recommends that shareholders vote FOR the proposal to approve and adopt the merger agreement and thereby approve and adopt the transactions contemplated by the merger agreement, including the merger.**

At the special meeting, shareholders will also be asked to vote on (i) an advisory (non-binding) proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger and (ii) a proposal to approve the adjournment of the special meeting from time to time, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement. **Our board of directors unanimously recommends that shareholders vote FOR each of these proposals.**

The enclosed proxy statement describes the merger, the merger agreement and related agreements, and provides specific information concerning the special meeting. In addition, you may obtain information about us from documents filed with the Securities and Exchange Commission. We urge you to, and you should, read the entire proxy statement carefully, including the annexes and the documents incorporated by reference therein, as it sets forth the details of the merger agreement and other important information related to the merger.

**Your vote is very important. The merger cannot be completed unless holders of a majority of the outstanding shares of our common stock vote in favor of the proposal to approve and adopt the merger agreement. If you fail to vote in favor of the approval and adoption of the merger agreement, the effect will be the same as a vote against the approval and adoption of the merger agreement.**

Although shareholders may exercise their right to vote their shares in person, we recognize that many shareholders may not be able to attend the special meeting. Accordingly, we have enclosed a proxy card and provided other methods, including a toll-free telephone number and use of the Internet, that will enable your

**Table of Contents**

shares to be voted on the matters to be considered at the special meeting even if you are unable to attend in person. We have provided instructions on the proxy card for authorizing your shares to be voted by telephone or the Internet. Submitting a proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card or vote by telephone or the Internet to ensure that your shares will be represented at the special meeting if you are unable to attend.

If you hold your shares in street name through a broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the proposal to approve and adopt the merger agreement.

If you have any questions or need assistance in voting your shares, or if you need to obtain copies of the accompanying proxy statement, proxy cards, election forms or other documents incorporated by reference in the proxy statement, please contact our proxy solicitor, Georgeson, toll free at 866-216-0459.

Thank you for your continued support.

Very truly yours,

Gary R. Enzor

Chairman and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

The attached proxy statement is dated [ ], 2015 and is first being mailed to shareholders of Quality Distribution, Inc. on or about [ ], 2015.

**Table of Contents**

4041 Park Oaks Boulevard, Suite 200

Tampa, Florida 33610

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

To the Shareholders of Quality Distribution, Inc.:

NOTICE IS HEREBY GIVEN that a Special Meeting of the Shareholders (the "special meeting") of Quality Distribution, Inc. ( "we", "our" or "us" ) will be held at [ ], on [ ], 2015, at [ ], Eastern Time, to consider and vote on a proposal:

1. to approve and adopt the Agreement and Plan of Merger, dated as of May 6, 2015 (as it may be amended from time to time, the "merger agreement" ), by and among Quality Distribution, Inc., Gruden Acquisition, Inc. and Gruden Merger Sub, Inc.;
2. to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger contemplated by the merger agreement (the "merger" ); and
3. to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

The holders of record of our common stock, no par value, at the close of business on [ ], 2015, the record date for the special meeting, are entitled to notice of and to vote at the special meeting or at any adjournment or postponement thereof. All shareholders are cordially invited to attend the special meeting in person.

After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and adoption at the special meeting.

**Our board of directors unanimously recommends that shareholders vote FOR the proposal to approve and adopt the merger agreement, FOR the advisory (non-binding) proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger and FOR the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.**

Your vote is important, regardless of the number of shares of common stock you own. The approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, requires the affirmative vote of holders of a majority of the outstanding shares of common stock and is a condition to the consummation of the merger. The advisory (non-binding) proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger, as well as the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, each requires the affirmative vote of holders of a majority of the shares of common stock voted on such proposal at the special meeting. **Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card or vote your shares of**

**Table of Contents**

**common stock by telephone or the Internet to ensure that your shares of common stock will be represented at the special meeting if you are unable to attend. A failure to vote your shares of common stock or an abstention from voting will have the same effect as a vote against the proposal to approve and adopt the merger agreement.**

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of (i) the proposal to approve and adopt the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, (ii) the advisory (non-binding) proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger, and (iii) the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement. If you fail to attend the special meeting in person or submit your proxy, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote against the proposal to approve and adopt of the merger agreement, but this will not affect the advisory (non-binding) vote to approve compensation that will or may become payable to our named executive officers in connection with the merger or the vote regarding the adjournment of the special meeting, if necessary or appropriate to, among other things, solicit additional proxies.

If the Agreement and Plan of Merger is effected, shareholders dissenting therefrom may be entitled, if they comply with the provisions of the FBCA regarding appraisal rights, to be paid the fair value of their shares. Notwithstanding the foregoing, we have concluded that shareholders are not entitled to assert appraisal rights under Chapter 607 of the FBCA and have attached a copy of sections 607.1301 - 607.1333 of the FBCA solely for statutory notice purposes.

You may revoke your proxy at any time before the vote on the approval and adoption of the merger agreement, at the special meeting by following the procedures described in the accompanying proxy statement.

By order of the Board of Directors,

John T. Wilson

*Corporate Secretary*

Dated [ ], 2015

**Table of Contents**

**TABLE OF CONTENTS**

<u>SUMMARY</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER</u>	11
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	18
<u>THE PARTIES TO THE MERGER AGREEMENT</u>	20
<u>QUALITY DISTRIBUTION, INC.</u>	20
<u>GRUDEN ACQUISITION, INC. AND GRUDEN MERGER SUB, INC.</u>	20
<u>THE SPECIAL MEETING</u>	21
<u>DATE, TIME AND PLACE OF THE SPECIAL MEETING</u>	21
<u>PURPOSE OF THE SPECIAL MEETING</u>	21
<u>RECOMMENDATION OF OUR BOARD OF DIRECTORS</u>	21
<u>RECORD DATE AND QUORUM</u>	21
<u>REQUIRED VOTE</u>	22
<u>VOTING BY COMPANY S DIRECTORS AND EXECUTIVE OFFICERS</u>	22
<u>VOTING: PROXIES; REVOCATION</u>	22
<u>ABSTENTIONS</u>	24
<u>ADJOURNMENTS AND POSTPONEMENTS</u>	24
<u>SOLICITION OF PROXIES</u>	24
<u>OTHER INFORMATION</u>	26
<u>THE MERGER (PROPOSAL 1)</u>	26
<u>CERTAIN EFFECTS OF THE MERGER</u>	26
<u>BACKGROUND OF THE MERGER</u>	26
<u>REASONS FOR THE MERGER</u>	37
<u>RECOMMENDATION OF THE BOARD OF DIRECTORS</u>	40
<u>OPINION OF THE COMPANY S FINANCIAL ADVISOR</u>	40
<u>PROJECTED FINANCIAL INFORMATION</u>	47
<u>FINANCING</u>	48
<u>INTERESTS OF OUR DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER</u>	51
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u>	57
<u>REGULATORY APPROVALS</u>	60
<u>THE MERGER AGREEMENT</u>	61
<u>EXPLANATORY NOTE REGARDING THE MERGER AGREEMENT</u>	61
<u>STRUCTURE OF THE MERGER</u>	61
<u>CLOSING AND EFFECTIVE TIME OF THE MERGER</u>	61
<u>EFFECT OF THE MERGER ON OUR STOCK</u>	62
<u>PROCEDURE FOR SURRENDERING SHARES FOR PAYMENT</u>	62
<u>WITHOLDING</u>	63
<u>TREATMENT OF OUR EQUITY-BASED AWARDS</u>	63
<u>CLOSING PAYMENTS</u>	64
<u>REPRESENTATIONS AND WARRANTIES</u>	64
<u>DEFINITION OF COMPANY MATERIAL ADVERSE EVENT</u>	66
<u>CONDUCT OF THE BUSINESS PENDING THE MERGER</u>	67
<u>ACQUISITION PROPOSALS: GO-SHOP PERIOD</u>	69
<u>BOARD OBLIGATION TO CALL A STOCKHOLDERS MEETING</u>	72
<u>REQUIRED EFFORTS TO CONSUMMATE THE MERGER</u>	72
<u>SHAREHOLDER LITIGATION RELATED TO THE MERGER</u>	73
<u>EMPLOYEE BENEFITS MATTERS</u>	73
<u>DIRECTORS AND OFFICERS INDEMNIFICATION AND INSURANCE</u>	74
<u>FINANCING OF THE MERGER</u>	75
<u>OTHER COVENANTS</u>	75
<u>CONDITIONS TO COMPLETION OF THE MERGER</u>	75



---

**Table of Contents**

<b><u>TERMINATION OF THE MERGER AGREEMENT</u></b>	77
<b><u>TERMINATION FEES</u></b>	78
<b><u>REMEDIES</u></b>	79
<b><u>SPECIFIC PERFORMANCE</u></b>	79
<b><u>FEES AND EXPENSES</u></b>	80
<b><u>AMENDMENTS, WAIVERS</u></b>	80
<b><u>GOVERNING LAW AND VENUE, WAIVER OF JURY TRIAL</u></b>	80
<b><u>ADVISORY VOTE ON NAMED EXECUTIVE OFFICER MERGER-RELATED COMPENSATION (PROPOSAL 2)</u></b>	81
<b><u>VOTE ON ADJOURNMENT (PROPOSAL 3)</u></b>	81
<b><u>MARKET PRICE OF THE COMPANY'S COMMON STOCK</u></b>	82
<b><u>BENEFICIAL OWNERSHIP OF OUR SECURITIES</u></b>	84
<b><u>APPRAISAL RIGHTS</u></b>	86
<b><u>SUBMISSION OF SHAREHOLDER PROPOSALS</u></b>	86
<b><u>HOUSEHOLDING</u></b>	86
<b><u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u></b>	86
AGREEMENT AND PLAN OF MERGER	ANNEX A
OPINION OF RBC CAPITAL MARKETS, LLC	ANNEX B
DISSENT AND APPRAISAL RIGHTS OF THE FLORIDA BUSINESS CORPORATIONS ACT	ANNEX C

## **Table of Contents**

### **SUMMARY**

This summary discusses material information contained elsewhere in this proxy statement, including with respect to the merger agreement, the merger and the other agreements entered into in connection with the merger. We encourage you to read carefully this entire proxy statement, its annexes and the documents incorporated by reference herein, as this summary does not contain all of the information that may be important to you. The items in this summary include page references directing you to a more complete description of that topic in this proxy statement.

Unless stated otherwise or the context otherwise requires, in this proxy statement all references to:

the Company, we, our, or us refer to Quality Distribution, Inc., a Florida corporation;

the merger agreement refers to the Agreement and Plan of Merger, dated as of May 6, 2015, as it may be amended from time to time, by and among the Company, Parent and Merger Sub, a copy of which is included as Annex A to this proxy statement; and

the merger refers to the merger of Merger Sub with and into the Company, with the Company continuing as the surviving corporation.

#### **The Parties to the Merger Agreement (Page 20)**

##### ***Quality Distribution, Inc.***

We operate the largest chemical bulk tank truck network in North America and are also the largest provider of intermodal ISO tank container and depot services in North America. We also provide logistics services to the unconventional oil and gas market. We operate an asset-light business model and service customers across North America through our network of 96 terminals servicing the chemical market, 14 terminals servicing the energy market and 9 ISO tank depot terminals (intermodal) servicing the chemical and other bulk liquid markets. Additional information about us is contained in our public filings with the Securities and Exchange Commission ( SEC ), which are incorporated by reference herein. See *The Parties to the Merger Agreement*, *Quality Distribution, Inc.* and *Where You Can Find Additional Information*.

Our common stock is currently traded on the NASDAQ Global Market (the NASDAQ ) under the symbol QLTY.

##### ***Gruden Acquisition, Inc. and Gruden Merger Sub, Inc.***

Gruden Acquisition, Inc. ( Parent ) is a Delaware corporation formed by Apax VIII-A L.P., Apax VIII-B L.P., Apax VIII-1 L.P. and Apax VIII-2 L.P. ( Apax Investors ), funds advised by Apax Partners LLP ( Apax ). Gruden Merger Sub, Inc. is a Florida corporation and a wholly owned subsidiary of Parent. Both Parent and Merger Sub were formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. Neither Parent nor Merger Sub has engaged in any business except for activities incidental to their formation and as contemplated by the merger agreement. See *The Parties to the Merger Agreement*, *Gruden Parent, Inc.* and *Gruden Merger Sub, Inc.*

#### **The Special Meeting (Page 21)**

The special meeting will be held at [ ], on [ ], 2015, at [ ], Eastern Time.

## **Table of Contents**

### **Proposals to be Voted on at the Special Meeting (Page 21)**

At the special meeting, you will be asked to consider and vote upon the following proposals:

to approve and adopt the merger agreement;

to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger; and

to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

### **The Merger (Page 26 and Annex A)**

The merger agreement provides that at the effective time of the merger, Merger Sub will be merged with and into the Company, with the Company as the surviving corporation in the merger (the "surviving corporation"). At the effective time of the merger, each outstanding share of our common stock, no par value ("common stock"), other than shares owned by the Company or Parent, will be converted into the right to receive \$16.00 in cash (the "merger consideration"), without interest and less any applicable withholding taxes, and each share of Merger Sub's common stock will be converted into one share of common stock of the surviving corporation. As a result, following the merger we will be a privately held company, wholly owned by Parent, and our common stock will be delisted from the NASDAQ and deregistered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached to this proxy statement as Annex A.

### **Record Date and Quorum (Page 21)**

The holders of record of our common stock as of the close of business on [ ], 2015 (the "record date" for determining those shareholders entitled to notice of and to vote at the special meeting), are entitled to receive notice of and to vote at the special meeting. As of the close of business on the record date, there were [ ] shares of common stock outstanding.

The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding as of the close of business on the record date will constitute a quorum. Under our amended and restated by-laws, in the absence of a quorum at the special meeting, the special meeting may be adjourned by a majority of the shares represented at the meeting to another place, date or time.

### **Required Vote (Page 22)**

To complete the merger, under Florida law, shareholders holding at least a majority of the shares of common stock outstanding at the close of business on the record date must vote **FOR** the proposal to approve and adopt the merger agreement. In addition, under the merger agreement, the receipt of this vote is a condition to the consummation of the merger. A failure to vote your shares of common stock or an abstention from voting your shares will have the same effect as a vote against the proposal to approve and adopt the merger agreement.

The proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger, as well as the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement, each requires the affirmative vote of holders of a majority of the shares of common stock voted on such proposal at the special meeting.

## **Table of Contents**

### **Conditions to the Merger (Page 75)**

Each party's obligation to complete the merger is subject to the satisfaction or waiver of the following conditions:

the approval and adoption of the merger agreement by the required vote of the shareholders;

the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), which was satisfied by the Federal Trade Commission's (the "FTC") grant of early termination of the HSR Act waiting period on June 1, 2015, and the obtaining of the CFIUS Approval (as described below).

the absence of any order, injunction, ruling, decree or judgment issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger; and

The obligations of Parent and Merger Sub to complete the merger are subject to the satisfaction (or waiver if permissible under applicable law) of the following additional conditions:

the accuracy of the representations and warranties of the Company (subject to materiality, material adverse effect and other qualifications specified in the merger agreement);

the Company having performed in all material respects, the obligations under the merger agreement required to be performed by it at or prior to the closing;

since the date of the merger agreement, there having not been any circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a company material adverse effect and that is continuing; and

the delivery of an officer's certificate by the Company certifying that the conditions in the first two bullets above have been satisfied. Our obligation to complete the merger is subject to the satisfaction (or waiver if permissible under applicable law) of the following additional conditions:

the accuracy of the representations and warranties of Parent and Merger Sub (subject to materiality, material adverse effect and other qualifications specified in the merger agreement);

Parent having performed in all material respects, the obligations under the merger agreement required to be performed by it at or prior to the closing; and

the delivery of an officer's certificate by Parent certifying that the conditions in the two bullets above have been satisfied.

### **When the Merger Becomes Effective (Page 61)**

We anticipate completing the merger in the third calendar quarter of 2015, subject to the approval and adoption of the merger agreement by our shareholders as specified herein and the satisfaction of the other closing conditions.

**Recommendation of the Company's Board of Directors (Pages 21 and 40)**

After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and

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## **Table of Contents**

adoption at the special meeting. Our board of directors unanimously recommends that shareholders vote **FOR** the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, **FOR** the proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger and **FOR** the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

For a description of the reasons considered by our board of directors in deciding to recommend approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, by our shareholders, see *The Merger (Proposal 1) Reasons for the Merger*.

### **Opinion of the Company's Financial Advisor (Page 40 and Annex B)**

In connection with the merger, the Company's financial advisor, RBC Capital Markets, LLC, referred to as RBC Capital Markets, delivered a written opinion, dated May 6, 2015, to the Company's board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the \$16.00 per share cash consideration to be received by holders of Company common stock pursuant to the merger agreement. The full text of RBC Capital Markets' written opinion, dated May 6, 2015, is attached as Annex B to this proxy statement and sets forth, among other things, the procedures followed, assumptions made, factors considered and qualifications and limitations on the review undertaken by RBC Capital Markets in connection with its opinion. **RBC Capital Markets delivered its opinion to the Company's board of directors for the benefit, information and assistance of the Company's board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the merger consideration from a financial point of view. RBC Capital Markets' opinion did not address any other aspect of the merger, the merger agreement or any related documents and no opinion or view was expressed as to the underlying business decision of the Company to engage in the merger or the relative merits of the merger compared to any alternative business strategy or transaction that might be available to the Company or in which the Company might engage. RBC Capital Markets' opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or act in connection with the merger or any other matter.**

### **Treatment of Outstanding Equity Awards (Page 51)**

#### ***Stock Options***

At the effective time of the merger, each stock option to purchase shares of the Company's common stock that is outstanding immediately prior to the effective time, whether or not vested, will vest and be canceled in exchange for the right to receive an amount in cash (subject to any applicable withholding) equal to the product of (i) the total number of shares of the Company's common stock subject to the stock option as of the effective time of the merger and (ii) the amount by which the merger consideration exceeds the exercise price per share of the Company's common stock underlying the stock option.

#### ***Time-Based Vesting Restricted Stock and Restricted Stock Units***

At the effective time of the merger, each time-based vesting restricted stock award or restricted stock unit award that is outstanding prior to the effective time, which we refer to as a Company RSA, will vest and be canceled in exchange for the right to receive an amount in cash (subject to any applicable withholding) determined by multiplying (i) the merger consideration by (ii) the total number of shares of the Company's common stock subject to such Company RSA as of the effective time of the merger.

## **Table of Contents**

### ***Performance-Based Vesting Restricted Stock Units***

At the effective time of the merger, each performance-based vesting restricted stock unit award that is outstanding immediately prior to the effective time, which we refer to as a Company PSA, will be canceled and the holder will be entitled to receive an amount in cash (subject to any applicable withholding) equal to the amount determined by multiplying (i) the merger consideration and (ii) the sum of (x) 100% of the total number of shares of the Company's common stock subject to any such Company PSA granted in 2014, assuming vesting at the maximum level, and (y) 25% of the total number of shares of the Company's common stock subject to any such Company PSA granted in 2015, assuming vesting at the target level.

### **Interests of the Company's Directors and Executive Officers in the Merger (Page 51)**

In considering the recommendation of our board of directors with respect to the proposal to approve and adopt the merger agreement, you should be aware that some of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our shareholders generally. Interests of officers and directors that may be different from or in addition to the interests of our shareholders include, among others:

accelerated vesting of certain equity and equity-based awards simultaneously with the effective time of the merger and the settlement of such awards in exchange for cash;

separation payments and other benefits that are payable to our executive officers under their employment agreements in the event of a termination of employment under certain conditions following the consummation of the merger;

arrangements that provide for tax reimbursements for employees who may become subject to excise taxes pursuant to Section 4999 of the Internal Revenue Code;

a retention bonus pool that allows for grants to certain of our employees with an aggregate value not to exceed \$3 million, with each retention award to be paid in cash in equal installments on each of the first three anniversaries of the closing date of the merger, generally subject to continued employment through the payment date; and

continued indemnification and insurance coverage following consummation of the merger under indemnification agreements and the merger agreement.

If the proposal to approve and adopt the merger agreement is approved and adopted by our shareholders, the shares of common stock held by our directors and executive officers will be treated in the same manner as outstanding shares of common stock held by all other shareholders of the Company entitled to receive the merger consideration.

These interests are discussed in more detail in the section entitled *The Merger (Proposal 1) Interests of Our Directors and Executive Officers in the Merger*. Our board of directors was aware of the different or additional interests set forth herein and considered such interests along with other matters in approving the merger agreement and the transactions contemplated thereby, including the merger.

### **Financing (Page 48)**

Parent estimates that the total amount of funds required to complete the merger and related transactions and pay related fees and expenses will be approximately \$[ ] million. Parent expects this amount to be funded through a combination of the following:

debt financing consisting of (i) a senior secured first lien term loan facility in an aggregate principal amount of \$400.0 million, (ii) a senior secured second lien term loan facility in an aggregate principal amount of \$135.0 million, and (iii) an asset based revolving

credit facility in an aggregate principal



## **Table of Contents**

amount of \$100.0 million, on terms and conditions set forth in the debt commitment letter (as defined and described in *The Merger (Proposal 1) Financing*); and

a cash equity investment by Apax Investors in Parent of up to \$322 million.

The consummation of the merger is not subject to a financing condition (although the funding of the debt and cash equity financing is subject to the satisfaction of the conditions set forth in the commitment letters under which the financing will be provided).

### **Parent Fee Commitment Letter (Page 51)**

Concurrently with the execution of the merger agreement, Apax Investors also executed and delivered a parent fee commitment in our favor (the parent fee commitment letter), pursuant to which Apax Investors absolutely and irrevocably committed, subject to the terms and conditions of the parent fee commitment letter, to make a cash equity investment in Parent, up to an aggregate amount of up to \$32.5 million, for purpose of allowing Parent to pay:

a reverse termination fee of \$32.0 million if the merger agreement is terminated under specified circumstances which are described in *The Merger Agreement Termination Fees*; and

certain additional amounts, including certain reimbursement and indemnification obligations of Parent under the merger agreement. Apax Investors' obligations under the parent fee commitment letter are subject to an aggregate cap equal to \$32.5 million.

### **Material U.S. Federal Income Tax Consequences of the Merger (Page 57)**

For U.S. federal income tax purposes, the receipt of cash by a U.S. Holder (as defined under *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [ ]) in exchange for such U.S. Holder's shares of Quality Distribution, Inc. common stock in the merger generally will result in the recognition of gain or loss in an amount equal to the difference, if any, between the cash such U.S. Holder receives in the merger and such U.S. Holder's adjusted tax basis in the shares of Quality Distribution, Inc. common stock surrendered in the merger. **Shareholders (including Non-U.S. Holders (as defined under *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [ ])) should consult their own tax advisors concerning the U.S. federal income tax consequences relating to the merger in light of their particular circumstances and any consequences arising under the laws of any U.S. state or local or non-U.S. taxing jurisdiction.** A more complete description of the material U.S. federal income tax consequences of the merger is provided under *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [ ].

### **Regulatory Approvals (Page 59)**

#### ***HSR Act and U.S. Antitrust Matters.***

Under the HSR Act and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Antitrust Division of the United States Department of Justice (Antitrust Division) and the FTC and all statutory waiting period requirements have been satisfied or early termination has been granted by the applicable agencies. On May 20, 2015, we and Parent each filed our respective Notification and Report Forms with the Antitrust Division and the FTC. The FTC granted early termination of the HSR Act waiting period on June 1, 2015.

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**Table of Contents**

***CFIUS Approval.***

The merger is subject to approval by CFIUS, which requires that the Committee on Foreign Investments in the United States ( "CFIUS" ) has determined that there are no unresolved national security concerns with respect to the merger and the other transactions contemplated by the merger agreement, has determined that the transaction is not a covered transaction and not subject to review under applicable law or has sent a report to the President of the United States requesting the President's decision on the CFIUS notice submitted by us and Parent and either (1) the period under the Defense Production Act of 1950, as amended, during which the President may announce his decision to take action to suspend, prohibit or place any limitations on the merger or the other transactions contemplated by the merger agreement has expired without any such action being threatened, announced or taken or (2) the President has announced a decision not to take any action to suspend, prohibit or place any limitations on the merger or the other transactions contemplated by the merger agreement (the "CFIUS Approval" ).

**Solicitations of Other Offers (Page 69)**

***Go-Shop Period***

From the date of the merger agreement until 11:59 p.m. (Eastern Time) on June 15, 2015, which period we refer to as the "go-shop period," we and our subsidiaries and our respective representatives are permitted to, directly or indirectly:

initiate, solicit, facilitate and encourage any inquiry or the making of any proposals or offers relating to certain alternative transactions, including by providing access to non-public information relating to the Company and its subsidiaries pursuant to an acceptable confidentiality agreement (as defined in *The Merger Agreement Restrictions on Solicitations of Acquisition Proposals* ), as long as we promptly provide the same non-public information to Parent that was not previously provided to Parent; and

engage and enter into, continue and otherwise participate in discussions or negotiations with respect to potential alternative transactions (as defined in *The Merger Agreement Restrictions on Solicitations of Acquisition Proposals* ) or otherwise cooperate with, or assist or participate in, or facilitate, any such inquiries, proposals, discussions or negotiations.

Upon the conclusion of the go-shop period we are required to immediately cease and terminate any existing solicitation activities, discussions or negotiations with, any third party (other than excluded parties) relating to any acquisition proposal.

Within three business days following the end of the go-shop period, we are required to provide Parent with a written list identifying each excluded party (as defined in *The Merger Agreement Restrictions on Solicitations of Acquisition Proposals* ), if any.

See *The Merger (Proposal 1) Background of the Merger* beginning on page 26 for information regarding the results of the go-shop process to date.

***No-Shop Period***

Except as otherwise provided in the merger agreement, from and after 12:00 a.m. (Eastern Time), on June 16, 2015 until the effective time of the merger, or if earlier, the termination of the merger agreement in accordance with its terms, we and our affiliates and our respective representatives may not:

initiate, solicit, knowingly facilitate or knowingly encourage the submission of an acquisition proposal; or

## **Table of Contents**

engage in, enter into, continue or otherwise participate in any discussions or negotiations regarding or provide any information relating to us or our subsidiaries or afford access to our, or our subsidiaries' business, properties, assets, books or records to any third party in connection with or for the purpose of facilitating or encouraging an acquisition proposal.

Notwithstanding the foregoing restrictions, if, prior to obtaining the required vote of our shareholders to approve and adopt the merger agreement, (i) we receive an unsolicited acquisition proposal from a third party that in the good faith judgment of our board of directors, after consultation with outside legal and financial advisors, constitutes, or would reasonably be expected to lead to, a superior proposal (as defined below under *The Merger Agreement - Restrictions on Solicitations of Acquisition Proposals*) and (ii) other than with respect to taking such actions with an excluded party (for so long as such person remains an excluded party), our board of directors determines in good faith, after consultation with outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law, then we may take the following actions:

provide nonpublic information to the third party and its representatives after entering into an acceptable confidentiality agreement, as long as we promptly provide the same non-public information to Parent that was not previously provided to Parent; and

engage in discussions or negotiations with a third party and its representatives with respect to the acquisition proposal.

### ***Change of Recommendation; Superior Proposal***

Under the merger agreement, generally, our board of directors may not:

withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify), in a manner adverse to Parent, our board of directors' recommendation of the merger contained in this proxy statement; (ii) approve, authorize, adopt or recommend or otherwise declare advisable, or propose publicly to approve, authorize, adopt or recommend or otherwise declare advisable, any acquisition proposal; or (iii) fail to include in the proxy statement when filed the recommendation of our board of directors to the shareholders of the Company to approve and adopt the merger agreement (we refer to any of the foregoing actions as an "change of recommendation"); or

other than an acceptable confidentiality agreement, authorize, adopt, approve recommend or otherwise declare advisable, or cause or permit us to execute or enter into, any letter of intent, memorandum of understanding or definitive merger agreement or other similar agreement relating to any acquisition proposal, which we refer to as "acquisition proposal documentation."

Notwithstanding the foregoing restrictions, subject to our compliance with our obligations under the merger agreement, including providing Parent with advance notice and giving Parent an opportunity to make revisions to the merger agreement, at any time prior to the approval and adoption of the merger agreement by our shareholders, our board of directors may:

make a change of recommendation if there is a change, event, occurrence, state of facts or development that was unknown to our board of directors as of the date of the merger agreement and subsequently becomes known to our board of directors (which such change, event, occurrence, state of facts or development we refer to as an "intervening event"), and our board of directors determines in good faith (after consultation with its outside legal counsel) that the failure to make such change of recommendation would be inconsistent with the directors' fiduciary duties under applicable law; or

make a change of recommendation and/or authorize the termination of the merger agreement in order to enter into a definitive agreement with respect to an acquisition proposal if our board of directors determines in good faith (after consultation with its outside legal counsel and financial advisor) that



## **Table of Contents**

such acquisition proposal constitutes a superior proposal, provided that we may terminate the merger agreement only if we pay to Parent the applicable termination fee under the merger agreement prior to or concurrently with such termination (as described in more detail below under *The Merger Agreement Termination* ).

### **Termination (Page 77)**

The merger agreement may be terminated by mutual written consent of the Company and Parent at any time before the effective time of the merger. In addition, at any time prior to the effective time of the merger (regardless whether our shareholders have previously approved and adopted the merger agreement) either the Company or Parent may terminate the merger agreement if:

the effective time of the merger has not occurred on or before November 6, 2015 (the termination date );

any permanent injunction or other order has been issued by any court of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the merger and such injunction or other order has become final and non-appealable; or

the meeting of our shareholders to approve and adopt the merger agreement (including any adjournment, postponement or recess thereof) has been held and the approval by our shareholders of the proposal to approve and adopt the merger agreement has not been obtained.

provided that the party seeking to terminate the merger agreement has not breached or failed to fulfill any provision of the merger agreement in any manner that was the primary cause of failure of any condition set forth above to have been satisfied on or before the termination date.

We may terminate the merger agreement:

if, at any time prior to receiving the shareholder approval, our board of directors authorizes us to enter into a definitive agreement with respect to a superior proposal to the extent permitted by, and subject to our compliance with, the applicable terms and conditions of the merger agreement, provided that immediately prior, or substantially concurrently (i) we pay to Parent the applicable termination fee and (ii) enter into such definitive agreement with respect to a superior proposal;

if, Parent or Merger Sub has breached any of their respective representations or warranties or failed to perform any covenants or other agreements contained in the merger agreement and such breach or failure would result in certain closing conditions not being satisfied, and such breach is incapable of being cured by the termination date or, if curable, is not cured by Parent prior to the earlier of (x) the 30<sup>th</sup> day after Parent's receipt from us of written notice of such breach or (y) the termination date; or

if, (i) all of the conditions to Parent's and Merger Sub's obligation to consummate the merger are satisfied or have been waived (other than those conditions that by their terms are to be satisfied at the closing, each of which is then capable of being satisfied if the closing were to occur), (ii) we have notified Parent and Merger Sub in writing that we are ready and willing to consummate the merger, and (iii) Parent and Merger Sub fail to consummate the merger within two business days following the date the closing should have occurred pursuant to the merger agreement (a Parent Failure to Close Termination ).

Parent may terminate the merger agreement:

if prior to obtaining the required vote of our shareholders, our board of directors effects a change of recommendation or there will have been a material breach of our covenants regarding acquisition proposals and the go-shop period, the proxy statement or the shareholders meeting which impairs,



## **Table of Contents**

prevents or materially delays the consummation of the transactions contemplated by the merger agreement and, with respect to our covenants regarding the proxy statement and the shareholders meeting, such breaches cannot be or are not cured reasonably promptly after written notice thereof; or

if, we have breached any of our representations or warranties or failed to perform any covenants or other agreements contained in the merger agreement and such breach or failure would result in certain closing conditions not to be satisfied, and such breach is incapable of being cured by the termination date or, if curable, is not cured prior to the earlier of (x) the 30<sup>th</sup> day after our receipt of written notice of such breach from Parent or (y) the termination date.

### **Termination Fees (Page 78)**

The merger agreement provides that, upon termination of the merger agreement under certain circumstances, including termination of the merger agreement by Parent as a result of a change of recommendation by our board of directors or our termination to accept a superior proposal, we will be required to pay Parent a termination fee of (i) \$8.2 million if such termination occurs in respect of a superior proposal from an excluded party or (ii) in all other circumstances, \$16.7 million.

Upon termination of the merger agreement by us or Parent under specified circumstances, Parent will be required to pay us a termination fee of \$32.0 million.

See *The Merger (Proposal 1) The Merger Agreement Termination Fees* beginning on page [ ] for information regarding circumstances under which either the Company or Parent will be obligated to pay a termination fee.

### **Reimbursement of Expenses (Page 79)**

If the merger agreement is terminated by either party because of the failure of our shareholders to approve and adopt the merger agreement, and an acquisition proposal has been publicly announced and not publicly withdrawn prior to our shareholders' meeting to approve and adopt the merger agreement, we will be required to reimburse Parent and its affiliates for all expenses and out-of-pocket costs incurred by Parent, Merger Sub or their respective affiliates in connection with the merger agreement and the transactions contemplated by the merger agreement, including the financing, up to a maximum amount of \$3 million. If we subsequently become obligated to pay a termination fee to Parent, any such expense reimbursement paid by us will reduce the amount of any termination fee payable to Parent.

See *The Merger (Proposal 1) The Merger Agreement Termination Fees* beginning on page [ ] for information regarding circumstances under which we will be obligated to pay expense reimbursement.

### **Appraisal Rights (Page 86)**

At the close of business on [ ], 2015, the record date for the special meeting, the Company's common stock was listed on the NASDAQ. Further, on the record date for the special meeting, the Company's common stock was held by at least 2,000 shareholders and the market value of the common stock held by non-affiliates exceeded \$10,000,000. Therefore, pursuant to section 607.1302(2)(a) of the FBCA, shareholders are not entitled to assert appraisal rights (including those who give timely written notice of intent to demand payment and do not vote any shares in favor of the merger agreement) in connection with the merger agreement, the merger or the other matters to be voted on at the special meeting. Notwithstanding the fact that appraisal rights are not available, a copy of sections 607.1301 - 607.1333 of the FBCA is attached hereto solely for statutory notice purposes.

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

The following questions and answers address briefly some commonly asked questions regarding the special meeting, the merger agreement and the merger. These questions and answers may not address all questions that may be important to you as a shareholder. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents incorporated by reference herein.

**Q: Why am I receiving this proxy statement?**

A: On May 6, 2015, the Company entered into the merger agreement providing for the merger of Merger Sub, a wholly owned subsidiary of Parent, with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Parent. We are sending you this proxy statement and the accompanying materials in connection with the solicitation of proxies by our board of directors and to help you decide how to vote your shares of common stock with respect to the matters to be considered at the special meeting. The merger cannot be completed unless holders of a majority of the outstanding shares of our common stock vote in favor of the proposal to approve and adopt the merger agreement.

**Q: What is the proposed transaction?**

A: The proposed transaction is the merger of Merger Sub with and into the Company pursuant to the merger agreement. Following the effective time of the merger, we will become a privately held company, wholly owned by Parent, and our common stock will be delisted from the NASDAQ and deregistered under the Exchange Act.

**Q: What will I receive in the merger?**

A: If the merger is completed you will be entitled to receive \$16.00 in cash, without interest and less any applicable withholding taxes, for each share of our common stock that you own. For example, if you own 100 shares of common stock, you will be entitled to receive \$1,600 in cash in exchange for your shares of common stock, less any applicable withholding taxes. You will not be entitled to receive shares in the surviving corporation or in Parent.

**Q: Where and when is the special meeting?**

A: The special meeting will take place at [ ] on [ ], 2015, at [ ], Eastern Time.

**Q: What matters will be voted on at the special meeting?**

A: You will be asked to consider and vote on the following proposals:

to approve and adopt the merger agreement;



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to approve, on an advisory (non-binding) basis, compensation that will or may be become payable to our named executive officers in connection with the merger; and

to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

**Q: Who is entitled to vote at the special meeting? How many votes do I have?**

A: The holders of our common stock at the close of business on [ ], 2015, the record date for the special meeting, are entitled to receive notice of and to vote (in person or by proxy) at the special meeting and any adjournment thereof. You are entitled to one vote for each share of common stock that you owned as of the close of business on the record date.

## **Table of Contents**

### **Q: What vote of our shareholders is required to approve the proposal to approve and adopt the merger agreement?**

A: Under Florida law, shareholders holding a majority of the shares of common stock outstanding at the close of business on the record date must vote **FOR** the proposal to approve and adopt the merger agreement. In addition, under the merger agreement, the receipt of this vote is a condition to the consummation of the merger. A failure to vote your shares of common stock or an abstention from voting your shares will have the same effect as a vote **AGAINST** the proposal to approve and adopt the merger agreement.

As of the close of business on [ ], 2015, the record date for the special meeting, there were [ ] shares of common stock outstanding.

### **Q: How will our directors and executive officers vote on the proposal to approve and adopt the merger agreement?**

A: Our directors and executive officers have informed us that, as of the date of this proxy statement, they intend to vote in favor of the proposal to approve and adopt the merger agreement.

As of the close of business on [ ], 2015, the record date for the special meeting, our directors and executive officers owned, in the aggregate, [ ]% of our outstanding shares of common stock.

### **Q: How does our board of directors recommend that I vote?**

A: Our board of directors approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of us and our shareholders. Our board of directors unanimously recommends that our shareholders vote **FOR** the proposal to approve and adopt the merger agreement. Our board of directors also unanimously recommends that our shareholders vote, **FOR** the proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger and **FOR** the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

### **Q: Do any of our directors or executive officers have interests in the merger that may differ from, or be in addition to, my interests as a shareholder?**

A: Yes. In considering the recommendation of our board of directors with respect to the proposal to approve and adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our shareholders generally. Our board of directors was aware of, and considered, these differing interests, among other matters, in evaluating and negotiating the merger agreement, and our board of directors unanimously recommends that the merger agreement be approved and adopted by our shareholders. See *The Merger (Proposal 1) Interests of Our Directors and Executive Officers in the Merger*.

### **Q: What vote of our shareholders is required to approve other matters to be presented at the special meeting?**

A: The proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger, as well as the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement, each require the affirmative vote of holders of a majority of the shares of common stock voted on such proposal at the special meeting.



## **Table of Contents**

### **Q: What is a quorum?**

A: A quorum will be present if holders of a majority of the shares of common stock outstanding as of the close of business on the record date are present in person or represented by proxy at the special meeting. Under our amended and restated by-laws, if a quorum is not present at the special meeting, a majority of the shares represented at the meeting may adjourn the meeting to another place, date or time.

If you submit a proxy but fail to provide voting instructions or abstain on any of the proposals listed on the proxy card, your shares will be counted for purpose of determining whether a quorum is present at the special meeting.

If your shares are held in street name by your broker, bank or other nominee and you do not tell the nominee how to vote your shares, these shares will not be counted for purposes of determining whether a quorum is present for the transaction of business at the special meeting.

### **Q: What effects will the merger have on the Company?**

A: Our common stock is currently registered under the Exchange Act and quoted on the NASDAQ under the symbol QLTY. As a result of the merger, the Company will cease to be a publicly traded company and will be a wholly owned subsidiary of Parent. Following the consummation of the merger, the registration of our common stock and our reporting obligations under the Exchange Act will be terminated. In addition, our common stock will no longer be listed on any stock exchange or quotation system, including the NASDAQ.

### **Q: What happens if the merger is not consummated?**

A: If the merger agreement is not approved and adopted by our shareholders, or if the merger is not consummated for any other reason, our shareholders will not receive any payment for their shares. Instead, we will remain a public company and shares of our common stock will continue to be listed and traded on the NASDAQ, and we will continue to file periodic reports with the SEC.

Under specified circumstances, we may be required to reimburse certain of Parent's expenses incurred in respect of the transactions contemplated by the merger agreement or pay Parent a termination fee, or we may be entitled to receive a reverse termination fee from Parent, upon the termination of the merger agreement. See *The Merger Agreement* *Termination Fees*.

### **Q: What will happen if shareholders do not approve the advisory (non-binding) proposal on executive compensation that will or may become payable to our named executive officers in connection with the merger?**

A: The approval of this proposal is not a condition to the completion of the merger. SEC rules require us to seek approval on an advisory (non-binding) basis of certain payments that will or may become payable to our named executive officers in connection with the merger. The vote on this proposal is an advisory vote and will not be binding on us or on Parent. If the merger agreement is approved and adopted by our shareholders and the merger is completed, the merger-related compensation may be paid to our named executive officers even if shareholders fail to approve this proposal.

### **Q: What do I need to do now?**

A: We urge you to read this proxy statement carefully, including its annexes and the documents incorporated by reference herein, and to consider how the merger affects you. Then complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying postage-paid envelope or grant your proxy electronically over the Internet or by telephone, so that your shares can be voted at the special meeting. If you hold your shares in street name, please refer to the voting instruction forms provided by your bank, broker or other nominee to vote your shares. **Please do not send your stock certificates with your proxy card.** Your vote is important. A failure to

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vote your shares of common stock will have the same effect as a vote AGAINST the proposal to approve and adopt the merger agreement.

## **Table of Contents**

### **Q: How do I vote my shares of common stock?**

A: If you are a shareholder of record (that is, if your shares of common stock are registered in your name with Georgeson, our transfer agent), there are four ways to vote:

by completing, dating, signing and returning the enclosed proxy card by mail using the accompanying postage-paid envelope;

by calling the toll-free number (within U.S. or Canada) listed on your proxy card;

by submitting a proxy by Internet, at the address provided on your proxy card; or

by attending the special meeting and voting in person.

If you hold your shares in street name through a broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the proposal to approve and adopt the merger agreement.

### **Q: What should I do if I want to attend the special meeting and vote in person?**

A: All holders of shares of common stock as of the close of business on the record date for the special meeting, including shareholders of record and beneficial owners of common stock registered in the street name of a bank, broker or other nominee, are invited to attend the special meeting. If you are a shareholder of record, please be prepared to provide proper identification, such as a driver's license. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or voting instruction form provided by your bank, broker or other nominee or other similar evidence of ownership, along with proper identification.

Even if you plan to attend the special meeting in person, we encourage you to complete, sign, date and return the enclosed proxy or vote electronically over the Internet or via telephone to ensure that your shares will be represented at the special meeting. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. If you hold your shares in street name, because you are not the shareholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid legal proxy from your bank, broker or other nominee.

### **Q: Can I revoke my proxy?**

A: Yes. You can revoke your proxy at any time before the vote is taken at the special meeting. If you are a shareholder of record, you may revoke your proxy by notifying our Corporate Secretary in writing at Quality Distribution, Inc., Attn: Corporate Secretary, 4041 Park Oaks Boulevard, Suite 200, Tampa, FL 33610, or by submitting a new proxy by telephone, the Internet or mail, in each case, dated after the date of the proxy being revoked. In addition, you may revoke your proxy by attending the special meeting and voting in person (simply attending the special meeting will not cause your proxy to be revoked). Please note that if you hold your shares in street name and you have instructed a broker, bank or other nominee to vote your shares, the above-described options for revoking your voting instructions do not apply, and instead you must follow the instructions received from your broker, bank or other nominee to revoke your voting instructions.

### **Q: What happens if I do not vote?**

- A: The vote required to approve and adopt the merger agreement is based on the total number of shares of common stock outstanding as of the close of business on the record date, not just the shares that are voted. If you do not vote, it will have the same effect as a vote against the proposal to approve and adopt the merger agreement.

## **Table of Contents**

If the merger is completed, whether or not you voted at the special meeting, you will be entitled to receive the merger consideration for your shares of common stock upon completion of the merger.

**Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, banker or other nominee vote my shares for me?**

A: Your broker will *not* vote your shares on your behalf unless you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct it to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting **AGAINST** the approval and adoption of the merger agreement, but will have no effect for purposes of the advisory (non-binding) vote on merger-related executive compensation or the proposal to approve the proposal to adjourn the special meeting, if necessary or appropriate to, among other things, solicit additional proxies.

**Q: Will my shares held in street name or another form of record ownership be combined for voting purposes with shares I hold of record?**

A: No. Because any shares you may hold in street name will be deemed to be held by a different shareholder than any shares you hold of record, any shares so held will not be combined for voting purposes with shares you hold of record. Similarly, if you own shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Shares held by a corporation or business entity must be voted by an authorized officer of the entity. Shares held in an individual retirement account must be voted under the rules governing the account.

**Q: What happens if I sell my shares of common stock before completion of the merger?**

A: If you transfer your shares of common stock before completion of the merger, you will have transferred your right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares of common stock through completion of the merger.

The record date for shareholders entitled to vote at the special meeting is earlier than the date on which the merger will be consummated. Consequently, if you transfer your shares of common stock after the record date but before the special meeting, you will have transferred your right to receive the merger consideration in the merger, but retained the right to vote at the special meeting.

**Q: Should I send in my stock certificates or other evidence of ownership now? How will I receive merger consideration for my shares?**

A: **No, do not send in your certificates now.** After the merger is completed, if you hold shares represented by certificates, you will receive a letter of transmittal from the paying agent for the merger with detailed written instructions for exchanging your shares of common stock for the merger consideration and if you hold book entry shares you will receive a check or wire transfer for the merger consideration with respect to such shares. If your shares of common stock are held in street name by your broker, bank or other nominee, you may receive instructions from your broker, bank or other nominee as to what action, if any, you need to take to effect the surrender of your street name shares in exchange for the merger consideration.

**Q: I do not know where my stock certificate is how will I get the merger consideration for my shares?**



## Edgar Filing: QUALITY DISTRIBUTION INC - Form PREM14A

- A: If the merger is completed, the transmittal materials you will receive after the completion of the merger will include the procedures that you must follow if you cannot locate your stock certificate. This will include an affidavit that you will need to sign attesting to the loss of your stock certificate. You may also be required to provide a customary indemnity agreement in order to cover any potential loss.

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**Table of Contents**

**Q: Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares of common stock?**

A: At the close of business on [ ], 2015, the record date for the special meeting, the Company's common stock was listed on the NASDAQ. Further, on the record date for the special meeting, the Company's common stock was held by at least 2,000 shareholders and the market value of the common stock held by non-affiliates exceeded \$10,000,000. Therefore, pursuant to section 607.1302(2)(a) of the FBCA, shareholders are not entitled to assert appraisal rights (including those who give timely written notice of intent to demand payment and do not vote any shares in favor of the merger agreement) in connection with the merger agreement, the merger or the other matters to be voted on at the special meeting. Notwithstanding the fact that appraisal rights are not available, a copy of sections 607.1301 - 607.1333 of the FBCA is attached hereto solely for statutory notice purposes.

**Q: Will I have to pay taxes on the merger consideration I receive?**

A: The receipt of cash in exchange for shares of common stock pursuant to the merger generally will be a taxable transaction for U.S. federal income tax purposes. You should consult your tax advisor regarding the particular tax consequences to you of the exchange of shares of common stock for cash pursuant to the merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

**Q: What are the U.S. federal income tax consequences of exchanging my shares of Quality Distribution, Inc. common stock pursuant to the merger?**

A: If you are a U.S. Holder (as defined under The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 57), the exchange of shares of Quality Distribution, Inc. common stock for cash in the merger generally will result in the recognition of gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received in the merger and your adjusted tax basis in the shares of Quality Distribution, Inc. common stock surrendered in the merger. Shareholders (including Non-U.S. Holders (as defined under The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 57)) should consult their own tax advisors concerning the U.S. federal income tax consequences relating to the merger in light of their particular circumstances and any consequences arising under the laws of any U.S. state or local or non-U.S. taxing jurisdiction.

**Q: What does it mean if I get more than one proxy card or voting instruction card?**

A: If your shares are registered differently or are held in more than one account, you will receive more than one proxy card or voting instruction card. Please complete and return all of the proxy cards or voting instruction cards you receive (or submit each of your proxies by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

**Q: Who can help answer my other questions?**

A: If you have more questions about the merger, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact Georgeson, which is acting as our proxy solicitation agent in connection with the merger.



**Table of Contents**

**480 Washington Boulevard, 26<sup>th</sup> Floor**

**Jersey City, NJ 07310**

**Shareholders, Banks and Brokers**

**Call Toll Free:**

**866-216-0459**

**Or email: [Quality@georgeson.com](mailto:Quality@georgeson.com)**

**Table of Contents**

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This proxy statement, and the documents herein incorporated by reference, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time and which could cause the actual results to differ materially from such forward-looking statements. In some cases, you can identify forward-looking statements by words such as believe, expect, may, could, should, plan, project, anticipate, intend, estimate, contemplate, would and the negative of these terms and other similar expressions that contemplate future events. Such forward-looking statements include statements about the expected completion and timing of the merger and other information relating to the merger. Although we believe that the expectations reflected in forward-looking statements contained in or incorporated by reference into this proxy statement are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on our business or operations. The forward-looking statements contained in or incorporated by reference into this proxy statement speak only as of the date on which such statements were made, and we undertake no obligation to update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. Important factors that could cause actual results to differ materially from those indicated by any forward-looking statements contained in or incorporated by reference in this proxy statement include:

the inability to consummate the merger within the expected time period, or at all, for any reason, including due to the failure to obtain the shareholder approval and adoption of the merger and the merger agreement or failure to satisfy the other conditions to the completion of the merger (including the receipt of required regulatory approvals);

the occurrence of any event, change or other circumstance that could result in the termination of the merger agreement, and the possibility that we would be required to pay either a \$8.2 million or \$16.7 million termination fee, as applicable, in connection therewith, which fees could require the Company to seek loans or use its available cash that would have otherwise been available for operations, dividends or other general corporate purposes;

if the merger agreement is terminated, under certain circumstances, we may be obligated to reimburse Parent for costs incurred related to the merger, which costs could require us to seek loans or use our available cash that would have otherwise been available for operations, dividends or other general corporate purposes;

the failure of Parent to obtain the equity or debt financing contemplated by the financing commitments entered into in connection with the merger agreement, or alternative financing if necessary, or the failure of any such financing to be sufficient to consummate the merger and the other transactions contemplated by the merger agreement;

the diversion of management and employee attention from our ongoing business operations due to the pendency of the merger;

the effect of the announcement of the merger on our ability to retain and hire key personnel and maintain relationships with our customers, suppliers, and others with whom we do business, or on our operating results and business generally;

changes in general economic conditions or the economic conditions of the industries and markets within which we operate;

the nature, cost and outcome of any pending or future legal proceedings against us or others relating to the transactions contemplated by the merger agreement;

the effect of the costs, fees, expenses and charges related to the transactions contemplated by the merger agreement;



**Table of Contents**

declines in our stock price which may occur if the merger is not completed within the expected time frame or at all;

the potential adverse effect on our business, properties and operations because of certain covenants we agreed to in the merger agreement;

certain of our executive officers and directors have interests in the merger that are different from, or in addition to, the interests of the Company shareholders generally, which could have influenced their decision to support or approve the merger;

the merger agreement contains provisions that could discourage a potential acquiror of the Company from seeking to acquire the Company or could result in a competing proposal being offered at a lower price than it might otherwise be;

At the close of business on [ ], 2015, the record date for the special meeting, the Company's common stock was listed on the NASDAQ. Further, on the record date for the special meeting, the Company's common stock was held by at least 2,000 shareholders and the market value of the common stock held by non-affiliates exceeded \$10,000,000. Therefore, pursuant to section 607.1302(2)(a) of the FBCA, shareholders are not entitled to assert appraisal rights (including those who give timely written notice of intent to demand payment and do not vote any shares in favor of the merger agreement) in connection with the merger agreement, the merger or the other matters to be voted on at the special meeting. Notwithstanding the fact that appraisal rights are not available, a copy of sections 607.1301 - 607.1333 of the FBCA is attached hereto solely for statutory notice purposes.

the merger agreement contains provisions that grant our board of directors the ability to terminate the merger agreement in certain circumstances based on the exercise of the directors' duties;

the fact that receipt of the all-cash merger consideration would be taxable to our shareholders that are treated as U.S. persons for U.S. federal income tax purposes; and

other risks detailed in our filings with the SEC, including those discussed in the sections titled *Risk Factors* and *Cautionary Statement Regarding Forward-Looking Information* in our most recent filings on Forms 10-K and 10-Q.

Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, you should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements.

**Table of Contents**

**THE PARTIES TO THE MERGER AGREEMENT**

**Quality Distribution, Inc.**

Quality Distribution, Inc. is a Florida corporation with principal executive offices located at 4041 Park Oaks Boulevard, Suite 200, Tampa, FL 33610. We operate the largest chemical bulk tank truck network in North America through QCI, and are also the largest provider of intermodal International Organization for Standardization tank container and depot services in North America through Boasso. We also provide logistics and transportation services, including the transportation of crude oil, production fluids and fresh water to the unconventional oil and gas market through QCER. We operate an asset-light business model and service customers across North America through a network of 96 terminals servicing the chemical market, 14 terminals servicing the energy market and 9 ISO tank depot services terminals (intermodal) servicing the chemical and other bulk liquid markets. A detailed description of our business is contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which is incorporated by reference into this proxy statement. See *Where You Can Find Additional Information*.

**Gruden Acquisition, Inc. and Gruden Merger Sub, Inc.**

Gruden Acquisition, Inc. is a Delaware corporation formed by funds advised by Apax Partners LLP. Gruden Merger Sub, Inc. is a Florida corporation and a wholly owned subsidiary of Parent. Both Parent and Merger Sub were formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. Neither Parent nor Merger Sub has engaged in any business except for activities incidental to their formation and as contemplated by the merger agreement. The principal executive offices of both Parent and Merger Sub are located at 601 Lexington Ave, 53rd floor, New York, NY 10022.



## **Table of Contents**

### **THE SPECIAL MEETING**

#### **Date, Time and Place of the Special Meeting**

This proxy statement is being furnished to our shareholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held at [ ] on [ ], 2015, starting at [ ], Eastern Time, or at any adjournment or postponement thereof.

#### **Purpose of the Special Meeting**

The purpose of the special meeting is for our shareholders to consider and vote upon the merger agreement. Our shareholders must approve and adopt the merger agreement for the merger to occur. If our shareholders fail to approve the proposal to approve and adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached as Annex A to this proxy statement and the material provisions of the merger agreement are described under *The Merger Agreement*. Our shareholders are also being asked to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

In addition, in accordance with Section 14A of the Exchange Act, we are providing our shareholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may be paid or become payable to our named executive officers in connection with the merger, the value of which is disclosed in *The Merger Interests of Our Directors and Executive Officers in the Merger*. This advisory (non-binding) vote on compensation is a vote separate and apart from the vote to approve the merger. Accordingly, a shareholder may vote to approve the compensation that may be paid or become payable to our named executive officers in connection with the merger and still vote not to approve and adopt the merger agreement, or vice versa. Because the vote is advisory, it will not be binding on us or Parent. Accordingly, if the merger is approved and adopted by our shareholders, we intend to pay the disclosed compensation to our named executive officers in accordance with our existing contractual obligations regardless of the outcome of the advisory (non-binding) vote on the compensation that may be paid or become payable to our named executive officers in connection with the merger.

#### **Recommendation of Our Board of Directors**

After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and adoption at the special meeting. Certain factors considered by our board of directors in reaching its decision to approve the merger and to approve and adopt the merger agreement can be found in the section entitled *The Merger Reasons for the Merger*.

***Our board of directors unanimously recommends that shareholders vote FOR approval and adoption the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, FOR the proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger and FOR the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.***

#### **Record Date and Quorum**

The holders of record of our common stock as of the close of business on [ ], 2015, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting and any adjournment thereof. As of the close of business on the record date, [ ] shares of common stock were outstanding.

## **Table of Contents**

The presence at the special meeting, in person or by proxy, of the holders of a majority of shares of common stock outstanding as of the close of business on the record date will constitute a quorum, permitting us to conduct business at the special meeting. Under our amended and restated by-laws, in the absence of a quorum at the special meeting, the special meeting may be adjourned by a majority of the shares represented at the meeting to another place, date or time.

Once a share is present, either in person or by proxy, at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment or postponement of the special meeting. However, if a new record date for the special meeting is set by our board of directors, then a new quorum will have to be established. Proxies received, but marked as abstentions, will be included in the calculation of the number of shares considered to be present at the special meeting.

### **Required Vote**

To complete the merger, under Florida law, shareholders holding a majority of the shares of common stock outstanding at the close of business on the record date must vote **FOR** the proposal to adopt of the merger agreement. In addition, under the merger agreement, the receipt of this vote is a condition to the consummation of the merger. The failure to vote your shares of common stock or an abstention from voting your shares will have the same effect as a vote **AGAINST** the proposal to approve and adopt the merger agreement.

The proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger, as well as the proposal to approve the proposal to adjourn the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement and thereby approve the transactions contemplated by the merger agreement, including the merger, each require the affirmative vote of holders of a majority of the shares of common stock voted on such proposal at the special meeting. As a result, abstentions and failures to vote will have no effect on the outcome of these proposals.

### **Voting by the Company's Directors and Executive Officers**

At the close of business on the record date, our directors and executive officers were entitled to vote [ ] shares of common stock, or approximately [ ]% of the shares of common stock outstanding on the record date. We currently expect our directors and executive officers will vote their shares in favor of each of the proposals to be considered at the special meeting, although none of them is obligated to do so.

### **Voting; Proxies; Revocation**

#### ***Attendance***

All holders of shares of common stock as of the close of business on the record date for voting at the special meeting, including shareholders of record and beneficial owners of common stock registered in the street name of a bank, broker or other nominee, are invited to attend the special meeting. If you are a shareholder of record, please be prepared to provide proper identification, such as a driver's license. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or voting instruction form provided by your bank, broker or other nominee or other similar evidence of ownership, along with proper identification.

#### ***Voting in Person***

Shareholders of record will be able to vote in person at the special meeting. If you are not a shareholder of record, but instead hold your shares in street name through a bank, broker or other nominee, you must provide a legal proxy executed in your favor from your bank, broker or other nominee in order to be able to vote in person at the special meeting.

## **Table of Contents**

### ***Submitting a Proxy or Providing Voting Instructions***

To ensure that your shares are voted at the special meeting, we recommend that you provide voting instructions promptly by proxy, even if you plan to attend the special meeting in person.

*Shares Held by Record Holder.* If you are a shareholder of record, you may provide voting instructions by proxy using one of the methods described below.

*Submit a Proxy by Telephone or via the Internet.* This proxy statement is accompanied by a proxy card with instructions for submitting voting instructions. You may vote by telephone by calling the toll-free number or via the Internet by accessing the Internet address as specified on the enclosed proxy card. Your shares will be voted as you direct in the same manner as if you had completed, signed, dated and returned your proxy card, as described below.

*Submit a Proxy Card.* If you complete, sign, date and return the enclosed proxy card by mail so that it is received in time for the special meeting, your shares will be voted in the manner directed by you on your proxy card.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of each of (i) the proposal to approve and adopt the merger agreement, (ii) the proposal to approve, on an advisory (non-binding) basis, compensation that will or may become payable to our named executive officers in connection with the merger and (iii) the proposal to approve the proposal to adjourn of the special meeting from time to time, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve and adopt the merger agreement.

If you fail to return your proxy card, unless you attend the special meeting and vote in person, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote AGAINST the proposal to approve and adopt the merger agreement, but will not affect the vote on the proposal to approve, on an advisory basis, the compensation payable to our named executive officers in connection with the merger or the proposal to adjourn the special meeting, if necessary or appropriate to, among other things, solicit additional proxies in favor of the approval and adoption of the merger agreement.

*Shares Held in Street Name.* If your shares are held by a bank, broker or other nominee on your behalf in street name, your bank, broker or other nominee will send you instructions as to how to provide voting instructions for your shares by proxy. Many banks and brokerage firms have a process for their customers to provide voting instructions by telephone or via the Internet, in addition to providing voting instructions by proxy card.

In accordance with the applicable rules, banks, brokers and other nominees who hold shares of common stock in street name for their customers do not have discretionary authority to vote the shares with respect to any of the proposals to be acted on at the special meeting. If you hold your shares in street name, the failure to instruct your broker, bank or other nominee on how to vote your shares will result in a broker non-vote, and each broker non-vote will count as a vote AGAINST the proposal to approve adopt the merger agreement, but will not affect the vote on the proposal to approve, by advisory (non-binding) vote, compensation that will or may become payable to our named executive officers in connection with the merger or the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate to, among other things, solicit additional proxies if there are insufficient votes at the time of the special meetings to approve the proposal to approve and adopt the merger agreement.

## **Table of Contents**

### ***Revocation of Proxies***

Any person giving a proxy pursuant to this solicitation has the power to revoke and change it any time before it is voted. If you are a shareholder of record, you may revoke your proxy at any time before the vote is taken at the special meeting by:

submitting a new proxy with a later date, by using the telephone or Internet proxy submission procedures described above, or by completing, signing, dating and returning a new proxy card by mail;

attending the special meeting and voting in person; or

delivering to our Corporate Secretary of the Company a written notice of revocation c/o Quality Distribution, Inc., 4041 Park Oaks Boulevard, Suite 200, Tampa, FL 33610.

Please note, however, that only your last-dated proxy will count. Attending the special meeting without taking one of the actions described above will not in itself revoke your proxy. Please note that if you want to revoke your proxy by mailing a new proxy card to the Company or by sending a written notice of revocation, you should insure that you send your new proxy card or written notice of revocation in sufficient time for it to be received by us before the special meeting.

If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee in order to revoke your proxy or submit new voting instructions.

### **Abstentions**

An abstention occurs when a shareholder attends a meeting, either in person or by proxy, but abstains from voting. Abstentions will be included in the calculation of the number of shares of common stock represented at the special meeting for purposes of determining whether a quorum has been achieved. Abstaining from voting will have the same effect as a vote **AGAINST** the proposal to approve and adopt the merger agreement, but will not affect the vote on the approval, on an advisory basis, of compensation payable to our named executive officers in connection with the merger or the proposal to adjourn the special meeting, if necessary or appropriate to, among other things, solicit additional proxies in favor of the approval and adoption of the merger agreement.

### **Adjournments and Postponements**

Our shareholders are being asked to approve a proposal to adjourn the special meeting from time to time, if necessary or appropriate, for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger. If this proposal is approved and adopted by our shareholders, the special meeting could be adjourned to any date for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger. If there is not a quorum present at the special meeting, under our amended and restated by-laws, the special meeting may be adjourned by a majority of the shares represented at the meeting.

Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow our shareholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

### **Solicitation of Proxies**

Our board of directors is soliciting your proxy, and we will bear the cost of soliciting proxies. This includes the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners

## **Table of Contents**

of our outstanding common stock. Georgeson, a proxy solicitation firm, has been retained to assist us in the solicitation of proxies for the special meeting. As of the record date, we have paid [ ] approximately \$[ ] for the solicitation of proxies in connection with the special meeting and other advisory work, and we expect to pay [ ], in the aggregate, approximately \$[ ]. Proxies may be solicited by mail, personal interview, e-mail, telephone, or via the Internet by [ ] or, without additional compensation, by certain of our directors, officers and employees.

## **Other Information**

You should not return your stock certificate or send documents representing common stock with the proxy card. If the merger is completed, the paying agent for the merger will send you a letter of transmittal and instructions for exchanging your shares of common stock for the merger consideration.

## **Table of Contents**

### **THE MERGER (PROPOSAL 1)**

#### **Certain Effects of the Merger**

If the merger agreement is approved and adopted by our shareholders and the other conditions to the closing of the merger specified in the merger agreement are either satisfied or waived, Merger Sub will be merged with and into the Company with the Company continuing as the surviving corporation in the merger.

Upon the consummation of the merger, each share of our common stock issued and outstanding immediately prior to the effective time of the merger (other than shares we own or shares owned by Parent or Merger Sub) will be converted into the right to receive \$16.00 in cash.

Our common stock is currently registered under the Exchange Act and is quoted on the NASDAQ under the symbol **QLTY**. As a result of the merger, we will cease to be a publicly traded company and will be wholly owned by Parent. Following the consummation of the merger, the registration of our common stock and our reporting obligations under the Exchange Act will be terminated. In addition, upon the consummation of the merger, our common stock will no longer be listed on any stock exchange or quotation system, including the NASDAQ.

#### **Background of the Merger**

*The following chronology summarizes material events and contacts that led to the signing of the merger agreement. It does not purport to catalogue every conversation among our board of directors, members of our senior management team or our representatives and other parties with respect to the merger.*

As part of the ongoing evaluation of our business, our board of directors and members of our senior management team periodically review and assess our business, operations and financial performance and industry and market conditions as they may impact our long-term strategic goals and plans, including the assessment of potential opportunities to maximize shareholder value.

Our senior management team, led by our chairman and chief executive officer, Gary R. Enzor, and our executive vice president and chief financial officer, Joseph J. Troy, regularly meets with investors and other market participants. Over the past few years, Mr. Enzor and Mr. Troy met, among others, representatives of Apax Partners LLP (together with and on behalf of certain funds advised by it, **Apax**) at various industry gatherings and elsewhere and from time to time had general conversations regarding our industry, market conditions and the Company.

In early April 2014, Ashish Karandikar of Apax contacted Mr. Enzor to request a meeting. On April 15, 2014, Mr. Karandikar and Mr. Enzor met in Tampa, Florida and Mr. Karandikar informed Mr. Enzor that Apax was interested in exploring a potential transaction with the Company. On April 16, 2014, Mr. Enzor informally advised Alan Schumacher, our lead independent director, of Apax's interest in exploring a potential transaction with the Company. On a subsequent date, Mr. Enzor informally discussed with various board members the preliminary nature of Apax's expression of interest and, based on these discussions, a formal response was not made. Mr. Enzor informed the directors that he would keep them apprised of any further developments or contacts with representatives of Apax.

In early May 2014, Mr. Karandikar called Mr. Enzor to reiterate Apax's interest in a potential transaction with the Company and requested a meeting with Mr. Enzor and Mr. Troy to discuss the Company's business and financial results. Mr. Enzor informally notified Mr. Schumacher and other members of our board of directors, and on May 8, 2014, the Company and Apax entered into a confidentiality agreement to facilitate the meeting and exchange of information.

On May 16, 2014, representatives of Apax traveled to Tampa, Florida and met with Mr. Enzor and Mr. Troy. At the meeting, representatives of Apax and Mr. Enzor and Mr. Troy discussed general industry dynamics, the Company's business, financial and operating performance and other publicly available

## **Table of Contents**

information. A telephonic discussion between Mr. Troy and representatives of Apax was held on May 22, 2015 to address additional questions regarding the Company's business. On June 2, 2014, Mr. Karandikar called Mr. Enzor and Mr. Troy and requested a meeting with management to further discuss the Company's financial and operating information, so that Apax could refine its valuation analysis. On June 4, 2014, Mr. Troy met with representatives of Apax in Tampa, Florida, and the parties further discussed the Company's business, financial and operating performance.

At a June 9, 2014 meeting of our board of directors, Mr. Enzor provided our board of directors with a summary of senior management's recent meetings and discussions with representatives of Apax and its potential interest in pursuing a transaction involving the Company. Mr. Enzor reported that Apax had indicated a willingness to submit a written proposal. Following a discussion among the directors and senior management regarding Apax's potential interest as well as the Company's broader long-term plans, the board directed Mr. Enzor to inform Apax that the board of directors would consider a written proposal from Apax, if it chose to submit one. Mr. Enzor was also directed not to engage in substantive discussions with Apax regarding the terms and conditions of any proposal until authorized to do so by the board of directors.

On June 13, 2014, Mr. Karandikar called Mr. Enzor to communicate Apax's interest in making a formal proposal to acquire the Company. Later that afternoon, Apax delivered a letter to our board outlining a preliminary non-binding proposal for the purchase of 100% of the outstanding common shares of the Company by Apax at a price per share of \$16.75-\$17.00 in cash. The closing price of the Company's shares on June 13, 2014 was \$15.11 per share. Apax's proposal included a request that the Company enter into exclusive negotiations with Apax regarding a potential transaction for a period of five weeks.

At a June 18, 2014 meeting of our board of directors, the board considered the Apax proposal and discussed an appropriate response. At the outset of the meeting, a representative of Shumaker, Loop & Kendrick LLP, the Company's regular Florida counsel ( "Shumaker"), instructed the board of directors regarding its fiduciary duties owed to the Company's shareholders. Representatives of Fried, Frank, Harris, Shriver & Jacobson LLP, the Company's outside counsel ( "Fried Frank"), reviewed the terms and conditions contained in the Apax proposal. The board of directors instructed management to contact an investment bank to assist the Company in conducting a valuation analysis of the Company and reviewing potential strategic alternatives available to it. The board of directors further instructed management to inform Apax that a response to its proposal would be forthcoming after the board of directors had an opportunity to fully consider the intrinsic value of the Company. Mr. Enzor and Mr. Troy contacted representatives of Apax later that day to communicate the board of directors' determination. On behalf of the Company, senior management requested that Investment Bank Z provide the board of directors with Investment Bank Z's perspectives on the intrinsic value of the Company.

On July 2, 2014, Mr. Enzor, Mr. Troy and Mr. Karandikar discussed the status of our board of directors' consideration of the Apax proposal. Mr. Enzor informed Mr. Karandikar that the board of directors' review was continuing and that the Company would need additional time before responding to the proposal.

At an August 5, 2014 meeting of our board of directors, at which members of senior management, representatives of Investment Bank Z and Fried Frank were also present, Investment Bank Z discussed with the board of directors its perspective on the valuation of the Company. After discussion among the members of the board, senior management and other parties in attendance, our board of directors determined not to pursue Apax's proposal and instead instructed senior management to continue to focus on operating the business in accordance with the Company's strategic plan. Our board of directors believed that at that time the Company's shareholders would be better served by having our management team focus on executing the strategic plan, including a potential debt refinancing that the Company was considering, rather than pursuing a transaction with Apax.

At the direction of our board of directors, on August 8, 2014, Mr. Enzor and Mr. Troy called Mr. Karandikar to inform him that, after consideration of Apax's June 13 proposal, our board of directors had determined not to

## **Table of Contents**

pursue a potential transaction with Apax and the Company would instead continue to focus on the execution of its strategic plan. Mr. Karandikar acknowledged the position of our board of directors and asked whether the Company would be willing to share details of its strategic plan so that Apax might take that into account in determining whether it could improve its proposal. Mr. Enzor and Mr. Troy declined to provide this information to Apax but advised Mr. Karandikar that our board of directors would carefully consider any improved proposal, if Apax wished to submit one. There were no further discussions regarding Apax's June 13 proposal.

On November 6, 2014, Mr. Karandikar contacted Mr. Enzor and Mr. Troy to request a meeting. On November 11, 2014, after sharing such request with Alan Schumacher, Mr. Enzor and Mr. Troy met with Mitch Truitt, the Co-Chief Executive Officer of Apax, and Mr. Karandikar in New York City while there on other Company business. During this meeting, Mr. Truitt and Mr. Karandikar indicated that Apax remained interested in pursuing a potential transaction involving the Company at a proposed purchase price of \$17.00 per share in cash. Mr. Truitt also indicated that Apax would submit a written proposal to our board of directors, if desired. On November 13 and 14, 2014, Mr. Enzor and Mr. Troy engaged in additional discussions with representatives of Apax regarding the Company's business and prospects. During these discussions, Mr. Enzor and Mr. Troy advised Mr. Karandikar that the proposed purchase price of \$17.00 per share was unlikely, at that time, to generate significant interest by our board of directors.

At a November 25, 2014 meeting of our board of directors, at which members of the Company's senior management team and a representative of Fried Frank were also present, Mr. Enzor and Mr. Troy conveyed to the board of directors the substance of their November 11 meeting (and follow-up discussions) with representatives of Apax, including Apax's continued interest in a potential transaction involving the Company and its proposed purchase price of \$17.00 per share. Following discussion, our board of directors instructed Mr. Enzor and Mr. Troy to request a written proposal from Apax reflecting the terms and conditions of its proposal. Our board of directors also directed Mr. Enzor and Mr. Troy not to discuss potential future employment arrangements with representatives of Apax, in the event that topic was raised. At the conclusion of its November 25 meeting, our board of directors instructed the senior management team to organize meetings with several investment banks for the purpose of selecting a financial advisor to the Company in the event the board of directors determined to engage in discussions with Apax concerning a potential transaction or to pursue a different strategic alternative.

Following the November 25 meeting, Mr. Enzor and Mr. Troy contacted representatives of Apax and requested a written proposal letter reflecting the terms and conditions of its proposal. Later that day, Apax submitted a letter to the board of directors outlining a preliminary non-binding proposal for the purchase of 100% of the outstanding common stock of the Company by Apax for a purchase price of \$17.50 to \$18.00 per share in cash. The closing price for the Company's shares on November 25, 2014 was \$12.47 per share. In its letter, Apax also requested exclusive negotiations for a period of five weeks.

At a December 8, 2014 meeting of our board of directors, representatives of RBC Capital Markets and three other investment banks met in Tampa, Florida with our board of directors regarding a potential engagement as financial advisor to the Company in connection with its review of potential strategic alternatives, including a potential transaction with Apax. Members of the senior management team and a representative of Fried Frank also attended these meetings. Each investment bank provided general perspectives regarding then current market conditions, preliminary financial matters relating to the Company based on publicly available information and certain potential strategic alternatives that could be considered by the board of directors, including a potential sale of the Company, a divestiture of its energy business, a potential leveraged recapitalization or share repurchase, or a potential refinancing of the Company's debt.

On December 9, 2014, Apax contacted Mr. Enzor and Mr. Troy to inquire as to the Company's response to its November 25 proposal. On December 10, 2014, Mr. Enzor and Mr. Troy informed representatives of Apax that the board of directors was considering the proposal in the context of other potential strategic alternatives, and would not be in a position to respond to Apax's proposal until it had fully evaluated the Apax proposal and other potential strategic alternatives with its advisors.



## **Table of Contents**

At a December 15, 2014 meeting of our board of directors, the sessions held on December 8 with representatives of RBC Capital Markets and the three other investment banks were discussed. Our board of directors unanimously determined that RBC Capital Markets would be the preferred investment bank to serve as the Company's financial advisor based on, among other things, its qualifications, experience, reputation, knowledge of the trucking and transportation industry generally and specific knowledge of the Company. Our board of directors directed representatives of Fried Frank to work with RBC Capital Markets to determine RBC Capital Markets' relationships with Apax and its affiliates, and to identify steps to mitigate actual or potential conflicts of interest, if any. Fried Frank was also directed by our board of directors to negotiate with Investment Bank X regarding the terms of a potential engagement in the event that our board of directors determined to engage a second financial advisor.

At December 16 and December 18, 2014 meetings of our board of directors, representatives of Fried Frank updated the board of directors in connection with the identified relationships between Apax and its affiliates, on the one hand, and each of the potential financial advisors, on the other hand. Our board of directors further discussed with Fried Frank appropriate actions to be taken by RBC Capital Markets, through separate deal teams or otherwise, to mitigate any potential conflicts arising from RBC Capital Markets' relationships with Apax and its affiliates. Our board of directors determined that appropriate safeguards could be implemented to mitigate any potential conflicts and determined to engage RBC Capital Markets as the Company's lead financial advisor. Our board of directors also instructed senior management to explore the terms of a potential engagement with Investment Bank X, in the event the board of directors determined it was desirable to engage a second financial advisor at a later date.

During early January 2015, a representative of Party B called Mr. Enzor to express Party B's interest in a potential transaction involving the Company. During the call, Mr. Enzor indicated that if authorized by the board to do so, he would consider a meeting with representatives of Party B later that month.

At a January 6, 2015 meeting of our board of directors, Mr. Troy and representatives of Fried Frank updated the board of directors on the status of the ongoing discussions with RBC Capital Markets regarding its engagement. The board of directors also determined not to engage an additional financial advisor at that time, but directed Mr. Troy to continue to contact other investment banks in the event that a second financial advisor was deemed desirable and appropriate at a later date.

Also at this meeting, Mr. Enzor advised the board that Party B had communicated its interest in a potential transaction with the Company, and that Party B had requested an initial meeting with Mr. Enzor and Mr. Troy. The board of directors directed Mr. Enzor and Mr. Troy to arrange a meeting with Party B. The board of directors directed Mr. Enzor and Mr. Troy not to engage in price discussions with Party B during that meeting but instead to gauge Party B's interest and seek to understand Party B's strategic rationale with respect to a potential transaction to acquire the Company. Separately, the board of directors also instructed Mr. Enzor and Mr. Troy to inform Apax that the board expected to meet with its advisors on January 22, 2015 to review the Apax proposal, and that Apax could expect a response from the Company shortly thereafter.

At a January 22, 2015 meeting of our board of directors, the board of directors reviewed and discussed the Apax proposal and the Company's other potential strategic alternatives. Members of the senior management team and representatives of RBC Capital Markets, Fried Frank and Shumaker were present at this meeting. A representative of Shumaker delivered a presentation to the board of directors regarding its fiduciary duties under Florida law. The board of directors also discussed challenges facing the Company's business, in particular its energy logistics segment, which had experienced a decline in the demand for the Company's services and was also subject to pricing pressures, including the potential effect of conditions in the energy market on the financial performance of the energy logistics segment. RBC Capital Markets discussed with the board of directors potential strategic alternatives for the Company, including maintaining the status quo, a leveraged recapitalization, a refinancing of the Company's debt, a potential divestiture of the Company's energy business and a potential sale of the entire Company. The board of directors engaged in a lengthy discussion regarding these strategic alternatives, including Apax's proposal and the interest communicated by Party B. No decisions

## **Table of Contents**

regarding potential strategic alternatives were made. Rather, the board of directors determined to reconvene on January 26, 2015, after Mr. Enzor's and Mr. Troy's meeting with Party B, to further discuss potential strategic alternatives and possible responses to both Apax and Party B. Also at this meeting, Fried Frank discussed with the board of directors the existing confidentiality agreement between Apax and the Company. The board of directors determined that the existing confidentiality agreement should be amended to include additional provisions, such as restrictions on the solicitation of employees and standstill provisions, in the event the board of directors determined to grant Apax further access to confidential information. The board of directors instructed Fried Frank to prepare an amendment to the existing confidentiality agreement addressing these matters, and the amendment was delivered to Apax for its review. On the same day, our board of directors held its regular year-end meeting, which included an update by senior management on the full year operating and financial performance of the Company for 2014 and the outlook for 2015.

On January 23, 2015, Mr. Enzor and Mr. Troy met with representatives of Party B. During this meeting, Party B's representatives discussed the strategic rationale for a potential transaction between Party B and the Company. Given that there was no confidentiality agreement at that time between the Company and Party B, Mr. Enzor and Mr. Troy only shared publicly available information about the Company with representatives of Party B. At the end of the meeting, a representative of Party B requested that the parties schedule a further discussion during the following week. Mr. Enzor, Mr. Troy and the representative of Party B discussed entering into a confidentiality agreement and the parties agreed to do so if discussions progressed sufficiently beyond the preliminary stage.

At a January 26, 2015 meeting of our board of directors, the board continued discussions regarding the Company's business and prospects, and potential strategic alternatives available to the Company. Members of the senior management team and representatives of RBC Capital Markets, Fried Frank and Shumaker were also present. A representative of Shumaker delivered a presentation to the board of directors regarding its fiduciary duties under Florida law. Mr. Enzor updated the board of directors regarding the meeting between Mr. Enzor, Mr. Troy, and representatives of Party B. RBC Capital Markets informed the board of directors that representatives of Apax had inquired about the timing of a response to its November 25 proposal and, consistent with the board of directors' previous determination not to respond to Apax until it had evaluated potential strategic alternatives for the Company, representatives of RBC Capital Markets informed Apax that the board needed additional time to fully consider Apax's proposal in the context of other potential strategic alternatives. Given the amount of time that had passed since Apax submitted its proposal on November 25, 2014 and its desire not to distract the senior management team from executing on the Company's strategic plan if the price included in Apax's November 2014 proposal was not firm, our board of directors directed RBC Capital Markets to request that Apax reaffirm its proposed purchase price. Separately, the board of directors instructed the senior management team to pursue further discussions with Party B with respect to a potential transaction.

On January 28, 2015, the Company and Apax entered into an amendment to Apax's confidentiality agreement, which included customary non-solicitation and standstill provisions. Commencing on that date, the Company, with the assistance of RBC Capital Markets, uploaded documents responsive to Apax's preliminary due diligence request list to an electronic data room. The Company granted data room access to Apax and its authorized representatives on February 2, 2015. Between February 2, 2015 and the end of February, the Company's management team participated in various in-person due diligence meetings with representatives of Apax and hosted representatives of Apax on site visits to the Company's facilities. During these meetings, the Company's management team discussed with representatives of Apax various aspects of our business, financial performance and prospects, including our business plan and potential strategic and operating initiatives.

At a February 6, 2015 meeting of our board of directors, members of our senior management team updated the board of directors on in-person diligence meetings with Apax, its advisors and members of Company management.

At meetings of our board of directors held on February 7, 2015 and February 19, 2015, at which members of senior management and representatives of RBC Capital Markets and Fried Frank were present, our board of directors received a status update from RBC Capital Markets on Apax's diligence review process in anticipation

## **Table of Contents**

of Apax reaffirming its valuation of the Company. At the February 19 meeting of our board of directors, RBC Capital Markets informed the board of directors that Apax had indicated that it planned to complete its preliminary diligence review on February 25 or 26 and would be in a position to update its proposal after an investment committee meeting on March 2, 2015. Apax also indicated that it expected to provide highly confident letters from potential debt financing sources with its proposal.

On February 25, 2015, we announced our financial results for fiscal year 2014.

On March 6, 2015, Apax submitted an updated written proposal to our board of directors to acquire 100% of the outstanding common stock of the Company for \$14.75 per share in cash. In its proposal, Apax indicated that it had reduced its proposed per share purchase price from its November 2014 proposal of \$17.50-\$18.00 per share as a result of four primary factors: (i) its revised view on valuation based on adjustments by Apax to the Company's 2014 EBITDA for non-cash items, (ii) Apax's lowered views on the Company's growth rate estimates for its chemical business, (iii) negative market trends affecting the Company's energy business, and (iv) higher than originally anticipated costs of debt financing for Apax. Apax provided highly confident debt financing letters indicating that certain banks were willing to provide debt financing to facilitate an acquisition of the Company. The closing price for the Company's shares on March 6, 2015 was \$10.10 per share. Apax's proposal included a request that the Company enter into exclusive negotiations with Apax for a period of three weeks.

At a March 8, 2015 meeting of our board of directors, the board of directors discussed Apax's revised proposal. Senior management and representatives of RBC Capital Markets and Fried Frank attended this meeting. Following a discussion of the terms of Apax's proposal, RBC Capital Markets discussed with the board of directors financial matters relating to the Company. Senior management also provided the board of directors with its views on the energy markets at that time and the outlook on the Company's financial performance. After a lengthy discussion, it was the consensus of the board of directors that the proposal from Apax to acquire the Company for \$14.75 per share in cash was insufficient. The board of directors determined, however, that it was important to understand the assumptions underlying the four factors identified by Apax as the basis for the reduction in its proposed purchase price. Our board of directors directed RBC Capital Markets to contact representatives of Apax to discuss and better understand the basis for the reduced price, and to inform Apax that the Company would terminate discussions with Apax if the \$14.75 per share price set forth in the revised proposal was Apax's best price. The board of directors requested that Mr. Enzor and Mr. Troy also attend such discussion for informational purposes.

On March 10, 2015, in accordance with our board of directors' directives, representatives of RBC Capital Markets, along with Mr. Enzor and Mr. Troy, contacted Mr. Truweit and Mr. Karandikar to discuss Apax's proposal and the factors that Apax considered in reducing its proposed purchase price. On that call, representatives of Apax provided representatives of RBC Capital Markets and Mr. Enzor and Mr. Troy with Apax's perspectives on the Company's business and prospects, and the challenges facing the Company's energy logistics segment.

At a March 11, 2015 meeting of our board of directors, at which senior management, representatives of RBC Capital Markets and Fried Frank were present, RBC Capital Markets and Mr. Enzor and Mr. Troy updated the board on their discussion with representatives of Apax regarding its revised proposal and Apax's perspectives on the Company's value. The board of directors discussed with senior management the validity of Apax's assumptions in developing its financial model, including the assumed growth rate for the Company's chemical business, developments in the energy business and the potential impact of asset sales on the Company's projections. The board also discussed other potential strategic alternatives and the Company's ability, on a standalone basis, to maximize shareholder value. Following this discussion, the board of directors determined that it was not interested in pursuing a potential transaction with Apax at a proposed purchase price of \$14.75 per share. The board of directors directed RBC Capital Markets to inform Apax of the board's conclusion and its determination to cease discussions with Apax. Later that day, in accordance with the board of directors' directives, representatives of RBC Capital Markets informed representatives of Apax that the board of directors had concluded that Apax's proposed purchase price of \$14.75 per share was insufficient and that the Company

## **Table of Contents**

had determined to terminate discussions with Apax regarding a potential transaction.

On March 17, 2015, Mr. Karandikar contacted Mr. Enzor and Mr. Troy to reiterate Apax's continued interest in a transaction involving the Company and advised them that Apax could potentially increase its proposed purchase price if it were able to obtain financing commitments on more favorable terms. Apax requested permission for two other potential debt financing sources to conduct due diligence with respect to the potential transaction in order to determine if such debt financing sources could potentially offer more favorable financing terms than currently proposed by Apax's debt financing sources.

At a March 18, 2015 meeting of our board of directors at which members of senior management, representatives of RBC Capital Markets and Fried Frank were present, Mr. Enzor and Mr. Troy reported on their discussion with Apax and its request to allow two additional banks to conduct due diligence to support a potentially higher purchase price proposal. The board of directors discussed the potential for such other banks to provide financing on more favorable terms and the implications of granting access to such banks, including the board's concern regarding confidentiality and the increased potential for a leak to develop as more parties became aware of a potential transaction.

Between March 18-20, 2015, representatives of Apax also contacted representatives of RBC Capital Markets and stated that Apax was working to increase its proposed purchase price for the Company and requested that the two additional potential financing sources be given the opportunity to conduct due diligence.

At a March 20, 2015 meeting of our board of directors, at which a member of senior management and representatives of Fried Frank were present, RBC Capital Markets updated the board on its recent communications with representatives of Apax. The board of directors considered Apax's request to provide due diligence access to two additional debt financing sources in an effort to allow Apax to potentially increase its proposed purchase price. The board also considered other possible options to maximize shareholder value, including a potential refinancing of the Company's outstanding debt followed by a repurchase of shares of Company common stock, and the challenges and uncertainties inherent in such initiatives. After discussion, the board of directors determined that it was in the best interests of the Company's shareholders to ascertain whether Apax could increase its proposed purchase price within a short timeframe so as to, among other reasons, minimize the risk of a leak, and accordingly determined to provide the additional banks with access to diligence information, including data room access, subject to appropriate confidentiality agreements.

On March 20, 2015, in accordance with the board of directors' directives, representatives of RBC Capital Markets informed representatives of Apax that the two additional potential debt financing sources would be permitted to conduct due diligence for a period of 10 days, after which the Company would expect Apax to communicate a revised proposal to acquire the Company, reflecting a higher price.

Between March 20 and April 3, 2015, representatives of Apax and our senior management team held informational conference calls regarding the Company's financial model, business plan and other operational, legal and financial matters, including, among other things, labor and employment matters and environmental matters.

In late March 2015, Party B requested a meeting with Company management to gain a better understanding of the Company and its business. On March 26 and March 27, 2015, Mr. Enzor and Mr. Troy met with a representative of Party B in Tampa, Florida. Given that there was no confidentiality agreement at that time between the Company and Party B, Mr. Enzor and Mr. Troy only shared publicly available information about the Company with the representative of Party B.

At an April 3, 2015 meeting of our board of directors, at which members of senior management and representatives of RBC Capital Markets and Fried Frank were present, the board of directors received a report from senior management on the ongoing discussions with Apax. Representatives of RBC Capital Markets informed the board of directors that Apax had indicated that it planned to submit an updated proposal with an improved purchase price after its investment committee meeting later that day, together with highly confidential letters from its debt financing sources. The board of directors determined to meet again following receipt of a revised proposal from Apax.

## **Table of Contents**

Later on April 3, 2015, Mr. Troy spoke with a representative of Party B to answer follow-up financial questions. During the discussion, Mr. Troy was told that Party B's board of directors was fully informed of the ongoing discussions with the Company and supported a potential transaction between Party B and the Company. The representative of Party B asked Mr. Troy for guidance with respect to the price per share that would be compelling to our board of directors. Mr. Troy said that he was not authorized to discuss pricing, but suggested that Party B consider the intrinsic value of the Company in formulating any proposal and not to simply apply a premium to the Company's then current market price, as a customary premium to the Company's then current market price would not be viewed as a compelling proposal by our board of directors. Party B informed Mr. Troy that it intended to deliver a written indication of interest on or around April 6, 2015 and, if accepted, Party B would need three to four weeks to conduct confirmatory due diligence on the Company.

Also on April 3, 2015, representatives of Apax informed representatives of RBC Capital Markets that Apax intended to increase its proposed purchase price to \$16.00 per share in cash. Representatives of Apax requested certain confirmatory diligence items and access to the Company's senior management team for additional confirmatory diligence. RBC Capital Markets indicated that it would relay Apax's requests to the board of directors, and requested that Apax deliver an updated written proposal to the board reflecting its revised proposal.

At an April 4, 2015 meeting of our board of directors, at which members of senior management and representatives of Fried Frank were present, RBC Capital Markets updated the board of directors on its discussions with representatives of Apax regarding its revised \$16.00 per share purchase price proposal. Mr. Troy also reported on discussions with Party B, including the timeframe for receiving Party B's indication of interest. The board of directors determined to reconvene after it received a revised written proposal from Apax and, potentially, a written indication of interest from Party B.

On April 6, 2015, the board received a revised written proposal from Apax, proposing the acquisition of 100% of the outstanding common stock of the Company by Apax for \$16.00 per share in cash, which price represented a premium of approximately 59% to the Company's April 2, 2015 closing stock price of \$10.07 per share. Apax's proposal also included highly confident letters from Apax's financing sources to provide financing for a potential transaction. Apax's proposal included a request that the Company enter into exclusive negotiations with Apax for a period of three weeks.

Also on April 6, 2015, Party B executed a confidentiality agreement with the Company, which had first been discussed with Party B on January 23, 2015.

On April 7, 2015, a representative of Party B contacted Mr. Enzor and orally presented a preliminary non-binding proposal to acquire 100% of the Company's outstanding common stock for \$12.50-\$13.00 per share in cash. Mr. Enzor rejected the proposal on behalf of the Company given the significant valuation gap between Party B's proposal and Apax's April 6 proposal. Subsequently, a representative of Party B again contacted Mr. Enzor and attempted to ascertain whether a purchase price of \$13.50-\$14.00 per share would be given serious consideration by our board of directors. Given the significant valuation gap between Party B's proposal and Apax's April 6 proposal, Mr. Enzor declined to engage in price discussions and no further discussions occurred with Party B. However, Mr. Enzor advised the representative of Party B that our board of directors would carefully consider any improved proposal, if Party B wished to submit one.

At an April 8, 2015 meeting of our board of directors, the board of directors discussed Apax's revised proposal to acquire the Company for \$16.00 per share in cash and Mr. Enzor's discussions with Party B that occurred on April 7. Senior management and representatives of RBC Capital Markets, Fried Frank and Shumaker were also present. RBC Capital Markets provided preliminary financial perspectives on the Company and reviewed the Apax proposal, including Apax's assumptions in arriving at its purchase price, the terms and conditions of the proposal and financing terms. The board of directors noted that Apax had requested a three-week exclusive negotiating period and discussed with its advisors the advantages and disadvantages of granting exclusivity. The board of directors also discussed the advantages and disadvantages of conducting a market

## **Table of Contents**

check prior to signing any definitive agreement, and whether a go-shop process post-signing would deter other potential acquirors from bidding for the Company. RBC Capital Markets discussed with the board of directors its views regarding other potential buyers, both financial and strategic, and the perceived interest and capability of such other parties to acquire the Company for a purchase price in excess of \$16.00 per share. RBC Capital Markets stated that, based on, among other things, the current landscape and relative strategy/positioning of potential acquirors, the highly confident financing for, and nearly fully-diligenced nature of, Apax's proposal and the significantly lower purchase price proposal of Party B, it believed it was unlikely at such time that another party would consummate a transaction at a purchase price greater than \$16.00 per share. The board of directors then discussed the process and timing of responding to Apax regarding its proposal. After a lengthy discussion, the board of directors determined to pursue a possible transaction with Apax but directed representatives of RBC Capital Markets, together with Alan Schumacher, to seek to obtain a higher per share purchase price from Apax. The board of directors also noted Apax's request, as indicated in its revised proposal, to meet with members of Company management and directed our senior management team not to engage in any discussion of potential employment or compensation arrangements with Apax until authorized by the board of directors to do so. The board of directors also discussed the merits of engaging a second financial advisor to deliver a separate fairness opinion and/or manage any solicitation process during a potential go-shop period, but determined that it was not necessary to do so given RBC Capital Markets' deep knowledge of the industry and its broad network of contacts with strategic buyers and financial sponsors.

Later on April 8, 2015, in accordance with the directives of our board of directors, Mr. Schumacher and representatives of RBC Capital Markets called Apax seeking a higher per share purchase price. Apax stated that the proposal to acquire the Company for \$16.00 per share was its best and final offer, and that it would not further increase its proposed purchase price.

Throughout April 2015, members of senior management participated in various in-person and telephonic due diligence meetings with representatives of Apax and its advisors and hosted Apax on multiple site visits to the Company's facilities. During these meetings, senior management discussed with Apax various aspects of our business, financial performance and prospects, including our business plan and potential strategic initiatives.

On April 20, 2015, the compensation committee of our board of directors ( Compensation Committee ) held a meeting. Representatives of Fried Frank were also present. During the meeting, Fried Frank advised the Compensation Committee about various matters to be considered by the Compensation Committee regarding compensation and equity-arrangements in light of the potential transaction, and the Compensation Committee discussed the importance of retaining key employees of the Company following the announcement of any transaction.

Also on April 20, 2015, we delivered a draft merger agreement to Apax in connection with the potential transaction. This draft merger agreement included, among other terms, a go-shop provision permitting the Company to solicit alternative acquisition proposals after signing the merger agreement, and allowing the Company to terminate the merger agreement in order to accept a superior proposal from another potential buyer, subject to compliance with the terms of the merger agreement.

On April 22 and 23, 2015, members of senior management and representatives of Apax conducted in-person diligence meetings in Houston, Texas.

On April 25, 2015, Skadden, Arps, Slate, Meagher & Flom LLP ( Skadden ), counsel to Apax, delivered a revised draft of the merger agreement to Fried Frank. During the weeks of April 27, 2015 and May 4, 2015 until May 6, 2015, the Company and its advisors engaged in a series of negotiations with Apax and its advisors regarding the terms and conditions of the merger agreement, including negotiations regarding the terms of the go-shop and no-shop provisions (including the length of the go-shop period), the board's ability to consider alternative acquisition proposals, the amount of the respective termination fees and circumstances under which such termination fees and expense reimbursement would be payable, the treatment of employee equity award arrangements (including the vesting level for the performance share awards), the size and scope of

## **Table of Contents**

employee retention arrangements (if any), covenants regarding the conduct of our business between signing and closing, and the conditions to each party's obligation to consummate the proposed transaction. During this period, Fried Frank and Skadden also negotiated the terms of other agreements relating to the proposed transaction, including the equity commitment letter and the parent fee commitment letter which would support the obligation of Parent to pay any reverse termination fee payable to the Company under the merger agreement. Concurrently, Fried Frank and Kirkland & Ellis LLP, financing counsel to Apax, negotiated the terms of the debt commitment letters.

On April 27, 2015, the Compensation Committee held a meeting by teleconference to consider Apax's proposal with respect to the treatment of our employee equity awards in connection with the proposed transaction as reflected in the April 25th draft merger agreement. Representatives of Fried Frank were also present at the meeting. Following discussion, the Compensation Committee unanimously recommended certain terms that would decrease the payout in respect of such equity awards. The Compensation Committee also unanimously determined to propose that a \$4 million retention bonus pool be established for employees of the Company, which amount would be allocated by the Company's chief executive officer over a specified period following the closing of the potential transaction, generally requiring continued employment of the recipient during that time. However, this amount was subsequently negotiated to a \$3 million retention bonus pool. The Compensation Committee also discussed with Fried Frank the potential excise tax liability for employees of the Company in the event of a potential transaction and considered the possibility of providing protection against the impact of the potential excise tax to affected employees.

On April 28, 2015, at Apax's request, Mr. Enzor and Mr. Troy met with Mr. Truwit, Mr. Karandikar and another Apax representative. Representatives of RBC Capital Markets also attended this meeting. At this meeting, Mr. Truwit and Mr. Karandikar reviewed certain outstanding due diligence matters and described Apax's vision for the Company post-closing. The parties also discussed the importance of retaining key employees following the announcement of a transaction, and Mr. Enzor and Mr. Troy described the retention bonus pool being considered by the Compensation Committee. Apax provided a general overview of the terms of various historical equity packages established for executives of its previously acquired portfolio companies; however, other than the discussion with respect to a post-closing retention bonus pool, there was no discussion with respect to post-closing employment or equity arrangements for any of the Company's senior management or employees. Each of Mr. Enzor and Mr. Troy indicated that he would be open to having discussions regarding such matters at the appropriate time following execution of the merger agreement.

At an April 30, 2015 meeting of our board of directors, the status of the potential transaction with Apax was discussed. Senior management as well as representatives of RBC Capital Markets, Fried Frank and Shumaker were also present. Fried Frank reviewed with our board the terms and conditions reflected in the latest draft merger agreement and updated the board on Fried Frank's discussions with Skadden regarding Apax's proposals on material terms of the merger agreement, including the duration of the go-shop period, our right to terminate the agreement in order to accept a superior proposal, the amounts of the respective break-up fees, the interim operating covenants, the treatment of the employee equity awards and the size, duration and other terms of the retention bonus pool. The board of directors engaged in a discussion regarding the merits of a transaction with Apax. After a lengthy discussion, and taking into account, among other things, (i) RBC Capital Markets' advice regarding the current landscape and relative strategy/positioning of potential acquirors, (ii) the committed financing for, and fully-diligenced nature of, Apax's proposal, (iii) the significantly lower purchase price proposal of Party B, (iv) the determination by the board of directors that the go-shop, no-shop, superior proposal, and termination fee provisions in the draft merger agreement with Apax would not deter other potential acquirors from bidding for the Company following execution of such agreement during the go-shop period, and (v) the possibility that Apax would terminate negotiations if it learned the Company was soliciting other proposals at this stage in the process, our board of directors determined that it was in the best interests of the Company's shareholders to proceed with the potential transaction with Apax and to contact other potential acquirors during a go-shop period.

## **Table of Contents**

On May 1, 2015, Fried Frank delivered a revised draft of the merger agreement to Apax and its advisors.

At a May 4, 2015 morning meeting of our board of directors, at which senior management and representatives of RBC Capital Markets and Fried Frank were present, RBC Capital Markets and Fried Frank updated the board of directors on communications with Apax following the April 30 board meeting and the status of negotiations with Apax on the proposed transaction.

Later on May 4, 2015, Skadden circulated a revised draft of the merger agreement to the Company and our advisors.

At a May 4, 2015 evening meeting of our board of directors, attended by senior management and the Company's advisors, Fried Frank updated our board of directors on the material open items in the most recent draft merger agreement. Our board of directors also discussed the anticipated timeline for the parties to finalize the merger agreement and the other transaction agreements. After discussion, our board of directors determined counterproposals with respect to the open issues and Fried Frank was directed to engage in negotiations with Skadden regarding these matters.

Over the course of the next two days, senior management and the respective advisors to the Company and Apax exchanged drafts of the transaction documents and engaged in numerous telephonic discussions to resolve open issues. Among others, the significant open issues that were resolved during this period, included (i) conditionality related to the inclusion of certain regulatory approvals, (ii) the definition of "material adverse effect," (iii) the duration of the go-shop period, (iv) the definition of "excluded party" for purposes of the go-shop period, (v) the amount of the termination fees, (vi) treatment of existing performance share awards (vii) the size, duration and other terms of a retention bonus pool, and (viii) the extension of excise tax protection to affected employees.

At a May 5, 2015 meeting of our board of directors, Fried Frank updated the board of directors regarding the status of remaining open points in the draft merger agreement and generally on the status of the proposed transaction. Representatives of senior management and RBC Capital Markets also attended the meeting.

At a May 6, 2015 meeting of our board of directors, at which members of senior management and representatives of the Company's legal and financial advisors were also present, the board of directors reviewed the proposed transaction and related transaction documents. Fried Frank discussed with the board of directors the outcome of the negotiations with Apax and reviewed material provisions of the transaction agreements, including the merger agreement, which were circulated prior to the meeting. RBC Capital Markets reviewed with the board of directors RBC Capital Markets' financial analysis of the \$16.00 per share merger consideration and rendered an oral opinion, which opinion was confirmed by delivery of a written opinion dated May 6, 2015, to the board of directors to the effect that, as of that date and based on and subject to the assumptions made, the procedures followed, factors considered and limitations on the review undertaken, the \$16.00 per share merger consideration to be received by holders of the Company's common stock was fair, from a financial point of view, to such holders. Following careful consideration of the factors described under "Reasons for the Merger," our board of directors unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, were advisable and in the best interests of the Company's shareholders. Our board of directors unanimously adopted resolutions authorizing the executive officers of the Company to execute and deliver the merger agreement and to submit the merger agreement and the transactions contemplated thereby to the Company shareholders for their approval, and determined to recommend that our shareholders approve and adopt the merger agreement.

Later that day, the merger agreement was executed by the Company, Parent and Merger Sub. At approximately 10:40 p.m. Eastern Daylight Time, a joint press release was issued by the Company and Apax announcing the execution of the definitive merger agreement.



## **Table of Contents**

### **Reasons for the Merger**

In evaluating the merger agreement and the merger, our board of directors consulted with our senior management team and outside legal and financial advisors and, in reaching its unanimous decision to approve the merger agreement and the merger and to recommend that our shareholders approve and adopt the merger agreement, our board of directors considered a variety of factors, including the following:

our business, current and projected financial condition, operations, current earnings and earnings prospects as an independent public company;

the review undertaken by our board of directors and senior management team with respect to the potential strategic alternatives available to the Company;

the risks associated with continuing as an independent public company, in particular, the execution risks of our standalone strategic plan, our ability to execute on short-term and long-term opportunities and the fact that our operating performance could be affected by, among other things, the risks and uncertainties described in the Risk Factors section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 13, 2015, as updated by our Quarterly Report on Form 10-Q, filed with the SEC on May 8, 2015;

our board of directors' belief that our limited access to capital given our leveraged balance sheet position would constrain our ability to expand our business if we remain an independent public company;

our board of directors' understanding of our industry and competitive position;

our board of directors' review, with the assistance of our senior management team and legal and financial advisors, of our current and historical financial condition, results of operations, prospects, business strategy, competitive position, industry, properties and assets, including the potential impact of those factors on the trading price of our common stock;

our board of directors' views regarding our likely value as a standalone independent public company, taking into account our potential future growth and ability to achieve such growth, which belief was based on a number of factors, including:

the risks and uncertainties associated with maintaining our performance as a standalone independent public company, including, among other risks and uncertainties, generally the execution risk of implementing our standalone strategy;

projections prepared by our management (see *Projected Financial Information*) and the inherent uncertainty of attaining management's internal financial projections, including that our actual financial results in future periods could be materially less than projected results; and

our board of directors' consideration of other potential strategic alternatives available to us, based upon, among other things, our board of directors' knowledge of (i) our business, financial condition and results of operations, from both a historical and prospective perspective, and (ii) the risk-adjusted probabilities associated with achieving our long-term strategic plans as a standalone independent public company as compared to the certainty of value afforded to our shareholders through the merger;

the fact that the merger consideration consists solely of cash, providing our shareholders with immediate value and liquidity upon consummation of the merger;

recent and historical market prices for our common stock, as compared to the merger consideration, including the fact that the merger consideration of \$16.00 per share represents an approximate premium of:

62% to the \$9.85 closing price per share of our common stock on May 5, 2015, the last trading day before the public announcement of the merger agreement;

**Table of Contents**

58% to the \$10.11 volume-weighted average closing price per share of our common stock for the one-month period ended May 5, 2015;

54% to the \$10.42 volume-weighted average closing price per share of our common stock for the three-month period ended May 5, 2015;

56% to the \$10.28 volume-weighted average closing price per share of our common stock for the six-month period ended May 5, 2015;

33% to the \$12.00 volume-weighted average closing price per share of our common stock for the 12 month period ended May 5, 2015;

the fact that our board of directors negotiated an increase in the merger consideration to \$16.00 from Apax's March 6, 2015 proposal of \$14.75, as described above under *The Merger (Proposal 1) Background of the Merger*, and that Apax represented that the \$16.00 per share purchase price was Apax's best and final offer;

the terms of the merger agreement, including the fact that the merger agreement includes a go-shop provision that is intended to help ensure that the Company's shareholders receive the highest price per share reasonably available, including:

our right to solicit offers with respect to alternative acquisition proposals for 40 days after signing the merger agreement, and to continue discussions with certain third parties that make acquisition proposals during the go-shop period;

our right, subject to certain conditions, to respond to and negotiate with third parties with respect to certain unsolicited acquisition proposals made after the end of the go-shop period and prior to the time the Company's shareholders approve the proposal to adopt the merger agreement;

the ability of our board of directors to withdraw or change its recommendation in favor of the merger agreement, and our right to terminate the merger agreement and accept a superior proposal (should a superior proposal emerge), subject to compliance with the terms of the merger agreement;

our belief that the termination fees and other limitations applicable to alternative acquisition proposals agreed to in the merger agreement were reasonable and customary and would not preclude a serious and financially capable potential acquirer from submitting a proposal to acquire us for a higher value per share following the announcement of the merger;

the fact that the termination fee payable by us in the event we accept a superior proposal that was made by an excluded party is substantially lower than the termination fee that would be payable by us in other circumstances;

the opinion of RBC Capital Markets, dated May 6, 2015, to our board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the \$16.00 per share cash consideration to be received by holders of Company common stock pursuant to the merger agreement, which opinion was based on and subject to the procedures followed, assumptions made, factors considered and qualifications and limitations on the review undertaken as more fully described in the section entitled *Opinion of the Company's Financial Advisor*;

the fact that it is a condition to the closing of the merger that the merger agreement has been adopted by our shareholders, which allows for an informed vote by the shareholders on the merits of the merger;

the likelihood of the merger being completed, based on, among other things:

the fact that Parent has provided a debt commitment letter and an equity commitment letter in connection with the execution of the merger agreement;

**Table of Contents**

the absence of any financing condition in the merger agreement;

our ability, under certain circumstances, to seek specific performance of Parent's obligation to cause, and, pursuant to the equity commitment letters, to seek specific performance to directly cause, the equity financing sources under the equity commitment letter to fund their respective commitments at closing as contemplated by those letters;

the likelihood and anticipated timing of completing the proposed merger in light of the scope of the conditions to completion;

the fact that the merger agreement was the product of extensive arms-length negotiations, and that members of our senior management team, as well as our legal and financial advisors, were involved throughout the negotiations and updated our board of directors regularly;

the fact that management did not enter into any contracts or arrangements (including as to post-closing employment) with Apax or its affiliates in connection with the execution of the merger agreement; and

the business reputation and capabilities of Apax, including numerous public to private transactions, and the substantial financial resources of the Apax Funds and, by extension, Parent and Merger Sub.

In the course of its deliberations, our board of directors, in consultation with our senior management team and outside legal and financial advisors, also considered a variety of risks and other potentially negative factors relating to the merger, including the following:

the fact that, subsequent to completion of the merger, the Company will no longer exist as an independent public company and that the nature of the transaction as a cash transaction would preclude our shareholders from participating in any value creation that the business could generate, as well as any future appreciation in our value beyond the merger consideration;

the risk that necessary regulatory approvals and clearances may be delayed, conditioned or denied;

the restrictions on the conduct of our business prior to the completion of the merger, which could delay or prevent us from undertaking business opportunities that may arise or any other action we would otherwise take with respect to our operations absent the pending completion of the merger;

the announcement and pendency of the merger, the solicitation activities during the go-shop period or the failure to close the merger, may cause substantial harm to relationships with our employees, vendors, customers, independent affiliates, independent owner operators and other partners and may divert management and employee attention away from the day-to-day operation of our business;

the risk that, while the merger agreement is not by its terms subject to a financing condition, if sufficient debt financing is not obtained by Apax the merger may not be consummated;

we have incurred and will continue to incur significant transaction costs and expenses in connection with the proposed transaction, regardless of whether the merger is consummated;

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At the close of business on [ ], 2015, the record date for the special meeting, the Company's common stock was listed on the NASDAQ. Further, on the record date for the special meeting, the Company's common stock was held by at least 2,000 shareholders and the market value of the common stock held by non-affiliates exceeded \$10,000,000. Therefore, pursuant to section 607.1302(2)(a) of the FBCA, shareholders are not entitled to assert appraisal rights (including those who give timely written notice of intent to demand payment and do not vote any shares in favor of the merger agreement) in connection with the merger agreement, the merger or the other matters to be voted on at the special meeting. Notwithstanding the fact that appraisal rights are not available, a copy of sections 607.1301 - 607.1333 of the FBCA is attached hereto solely for statutory notice purposes.

the all-cash merger consideration will be taxable to our taxpaying shareholders.

During its consideration of the merger, our board of directors was aware that some of our directors and executive officers may have interests with respect to the merger, that are, or may be, different from, or in addition to those of the Company's shareholders generally, as described in Interests of the Company's Directors and Executive Officers in the Merger beginning on page 81.

## **Table of Contents**

While our board of directors considered potentially positive and potentially negative factors, our board of directors concluded that, overall, the potentially positive factors far outweighed the potentially negative factors.

The foregoing discussion summarizes the material information and some of the factors considered by our board of directors in its evaluation of the merger. Our board of directors collectively reached the unanimous decision to approve the merger agreement in light of the factors described above and other factors that each member of our board of directors believed were appropriate. In view of the variety of factors and the quality and amount of information considered, our board of directors as a whole did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination but conducted an overall analysis of the transaction. Individual members of our board of directors may have given different relative consideration to individual factors.

## **Recommendation of Our Board of Directors**

After careful consideration, our board of directors unanimously (i) authorized, approved and adopted the merger agreement and all agreements and documents related thereto and contemplated thereby and the transactions contemplated thereby, including the merger, (ii) determined that the merger is in the best interests of us and our shareholders, (iii) recommended that our shareholders approve and adopt the merger agreement, and (iv) directed that the merger agreement be submitted to our shareholders for consideration and approval and adoption at the special meeting.

***Our board of directors unanimously recommends that our shareholders vote **FOR** the proposal to approve and adopt the merger agreement.***

## **Opinion of the Company's Financial Advisor**

The Company retained RBC Capital Markets to act as the Company's financial advisor to assist the Company in connection with its review and evaluation of potential strategic alternatives, including the merger. As part of this engagement, the Company's board of directors requested that RBC Capital Markets evaluate the fairness, from a financial point of view, of the consideration to be received by holders of Company common stock in the proposed merger. On May 6, 2015, at a meeting of the Company's board of directors held to evaluate the merger, RBC Capital Markets rendered an oral opinion, confirmed by delivery of a written opinion dated May 6, 2015, to the Company's board of directors to the effect that, as of that date and based on and subject to the matters described in the opinion, the \$16.00 per share cash consideration to be received by holders of Company common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders.

The full text of RBC Capital Markets' written opinion, dated May 6, 2015, is attached as Annex B to this proxy statement and is incorporated in this document by reference. The written opinion sets forth, among other things, the procedures followed, assumptions made, factors considered and qualifications and limitations on the review undertaken by RBC Capital Markets in connection with its opinion. The following summary of RBC Capital Markets' opinion is qualified in its entirety by reference to the full text of the opinion. **RBC Capital Markets delivered its opinion to the Company's board of directors for the benefit, information and assistance of the Company's board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the merger consideration from a financial point of view. RBC Capital Markets' opinion did not address any other aspect of the merger, the merger agreement or any related documents and no opinion or view was expressed as to the underlying business decision of the Company to engage in the merger or the relative merits of the merger compared to any alternative business strategy or transaction that might be available to the Company or in which the Company might engage. RBC Capital Markets' opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or act in connection with the merger or any other matter.**

## **Table of Contents**

In connection with its opinion, RBC Capital Markets, among other things:

reviewed the financial terms of a draft, dated May 5, 2015, of the merger agreement, referred to as the latest merger agreement;

reviewed certain publicly available financial and other information, and certain historical operating data, with respect to the Company made available to RBC Capital Markets from published sources and internal records of the Company;

reviewed financial projections and estimates relating to the Company prepared by the Company's management;

conducted discussions with members of the Company's senior management with respect to the Company's business, prospects and financial outlook;

reviewed the reported prices and trading activity for Company common stock;

compared certain financial metrics of the Company with those of selected publicly traded companies;

compared certain financial terms of the merger with those of selected precedent transactions; and

considered other information and performed other studies and analyses as RBC Capital Markets deemed appropriate.

In arriving at its opinion, RBC Capital Markets employed several analytical methodologies and no one method of analysis should be regarded as critical to the overall conclusion reached by RBC Capital Markets. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. The overall conclusion reached by RBC Capital Markets was based on all analyses and factors presented, taken as a whole, and also on application of RBC Capital Markets' experience and judgment. Such conclusion may have involved significant elements of subjective judgment and qualitative analysis. RBC Capital Markets therefore gave no opinion as to the value or merit standing alone of any one or more portions of such analyses or factors.

In rendering its opinion, RBC Capital Markets assumed and relied upon the accuracy and completeness of all information that was reviewed by RBC Capital Markets, including all of the financial, legal, tax, accounting, operating and other information provided to or discussed with RBC Capital Markets by or on behalf of the Company (including, without limitation, financial statements and related notes), and upon the assurances of the Company's management that it was not aware of any relevant information that was omitted or that remained undisclosed to RBC Capital Markets. RBC Capital Markets did not assume responsibility for independently verifying, and did not independently verify, such information. RBC Capital Markets assumed that the financial projections relating to the Company and other estimates and data provided to RBC Capital Markets by the Company were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments as to the future financial performance of the Company and the other matters covered thereby. RBC Capital Markets expressed no opinion as to the financial projections and estimates utilized in its analyses or the assumptions upon which they were based. RBC Capital Markets relied upon the assessments of the Company's management as to the potential impact on the Company of market, cyclical and competitive trends in and prospects for, and governmental, regulatory and legislative matters relating to or affecting, the industries in which the Company operates. RBC Capital Markets assumed, with the Company's consent, that there would be no developments with respect to any of the foregoing that would be meaningful in any respect to its analyses or opinion.

In rendering its opinion, RBC Capital Markets did not assume any responsibility to perform, and it did not perform, an independent evaluation or appraisal of any of the assets or liabilities (contingent, off-balance sheet or otherwise) of the Company or any other entity, and RBC Capital Markets was not furnished with any such valuations or appraisals. RBC Capital Markets did not assume any obligation to conduct, and it did not conduct, any physical inspection of the property or facilities of the Company or any other entity. RBC Capital Markets did





## **Table of Contents**

not evaluate the solvency or fair value of the Company or any other entity under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. RBC Capital Markets assumed that the merger would be consummated in accordance with the terms of the merger agreement and all applicable laws, documents or other requirements, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger and related transactions, no delay, limitation, restriction or condition would be imposed, including any divestiture or other requirements, that would have an adverse effect on the Company or the merger or that otherwise would be meaningful in any respect to RBC Capital Markets' analyses or opinion.

RBC Capital Markets' opinion spoke only as of the date of its opinion, was based on conditions as they existed and information which RBC Capital Markets was supplied as of the date of its opinion, and was without regard to any market, economic, financial, legal or other circumstances or event of any kind or nature which may exist or occur after such date. RBC Capital Markets did not undertake to reaffirm or revise its opinion or otherwise comment upon events occurring after the date of its opinion and does not have an obligation to update, revise or reaffirm its opinion. RBC Capital Markets did not express any opinion as to the price or range of prices at which any shares of Company common stock may trade or otherwise be transferable at any time.

RBC Capital Markets' opinion addressed only the fairness, from a financial point of view and as of the date of its opinion, of the \$16.00 per share cash consideration to be received by holders of Company common stock pursuant to the merger agreement. RBC Capital Markets' opinion did not in any way address any other terms, conditions, implications or other aspects of the merger or the merger agreement or any related documents, including, without limitation, other terms of any guaranty, voting agreement or other agreement, arrangement or understanding entered into in connection with or contemplated by the merger or otherwise. In connection with RBC Capital Markets' engagement, RBC Capital Markets was not requested to, and it did not, solicit third-party indications of interest in the possible acquisition of all or a part of the Company; however, RBC Capital Markets was requested, at the direction of the Company's board of directors, to solicit such third-party indications of interest in accordance with the go-shop provision of the merger agreement following public announcement of the merger. RBC Capital Markets did not express any opinion as to any legal, regulatory, tax or accounting matters, as to which RBC Capital Markets understood that the Company obtained such advice as it deemed necessary from qualified professionals. Further, in rendering its opinion, RBC Capital Markets did not express any view on, and its opinion did not address, the fairness of the amount or nature of the compensation (if any) to any officers, directors or employees of any party, or class of such persons, relative to the merger consideration or otherwise.

The issuance of RBC Capital Markets' opinion was approved by RBC Capital Markets' fairness opinion committee. Except as described in this summary, the Company imposed no instructions or limitations on the investigations made or procedures followed by RBC Capital Markets in rendering its opinion.

In preparing its opinion to the Company's board of directors, RBC Capital Markets performed various financial and comparative analyses, including those described below. The summary below of RBC Capital Markets' material financial analyses provided to the Company's board of directors in connection with RBC Capital Markets' opinion is not a comprehensive description of all analyses undertaken or factors considered by RBC Capital Markets in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description.

In performing its analyses, RBC Capital Markets considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company. The estimates of the future performance of the Company in or underlying RBC Capital Markets' analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by RBC Capital Markets' analyses. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or acquired or the prices at which any securities

## Table of Contents

have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described below are inherently subject to substantial uncertainty and should not be taken as RBC Capital Markets' view of the actual value of the Company.

The consideration payable in the merger was determined through negotiations between the Company and Apax and was approved by the Company's board of directors. The decision to enter into the merger agreement was solely that of the Company's board of directors, and RBC Capital Markets' opinion and analyses were only one of many factors considered by the Company's board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the Company's board of directors, management or any other party with respect to the merger or the merger consideration.

The following is a brief summary of the material financial analyses provided by RBC Capital Markets to the Company's board of directors in connection with RBC Capital Markets' opinion, dated May 6, 2015. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by RBC Capital Markets, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Selecting portions of RBC Capital Markets' financial analyses or factors considered or focusing on the data set forth in the tables below without considering all analyses or the full narrative description of the analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of RBC Capital Markets' financial analyses.** For purposes of the financial analyses described below, references to estimated earnings before interest, taxes, depreciation and amortization, or EBITDA, means EBITDA as adjusted for significant items that are not part of regular operating activities and after non-cash stock-based compensation expense, and references to EBITDAP means EBITDA as adjusted for pension expenses.

*Selected Public Companies Analysis.* RBC Capital Markets performed a selected public companies analysis of the Company in which RBC Capital Markets reviewed certain financial and stock market information of the Company and the following five selected companies that RBC Capital Markets considered generally relevant for comparative purposes as publicly traded companies in the industries in which the Company operates, collectively referred to as the selected companies:

UTI Worldwide Inc.

HubGroup, Inc.

Forward Air Corporation

Roadrunner Transportation Systems Inc.

Universal Truckload Services, Inc.

Estimated financial data of the selected companies were based on publicly available research analysts' consensus estimates, public filings and other publicly available information. Estimated financial data of the Company were based on the Company's public filings and internal financial forecasts and other estimates of the Company's management. RBC Capital Markets reviewed, among other things, enterprise values of the selected companies, calculated as equity values based on closing stock prices and diluted shares outstanding on May 5, 2015 plus debt, less cash and cash equivalents, as a multiple of calendar year 2015 estimated EBITDA. The overall low to high calendar year 2015 estimated EBITDA multiples observed for the selected companies were 6.9x to 15.4x (with a mean of 10.7x and a median of 10.7x). The Company's observed calendar year 2015 estimated EBITDA multiples were 7.2x (based on publicly available research analysts' consensus estimates) and 7.4x (based on internal financial forecasts and other estimates of the Company's management). RBC Capital Markets then applied a selected range of calendar year 2015 estimated EBITDA multiples of 8.0x to 11.0x

**Table of Contents**

derived from the selected companies to the Company's calendar year 2015 estimated EBITDAP. This analysis indicated the following approximate implied equity value per share reference range for the Company, as compared to the per share merger consideration:

Implied Equity Value Per Share		Per Share
Reference Range		Merger Consideration
\$11.73	\$20.77	\$ 16.00

No company or business used in this analysis is identical to the Company. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies or businesses to which the Company and its businesses were compared.

*Selected Precedent Transactions Analysis.* RBC Capital Markets performed a selected precedent transactions analysis of the Company in which RBC Capital Markets reviewed, to the extent publicly available, certain financial information relating to the following 12 selected announced or completed transactions from March 23, 2010 through May 4, 2015 that RBC Capital Markets considered generally relevant for comparative purposes as transactions involving target companies in the industries in which the Company operates, collectively referred to as the selected transactions:

Announcement Date	Acquiror	Target
May 4, 2015	XPO Logistics, Inc.	Bridge Terminal Transport, Inc.
December 1, 2014	C.H. Robinson Worldwide, Inc.	Freightquote.com, Inc.
August 11, 2014	Roadrunner Transportation Systems Inc.	Active Aero Group
February 6, 2014	Forward Air Corporation	Central States Logistics, Inc.
January 6, 2014	XPO Logistics, Inc.	Pacer International, Inc.
July 15, 2013	XPO Logistics, Inc.	3PD, Inc.
March 4, 2013	Forward Air Corporation	Total Quality, Inc.
September 25, 2012	C.H. Robinson Worldwide, Inc.	Phoenix International, Inc.
June 14, 2012	Arkansas Best Corporation	Panther Expedited Services, Inc.
December 14, 2010	TransForce, Inc.	Dynamex Inc.
June 11, 2010	Goldman Sachs/Centerbridge Partners, L.P.	Kenan Advantage Group Inc.
March 23, 2010	Harbour Group	Fleetgistics Holdings, Inc.

Financial data of the selected transactions were based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data of the Company were based on the Company's public filings and internal financial forecasts and other estimates of the Company's management. RBC Capital Markets reviewed transaction values, based on reported purchase prices or calculated as equity values of the target companies based on the purchase prices paid in the selected transactions plus debt less cash and cash equivalents, as a multiple of such target companies' latest 12 months EBITDA prior to announcement of the transaction. The overall low to high latest 12 months EBITDA multiples observed for the selected transactions were 6.5x to 12.5x (with a mean of 9.1x and a median of 8.0x). RBC Capital Markets then applied a selected range of latest 12 months EBITDA multiples derived from the selected transactions of 7.5x to 10.5x to the Company's calendar year 2014 EBITDAP. This analysis indicated the following approximate implied equity value per share reference range for the Company, as compared to the per share merger consideration:

Implied Equity Value Per Share		Per Share
Reference Range		Merger Consideration
\$9.86	\$18.77	\$ 16.00

## Table of Contents

No company or transaction used in this analysis is identical to the Company or the proposed merger. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the acquisition or other values of the companies or transactions to which the Company and the merger were compared.

**Discounted Cash Flow Analysis.** RBC Capital Markets performed a discounted cash flow analysis of the Company by calculating the estimated present value of the standalone unlevered, after-tax free cash flows that the Company was forecasted to generate from the second quarter of the calendar year ending December 31, 2015 through the full calendar year ending December 31, 2019 based on internal financial forecasts and other estimates of the Company's management. For purposes of this analysis, (i) the potential U.S. federal income tax savings expected by the Company's management to be realized from the utilization of net operating loss carryforwards was taken into account and (ii) stock-based compensation was treated as a cash expense. The implied terminal value of the Company was calculated by applying to the Company's estimated unlevered, after-tax free cash flows for the calendar year ended December 31, 2019 a selected range of perpetuity growth rates of 3% to 4%. Present values (as of March 31, 2015) of the cash flows, terminal values and net operating losses were calculated using a discount rate range of 10.5% to 12.5%. This analysis indicated the following approximate implied equity value per share reference range for the Company, as compared to the per share merger consideration:

Implied Equity Value		Per Share
Per Share Reference Range		Merger Consideration
\$12.56	\$22.74	\$ 16.00

**Theoretical Leveraged Buyout Analysis.** RBC Capital Markets performed a theoretical leveraged buyout analysis of the Company based on internal financial forecasts and other estimates of the Company's management by calculating a range of theoretical purchase prices that could be paid by a hypothetical financial buyer in an acquisition of the Company assuming, among other things, a transaction closing date of March 31, 2015, pro forma leverage of 6.0x the Company's calendar year 2014 EBITDAP and a  $\frac{4}{4}$ -year investment period. Estimated exit value ranges for the Company were calculated by applying to the Company's estimated EBITDAP for the calendar year ending December 31, 2019 a selected range of exit multiples of 8.0x to 10.0x. RBC Capital Markets then derived a range of theoretical purchase prices for an illustrative exit transaction at the end of the Company's calendar year ending December 31, 2019 based on an assumed range of internal rates of return for a financial buyer of 20% to 25%. This analysis indicated the following approximate implied equity value per share reference range for the Company, as compared to the per share merger consideration:

Implied Equity Value		Per Share
Per Share Reference Range		Merger Consideration
\$14.52	\$20.64	\$ 16.00

**Other Factors.** RBC Capital Markets observed certain additional factors that were not considered part of RBC Capital Markets' financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

the historical trading performance of the Company's common stock during the 52-week period ended May 5, 2015, which reflected low to high closing prices for the Company's common stock during such period of \$8.32 to \$15.83 per share; and

stock price targets for the Company's common stock reflected in publicly available Wall Street research analysts' reports, which indicated low to high stock price targets (discounted by one year using a 16.5% discount rate based on the Company's cost of equity) for the Company's common stock of \$8.59 to \$15.45 per share; and

premiums paid in selected precedent transactions with transaction values of \$500 million to \$1.5 billion announced from January 1, 2013 to May 5, 2015 which, after applying the 25<sup>th</sup> to 75<sup>th</sup> percentile of the



## **Table of Contents**

premiums implied in such transactions of approximately 18.6% to 50.2% to the target company's 30-day unaffected closing stock price, indicated an approximate implied equity value reference range for the Company of \$11.68 to \$14.80 per share.

*Miscellaneous.* In connection with RBC Capital Markets' services as the Company's financial advisor, the Company has agreed to pay RBC Capital Markets an aggregate fee currently estimated to be approximately \$7.8 million, of which a portion was payable upon delivery of its opinion and approximately \$6.8 million is payable contingent upon consummation of the merger. The Company also has agreed to reimburse RBC Capital Markets for its expenses, including fees and disbursements of legal counsel, reasonably incurred in connection with RBC Capital Markets' services under its engagement and to indemnify RBC Capital Markets and related persons against liabilities, including liabilities under the federal securities laws, arising out of RBC Capital Markets' engagement.

RBC Capital Markets and certain of its affiliates in the past have provided, currently are providing and in the future may provide investment banking and financial advisory services to the Company unrelated to the merger, for which services RBC Capital Markets and such affiliates have received and will receive customary compensation including, during the two-year period prior to the date of RBC Capital Markets' opinion, acting as a lender under certain credit facilities of the Company. As the Company's board of directors was aware, RBC Capital Markets and certain of its affiliates also in the past have provided, currently are providing and in the future may provide investment banking, commercial banking and financial advisory services to Apax and certain of its portfolio companies and/or affiliates, for which services RBC Capital Markets and its affiliates have received and expect to receive customary compensation, including, during the two-year period prior to the date of RBC Capital Markets' opinion, having acted or acting as (i) a financial advisor in connection with certain acquisition or disposition transactions, (ii) a joint global coordinator and/or joint bookrunning manager for various equity and debt offerings and (iii) a lead or joint lead arranger, bookrunning manager and/or administrative agent for, and as a lender under, certain credit facilities, for which services as described in clauses (i) through (iii) above RBC Capital Markets and its affiliates received during the period from January 1, 2013 through March 31, 2015 aggregate fees totaling approximately \$51 million. As the Company's board of directors also was aware, RBC Capital Markets and certain of its affiliates have direct or indirect investments in certain investment funds managed or advised by Apax (including, during the two-year period prior to the date of RBC Capital Markets' opinion, a \$10 million investment in a fund managed or advised by Apax which is not involved in the merger).

RBC Capital Markets, as part of its investment banking services, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, corporate restructurings, underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the ordinary course of business, RBC Capital Markets or one or more of its affiliates may act as a market maker and broker in the publicly traded securities of the Company and certain portfolio companies or affiliates of Apax and receive customary compensation in connection therewith, and may also actively trade securities of the Company and certain portfolio companies or affiliates of Apax for RBC Capital Markets' or its affiliates' account and the accounts of RBC Capital Markets' or its affiliates' customers and, accordingly, RBC Capital Markets and its affiliates may hold a long or short position in such securities.

RBC Capital Markets is an internationally recognized investment banking firm which is regularly engaged in providing financial advisory services in connection with mergers and acquisitions. The Company selected RBC Capital Markets to act as its financial advisor in connection with the merger on the basis of RBC Capital Markets' experience in similar transactions, its familiarity with the Company, its business and industry and its reputation in the investment community.

## **Table of Contents**

### **Projected Financial Information**

As a matter of course, we do not develop or publicly disclose long-term projections or internal projections of our future performance and are especially wary of making projections for extended periods due to the unpredictability of the underlying assumptions and estimates. However, in evaluating our strategic and financial alternatives, including the merger, our management prepared certain financial projections and forecasts that were made available to our board of directors and our legal and financial advisors. Certain of these financial projections and forecasts were also made available to Apax in connection with its due diligence review of a possible transaction. This information was used as the basis for the financial analyses conducted by RBC Capital Markets summarized above in *Opinion of the Company's Financial Advisor*.

A summary of this financial information (collectively, the *Management Projections*) is provided below to give shareholders access to certain non-public information prepared by our management in connection with our evaluation of strategic and financial alternatives, including the merger. The Management Projections were not prepared with a view to public disclosure and are included in this proxy statement only because such information was made available as described above. The Management Projections were not prepared with a view to compliance with generally accepted accounting principles as applied in the United States (GAAP), the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. For example, certain metrics included in the Management Projections are non-GAAP financial measures, and the Management Projections do not include footnote disclosures as may be required by GAAP. Furthermore, PricewaterhouseCoopers LLP, our independent registered public accounting firm, has not examined, reviewed, compiled or otherwise applied procedures to the Management Projections and, accordingly, assumes no responsibility for, and expresses no opinion on, the Management Projections. The Management Projections included in this proxy statement have been prepared by, and are the responsibility of, our management. The Management Projections were prepared solely for our internal use as part of the previously described review of strategic alternatives, and both the Management Projections and the underlying assumptions upon which they are based are subjective in many respects.

The Management Projections reflect numerous estimates and assumptions with respect to industry performance, general business, economic, market and financial conditions, changes to our business, financial condition or results of operations, and other matters. Many of these estimates and assumptions are difficult to predict, subject to significant economic and competitive uncertainties, are beyond our control, and may cause the Management Projections or the underlying assumptions not to be realized. Since the Management Projections cover multiple years, the information contained therein, and the estimates and assumptions on which it is based, by their nature become less predictive with each successive year. Further, the Management Projections do not take into account any circumstances or events occurring after the date they were prepared. As a result, there can be no assurance that the Management Projections will be realized or that our actual results will not be significantly higher or lower than projected.

For the foregoing reasons, as well as the basis and assumptions on which the Management Projections were compiled, the inclusion of specific portions of the Management Projections in this proxy statement should not be regarded as an indication that such Management Projections will necessarily be predictive of actual future events, and they should not be relied on as such. Except as required by applicable securities laws, we do not intend to update or otherwise revise the Management Projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error. For more information on certain of the factors that may cause our future results to materially vary from that expressed in the Management Projections, see *Cautionary Statement Concerning Forward-Looking Statements*.



**Table of Contents**

*In light of the foregoing factors and the uncertainties inherent in the Management Projections, we caution our shareholders not to rely on the Management Projections included in this proxy statement.*

**Financial Projections**

Portions of the Management Projections are summarized as follows:

	Financial Forecast for Fiscal Years Ending December 31, 2015E 2016E 2017E 2018E 2019E (\$ in Millions)				
Total Revenues	1,057.1	1,120.7	1,190.8	1,266.7	1,345.8
Adjusted EBITDA (non-GAAP)*	91.2	101.4	115.5	127.3	139.5
Adjusted Net Income (non-GAAP)*	24.2	30.6	43.1	53.1	62.6

\* Adjusted Net Income and Adjusted EBITDA are not measures of financial performance or liquidity under GAAP.

(1) References to Adjusted EBITDA mean EBITDA, as adjusted for significant items that are not part of regular operating activities and non-cash stock-based compensation.

(2) Adjusted net income reflects adjustments for significant items that are not part of regular operating activities.

**Financing**

Parent estimates that the total amount of funds required to complete the merger and related transactions and pay related fees and expenses will be approximately \$[ ] million. Parent expects this amount to be funded through a combination of the following:

debt financing consisting of (i) a senior secured first lien term loan facility in an aggregate principal amount of \$400.0 million, (ii) a senior secured second lien term loan facility in an aggregate principal amount of \$135.0 million, and (iii) an asset based revolving credit facility in an aggregate principal amount of \$100.0 million. Parent has received firm commitments from certain financial institutions to provide the debt financing; and

a cash equity investment by Apax Investors in Parent of up to \$322 million.

The consummation of the merger is not subject to a financing condition (although the funding of the debt and cash equity financing is subject to the satisfaction of the conditions set forth in the commitment letters under which the financing will be provided).

**Equity Financing**

On May 6, 2015, Apax Investors entered into an equity commitment letter (which we refer to as the equity commitment letter and, together with the debt commitment letter described below, the commitment letters ) with Parent pursuant to which Apax Investors committed to purchase (or cause to be purchased) from Parent equity securities of Parent having an aggregate purchase price in cash of \$322 million. We refer to the financing described above as the equity financing. The equity financing is subject to the following conditions:

the satisfaction or waiver by Parent of each of the conditions to Parent's obligations to consummate the transactions contemplated by the merger agreement, in each case, as contemplated by the merger agreement, other than any conditions that by their nature are to be satisfied at the closing, but subject to the prior or substantially contemporaneous satisfaction of such conditions;

(i) the substantially contemporaneous consummation of the closing in accordance with the terms of the merger agreement or (ii) us having irrevocably confirmed in writing that if an order of specific performance is granted that

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would require Parent and Merger Sub to consummate the merger and the debt financing and the financing contemplated by equity commitment letter agreement is funded, then we will consummate the merger; and

## **Table of Contents**

the consummation of the debt financing pursuant to the debt financing commitment prior to or substantially contemporaneously with such funding by Apax Investors.

Apax Investors' obligations to fund the equity commitment will automatically terminate upon the earliest to occur of (subject to specified exceptions and qualifications):

the consummation of the merger;

the termination of the merger agreement in accordance with its terms;

the funding of the equity commitment pursuant to the equity commitment letter; or

we or our affiliates or representatives assert (A) specified claims against Apax Investors and its affiliates and related persons, or (B) that any provision of the equity commitment letter is illegal, invalid or unenforceable or that Apax Investors are liable in excess of \$322 million.

We are an express third-party beneficiary of the equity commitment letter and have the right to specific performance to enforce Apax Investors' obligations under the equity commitment letter solely to the extent we have the right to seek specific performance under the merger agreement to require Parent to cause the equity commitment under the equity commitment letter to be funded. See *The Merger Agreement - Specific Performance*.

## ***Debt Financing***

In connection with the entry into the merger agreement, Parent has obtained a commitment letter (as amended from time to time in accordance with the merger agreement, the debt commitment letter) from Deutsche Bank AG New York Branch (DBNY), Deutsche Bank Securities Inc. (DBSI), Bank of America, N.A. (Bank of America), Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any of its designated affiliates, Merrill Lynch), Jefferies Finance LLC (Jefferies), MIHI LLC (Macquarie), Macquarie Capital (USA) Inc. (Macquarie Capital), SunTrust Bank (SunTrust) and SunTrust Robinson Humphrey, Inc. (STRH), and together with DBNY, DBSI, Bank of America, Merrill Lynch, Jefferies, Macquarie, Macquarie Capital and SunTrust being collectively referred to as the Lenders) pursuant to which the Lenders commit to provide, severally but not jointly, upon the terms and subject to the conditions set forth in the debt commitment letter, in the aggregate up to \$635.0 million in debt financing (not all of which is expected to be drawn at the closing of the merger), consisting of debt financing consisting of (i) a senior secured first lien term loan facility in an aggregate principal amount of \$400.0 million (which we refer to as the first lien term loan facility), (ii) a senior secured second lien term loan facility in an aggregate principal amount of \$135.0 million (which we refer to as the second lien term loan facility) and, together with the first lien term loan facility, the term loan facilities, and (iii) an asset based revolving credit facility in an aggregate principal amount of \$100.0 million (which we refer to as the ABL facility). We refer to the financing described above collectively as the debt financing.

The aggregate principal amount of the term loan facilities may be increased to fund certain original issue discount or upfront fees in connection with the debt financing. The proceeds of the debt financing will be used (i) to finance, in part, the payment of the amounts payable under the merger agreement, to repay our indebtedness outstanding as of the closing of the merger and the payment of related fees and expenses, (ii) to provide ongoing working capital and (iii) for capital expenditures and other general corporate purposes.

The debt financing contemplated by the debt commitment letter is conditioned on the consummation of the merger in accordance with the merger agreement, as well as other customary conditions, including, but not limited to:

the execution and delivery by the borrowers and certain guarantors of definitive documentation, consistent with the debt commitment letter;



## **Table of Contents**

the accuracy of representations and warranties in the merger agreement as are material to the interests of the lenders under the term loan facility and the revolving facility to the extent the inaccuracy of such representations and warranties would permit Parent to terminate the merger agreement or refuse to complete the merger, and the accuracy in all material respects of certain specified representations and warranties in the loan documents;

the consummation of the equity financing prior to or substantially concurrently with the initial borrowing under the first lien term loan facility;

the consummation of (i) the repayment and termination of our existing Amended and Restated Credit Agreement, dated November 3, 2014, by and among us, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent (the "Credit Agreement"), and (ii) the repurchase of any and all of our tendered 9.875% Second-Priority Senior Secured Notes due 2018 (the "Company Notes") pursuant to a redemption, tender offer and/or consent solicitation prior to or substantially concurrently with the initial borrowing under the first lien term loan facility;

subject to certain limitations, the absence of a company material adverse effect since May 6, 2015 that would result in a failure of a condition to Parent's obligations under the merger agreement;

payment of all applicable costs, fees and expenses;

delivery of certain audited, unaudited and pro forma financial statements;

receipt by the lead arrangers under the debt commitment letter of documentation and other information about the borrowers and guarantors required under applicable "know your customer" and anti-money laundering rules and regulations (including the USA PATRIOT Act);

subject to certain limitations, the execution and delivery of guarantees by the guarantors and the taking of certain actions necessary to establish and perfect a security interest in specified items of collateral; and

the completion of a marketing period to syndicate the term loan facility prior to the closing date, such marketing period (the "marketing period") to be the first period of eighteen consecutive business days (subject to certain exceptions) after the date of the merger agreement commencing on the first business day after Parent shall have received certain financial information specified in the debt commitment letter which does not contain any untrue statement of a material fact regarding us or any of our subsidiaries or omit to state any material fact regarding us or any of our subsidiaries required to be stated therein or necessary in order to make such information, in light of the circumstances under which the statements contained in such information are made, not materially misleading.

If any portion of the debt financing becomes unavailable on the terms and conditions contemplated by the debt commitment letter, Parent is required to promptly notify us in writing and use its reasonable best efforts to obtain substitute financing on terms and conditions not materially less favorable to Parent and Merger Sub, taken as a whole, than the terms and conditions of the debt commitment letter (including the "flex" provisions contained in the fee letter referenced in the debt commitment letter) in an amount sufficient to enable Parent to consummate the merger and the other transactions contemplated by the merger agreement. As of the last practicable date before the printing of this proxy statement, the debt commitment letter remains in effect, and Parent has not notified us of any plans to utilize substitute financing. Except as described in this proxy statement, there is no plan or arrangement regarding the refinancing or repayment of the debt financing. The documentation governing debt financing contemplated by the debt commitment letter has not been finalized and, accordingly, the actual terms of the debt financing may differ from those described in this proxy statement.

The Lenders may invite other banks, financial institutions and institutional lenders to participate in the debt financing contemplated by the debt commitment letter and to undertake a portion of the commitments to provide such debt financing.



## **Table of Contents**

### ***Parent Fee Financing***

On May 6, 2015, Apax Investors entered into a parent fee commitment letter (which we refer to as the *parent fee commitment letter*) with Parent pursuant to which Apax Investors committed to purchase (or cause to be purchased) from Parent equity securities of Parent having an aggregate purchase price in cash of up to \$32.5 million for the purpose of allowing Parent to pay the parent fee in accordance with the merger agreement, and certain additional amounts, including certain reimbursement and indemnification obligations of Parent under the merger agreement. We refer to the financing described above as the *parent fee financing*.

The obligation of Apax Investors to fund the parent fee is subject to the parent fee becoming due and payable under and pursuant to the merger agreement. The obligations of Apax Investors to fund the other termination obligations is subject to such additional termination obligations becoming due and payable under and pursuant to the merger agreement.

The parent fee commitment will terminate upon the earliest to occur of (subject to specified exceptions and qualifications):

the closing of the merger;

subject to certain exceptions, 5:00 p.m. (New York City time) on the 90th day following the effective date of the termination of the merger agreement under circumstances which do not give rise to the payment of a termination fee by Parent;

in connection with the termination of the merger agreement under circumstances which do give rise to the payment of a termination fee by Parent, upon the payment to us by Apax Investors or Parent of the full amount of such termination fee together with any interest and expense reimbursements; and

we or our affiliates or representatives assert (A) specified claims against Apax Investors and its affiliates and related persons, or (B) that any provision of the equity commitment letter is illegal, invalid or unenforceable or that Apax Investors are liable in excess of \$32.5 million

We are an express third-party beneficiary of the parent fee commitment letter and have the right to specific performance to enforce Apax Investors' obligations under the parent fee commitment letter solely to the extent termination obligations of Parent are due and payable in accordance with the merger agreement to require Parent to cause the commitments under the parent fee commitment letter to be funded. See *The Merger Agreement - Specific Performance*.

### **Interests of Our Directors and Executive Officers in the Merger**

When considering the recommendation of our board of directors that you vote to approve the proposal to approve and adopt the merger agreement, you should be aware that some of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our shareholders generally, as more fully described below. The board of directors was aware of and considered these interests, among other matters, in approving the merger agreement and the merger and recommending that the merger agreement be approved and adopted by the shareholders of the Company. For purposes of all of the Company's agreements and plans described below, the completion of the transactions contemplated by the merger agreement will constitute a change in control.

### ***Treatment of the Company's Equity***

#### ***Vested Equity Interests of the Company's Executive Officers and Non-Employee Directors***

The following table sets forth the number of shares of the Company's common stock and the number of shares of the Company's common stock underlying stock options currently held by each of the Company's executive officers and non-employee directors, in each case, that either are currently vested or that are scheduled





**Table of Contents**

to vest before the effective time of the merger, assuming that the effective time of the merger occurs August 1, 2015, whether or not the merger is completed. The table also sets forth the values of these vested shares and stock options based on the merger consideration (minus the applicable exercise price for the stock options). No new shares of the Company's common stock were granted to any executive officer or non-employee director in contemplation of the merger.

Name	Shares Held (#)	Shares Held (\$)	Vested Stock Options Held (#)	Vested Stock Options Held (\$)	Total (\$)
<b>Gary R. Enzor</b>	142,638	2,282,208	330,260	3,655,202	5,937,410
<b>Joseph J. Troy</b>	66,547	1,064,752	138,463	1,203,936	2,268,688
<b>John T. Wilson</b>	13,642	218,272	25,250	167,405	385,677
<b>Melissa M. Ernst</b>	9,562	152,992	51,042	494,833	647,825
<b>Randall T. Strutz</b>	10,630	170,080	39,175	189,387	359,467
<b>Scott D. Giroir</b>	17,814	285,024	53,775	508,576	793,600
<b>Christopher E. Broussard</b>	2,277	36,432			36,432
<b>Richard B. Marchese</b>	65,554	1,048,864			1,048,864
<b>Thomas R. Miklich</b>	35,123	561,968	10,000	147,500	709,468
<b>Annette M. Sandberg</b>	10,852	173,632			173,632
<b>Alan H. Schumacher</b>	78,062	1,248,992	25,000	304,500	1,553,492

*Treatment of Stock Options*

As of June 1, 2015, there were 772,639 outstanding stock options held by directors and executive officers of the Company of which 109,674 were unvested stock options as of that date. As of the effective time of the merger, each outstanding stock option to purchase shares of the Company's common stock will vest and be canceled in exchange for the right to receive an amount in cash (subject to any applicable withholding) equal to the product of (i) the total number of shares of the Company's common stock subject to the stock option as of the effective time of the merger and (ii) the amount by which the merger consideration exceeds the exercise price per share of the Company's common stock underlying the stock option. For more information, please see the discussion under the caption *Summary of Quality Distribution's Equity Awards to Be Accelerated Upon Completion of the Merger* below and the discussion under the caption *The Merger Agreement Treatment of Outstanding Equity Awards*.

*Treatment of Time-Based Vesting Restricted Stock and Restricted Stock Units*

As of June 1, 2015, there were 285,465 outstanding Company RSAs held by directors and executive officers of the Company. As of the effective time of the merger, each such Company RSA will vest and be canceled in exchange for the right to receive an amount in cash (subject to any applicable withholding) equal to the amount determined by multiplying (i) the merger consideration by (ii) the total number of shares of the Company's subject to such Company RSA as of the effective time of the merger. For more information, please see the discussion under the caption *Summary of Quality Distribution's Equity Awards to Be Accelerated Upon Completion of the Merger* below and the discussion under the caption *The Merger Agreement Treatment of Outstanding Equity Awards*.

*Treatment of Performance-Based Vesting Restricted Stock Units*

As of June 1, 2015, there were 823,000 outstanding Company PSAs held by executive officers of the Company (assuming performance at maximum level). As of the effective time of the merger, each outstanding Company PSA will be canceled and the holder will be entitled to receive an amount in cash (subject to any applicable withholding) equal to the amount determined by multiplying (i) the merger consideration and (ii) the sum of (x) 100% of the total number of shares of the Company's common stock subject to any such Company PSA granted in 2014, assuming vesting at the maximum level, and (y) 25% of the total number of shares of the Company's common stock subject to any such Company PSA granted in 2015, assuming vesting at the target level. For more information, please see the discussion under the caption *Summary of Quality Distribution Equity Awards to Be Accelerated Upon Completion of the Merger* below and the discussion under the caption *The Merger Agreement Treatment of Outstanding Equity Awards*.

**Table of Contents***Summary of the Company's Equity Awards to Be Accelerated Upon Completion of the Merger*

The following table sets forth the number and value of unvested stock options, Company RSAs and Company PSAs held by executive officers and non-employee directors of the Company that would be subject to accelerated vesting upon the consummation of the merger, assuming that the effective time of the merger occurs on August 1, 2015.

Name	RSAs Held (#)	RSAs Held (\$)	Company PSAs Held (#)(1)	Company PSAs Held (\$)(1)	Unvested Stock Options Held (#)	Unvested Stock Options Held (\$)
<b>Gary R. Enzor</b>	82,245	1,315,920	285,675	4,570,800	37,500	311,986
<b>Joseph J. Troy</b>	40,017	640,272	182,850	2,925,600	16,887	139,925
<b>John T. Wilson</b>	31,917	510,672	43,175	690,800	17,750	127,280
<b>Melissa M. Ernst</b>	19,854	317,664	38,025	608,400	4,287	35,823
<b>Randall T. Strutz</b>	30,392	486,272	42,475	679,600	13,225	77,966
<b>Scott D. Giroir</b>	28,508	456,128	40,575	649,200	10,025	83,551
<b>Christopher E. Broussard</b>	17,167	274,672	2,625	42,000		
<b>Richard B. Marchese</b>	7,383	118,128				
<b>Thomas R. Miklich</b>	7,383	118,128				
<b>Annette M. Sandberg</b>	7,383	118,128				
<b>Alan H. Schumacher</b>	7,383	118,128				