QUALITY DISTRIBUTION INC
Form 10-Q
May 07, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 000-24180

Quality Distribution, Inc.

(Exact name of registrant as specified in its charter)

Florida	**59-3239073**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**
4041 Park Oaks Boulevard, Suite 200, Tampa, FL	**33610**
(Address of Principal Executive Offices)	**(Zip Code)**

813-630-5826

(Registrant s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ¨ No x

As of May 4, 2010, the registrant had 20,146,138 shares of Common Stock, no par value, outstanding.

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QUALITY DISTRIBUTION, INC.

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QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

Consolidated Statements of Operations

(Unaudited - in 000 s, Except Per Share Amounts)

	Three months ended March 31, 2010	2009
OPERATING REVENUES:		
Transportation	$ 118,917	$ 111,027
Other service revenue	24,906	27,608
Fuel surcharge	17,510	11,097
Total operating revenues	161,333	149,732
OPERATING EXPENSES:		
Purchased transportation	110,904	81,891
Compensation	13,892	23,211
Fuel, supplies and maintenance	12,288	17,540
Depreciation and amortization	4,243	5,335
Selling and administrative	4,778	7,145
Insurance costs	3,337	4,049
Taxes and licenses	596	1,337
Communication and utilities	1,046	2,734
Loss (gain) on disposal of property and equipment	418	(103)
Restructuring costs	1,147	600
Total operating expenses	152,649	143,739
Operating income	8,684	5,993
Interest expense	8,667	7,000
Interest income	(161)	(103)
Gain on extinguishment of debt		(675)
Other expense	6	143
Income (loss) before income taxes	172	(372)
Benefit from income taxes	(626)	(70)
Net income (loss)	$ 798	$ (302)
PER SHARE DATA:		
Net income (loss) per common share		
Basic	$ 0.04	$ (0.02)
Diluted	$ 0.04	$ (0.02)
Weighted-average number of shares		
Basic	19,501	19,215

Diluted	21,470	19,215

The accompanying notes are an integral part of these consolidated financial statements.

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QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In 000 s)

Unaudited

	March 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,675	$ 5,633
Accounts receivable, net	80,541	69,625
Prepaid expenses	10,390	8,584
Deferred tax asset, net	4,626	5,506
Other	4,725	4,420
Total current assets	102,957	93,768
Property and equipment, net	127,052	127,329
Goodwill	27,023	27,023
Intangibles, net	18,069	18,467
Other assets	12,818	13,029
Total assets	$ 287,919	$ 279,616
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS DEFICIT		
Current liabilities:		
Current maturities of indebtedness	$ 19,498	$ 19,866
Current maturities of capital lease obligations	4,900	5,322
Accounts payable	9,591	6,182
Affiliates and independent owner-operators payable	12,591	9,734
Accrued expenses	21,883	21,378
Environmental liabilities	3,733	3,408
Accrued loss and damage claims	7,525	8,862
Total current liabilities	79,721	74,752
Long-term indebtedness, less current maturities	291,240	284,253
Capital lease obligations, less current maturities	10,809	11,843
Environmental liabilities	7,740	8,241
Accrued loss and damage claims	8,679	10,534
Other non-current liabilities	27,075	28,896
Total liabilities	425,264	418,519
Commitments and contingencies - Note 11		
Redeemable noncontrolling interest	1,833	1,833
SHAREHOLDERS DEFICIT		
Common stock, no par value; 29,000 shares authorized; 20,366 issued and 20,146 outstanding at March 31, 2010 and 20,297 issued and 20,077 outstanding at December 31, 2009, respectively	364,535	364,046
Treasury stock, 220 shares at March 31, 2010 and December 31, 2009	(1,580)	(1,580)
Accumulated deficit	(293,770)	(294,568)
Stock recapitalization	(189,589)	(189,589)

Accumulated other comprehensive loss	(25,316)	(25,587)
Stock purchase warrants	6,696	6,696
Stock subscriptions receivable	(154)	(154)
Total shareholders deficit	(139,178)	(140,736)
Total liabilities, redeemable noncontrolling interest and shareholders deficit	$ 287,919	$ 279,616

The accompanying notes are an integral part of these consolidated financial statements.

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QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholders Equity

For the Three Months Ended March 31, 2010 and 2009

Unaudited (In 000 s)

	Shares of Common Stock	Shares of Treasury Stock	Common Stock	Treasury Stock	Accumulated Deficit	Stock Recapitalization	Accumulated Other Comprehensive Loss	Stock Purchase Warrants	Stock Subscription Receivables	Total Shareholders Equity
Balance, December 31, 2008	19,754	(205)	$ 362,945	$ (1,580)	$ (114,034)	$ (189,589)	$ (26,488)	$	$ (234)	$ 31,020
Net loss					(302)					(302)
Issuance of restricted stock	95									
Amortization of restricted stock			63							63
Amortization of stock options			93							93
Amortization of prior service costs and losses, net of tax							312			312
Translation adjustment, net of tax							126			126
Balance, March 31, 2009	19,849	(205)	$ 363,101	$ (1,580)	$ (114,336)	$ (189,589)	$ (26,050)		$ (234)	$ 31,312
Balance, December 31, 2009	20,297	(220)	$ 364,046	$ (1,580)	$ (294,568)	$ (189,589)	$ (25,587)	6,696	$ (154)	$ (140,736)
Net income					798					798
Issuance of restricted stock	69									
Amortization of restricted stock			214							214
Amortization of stock options			275							275
Amortization of prior service costs and losses (pension plans), net of tax							323			323
Foreign currency translation adjustment, net of tax							(52)			(52)
Balance, March 31, 2010	20,366	(220)	$ 364,535	$ (1,580)	$ (293,770)	$ (189,589)	$ (25,316)	6,696	$ (154)	$ (139,178)

The accompanying notes are an integral part of these consolidated financial statements.

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QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited - In 000 s)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 798	$ (302)
Adjustments to reconcile to net cash and cash equivalents provided by (used in) operating activities:		
Deferred income tax benefit		(18)
Depreciation and amortization	4,243	5,335
Bad debt expense	132	602
Loss (gain) on disposal of property and equipment	418	(103)
PIK interest on Senior Subordinated Notes	558	
Gain on extinguishment of long-term debt		(675)
Stock-based compensation	489	156
Amortization of deferred financing costs	676	701
Amortization of bond discount	585	275
Redeemable noncontrolling interest dividends	36	36
Changes in assets and liabilities:		
Accounts and other receivables	(11,106)	4,539
Prepaid expenses	(1,806)	(178)
Other assets	(822)	365
Accounts payable	1,897	958
Accrued expenses	503	(2,281)
Environmental liabilities	(175)	391
Accrued loss and damage claims	(3,193)	153
Affiliates and independent owner-operators payable	2,857	3,506
Other liabilities	(295)	402
Current income taxes	51	(208)
Net cash (used in) provided by operating activities	(4,154)	13,654
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(4,622)	(1,758)
Proceeds from sales of property and equipment	1,393	2,166
Net cash (used in) provided by investing activities	(3,229)	408
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(1,282)	(4,626)
Principal payments on capital lease obligations	(1,456)	(1,877)
Proceeds from revolver	14,600	8,000
Payments on revolver	(8,600)	(13,000)
Payments on acquisition notes	(318)	(227)
Change in book overdraft	1,513	(1,985)
Redeemable noncontrolling interest dividends	(36)	(36)
Net cash provided by (used in) financing activities	4,421	(13,751)
Effect of exchange rate changes on cash	4	(6)

Net (decrease) increase in cash and cash equivalents	(2,958)	305
Cash and cash equivalents, beginning of period	5,633	6,787
Cash and cash equivalents, end of period	$ 2,675	$ 7,092
Supplemental Disclosure of Cash Flow Information		
Cash paid (received) during the period for:		
Interest	$ 3,329	$ 4,805
Income Taxes	(56)	114

The accompanying notes are an integral part of these consolidated financial statements.

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QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

Quality Distribution, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

In this quarterly report, unless the context otherwise requires or indicates, (i) the terms the Company, our Company, Quality Distribution, QDI, we, us and our refer to Quality Distribution, Inc. and its consolidated subsidiaries and their predecessors, (ii) the terms Quality Distribution, LLC and QD LLC refer to our wholly owned subsidiary, Quality Distribution, LLC, a Delaware limited liability company, and its consolidated subsidiaries and their predecessors, (iii) the term QD Capital refers to our wholly owned subsidiary, QD Capital Corporation, a Delaware corporation, (iv) the term QCI refers to our wholly owned subsidiary, Quality Carriers, Inc., an Illinois Corporation and (v) the term Boasso refers to our wholly owned subsidiary, Boasso America Corporation, a Louisiana corporation.

We are primarily engaged in truckload transportation of bulk chemicals and are also engaged in International Organization Standardization, or ISO, tank container transportation and depot services, logistics and other value-added services. We conduct a significant portion of our business through a network of affiliates and independent owner-operators. Affiliates are independent companies which enter into various term contracts with the Company. Affiliates are responsible for paying for their own power equipment (including debt service), fuel and other operating costs. Certain affiliates lease trailers from us. Independent owner-operators are independent contractors, who, through a contract with us, supply one or more tractors and drivers for our use. Contracts with independent owner-operators may be terminated by either party on short notice. We charge affiliates and third parties for the use of tractors and trailers as necessary. In exchange for the services rendered, affiliates and independent owner-operators are normally paid a percentage of the revenues collected on each load hauled.

Our accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and do not include all of the information and notes required by accounting principles generally accepted in the United States (GAAP) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) considered necessary for a fair statement of consolidated financial position, results of operations and cash flows have been included. The year ended consolidated balance sheet data was derived from audited financial statements, but does not include all the disclosures required by GAAP. For further information, refer to our Annual Report on Form 10-K for the year ended December 31, 2009, including the consolidated financial statements and accompanying notes.

Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the entire fiscal year.

New Accounting Pronouncements

In June 2009, FASB issued new guidance which revises and updates previously issued guidance related to variable interest entities. The new guidance eliminates the exceptions to consolidating qualifying special-purpose entities that were included in the prior guidance. The new guidance contains new criteria for determining the primary beneficiary and increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. The guidance also contains a new requirement that any term, transaction, or arrangement that does not have a substantive effect on an entity s status as a variable interest entity, a company s power over a variable interest entity, or a company s obligation to absorb losses or its right to receive benefits of an entity must be disregarded. The elimination of the qualifying special-purpose entity concept and its consolidation exceptions means more entities will be subject to consolidation assessments and reassessments. The new guidance became effective for our fiscal year beginning January 1, 2010. The Company has concluded its relationship with affiliates does not represent variable interests and that the Company is not in a position to direct the significant economic activities of the affiliates.

In June 2009, the FASB issued guidance that eliminates the concept of a qualifying special-purpose entity, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, clarifies other sale-accounting criteria, and changes the initial measurement of a transferor s interest in transferred financial assets. This guidance became effective for our fiscal year beginning January 1, 2010 and had no impact on our consolidated financial statements.

Acquisition and Dispositions

During 2009 and the first three months of 2010, we did not complete any acquisitions or dispositions of businesses or affiliates except as described below.

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On October 10, 2009, we sold substantially all of the operating assets of our tank wash subsidiary, Quala Systems, Inc, (QSI), for $13.0 million, of which $10.0 million was paid in cash and the remaining $3.0 million in a subordinated note. The subordinated note is a five year non-amortizing note which matures on December 31, 2014. The principal is payable in a lump sum at maturity. Interest is payable quarterly at 7% per annum commencing December 31, 2009. In connection with the sale, QSI entered into various agreements with the purchaser, which is not affiliated with us, including long-term leases of real estate used in the tank wash business and various operating agreements. The assets sold had a net book value of $4.9 million which included $4.3 million of equipment, $0.4 million of inventory, and $0.2 million of intangibles. The sold QSI business generated approximately $19.5 million of revenue in 2009 from tank wash and related operations. Following the sale of the QSI business, we have purchased tank wash services (which were previously provided by QSI) from the acquirer of QSI s tank wash assets and we expect to continue to do so in the future. Since we expect these continuing cash outflows to be significant, the sold QSI business does not qualify as a discontinued operation under FASB guidance. Therefore, we recorded a pre-tax gain of $7.1 million in the fourth quarter of 2009 as part of our operating income.

2. Fair Value of Financial Instruments

The three-level valuation hierarchy for fair value measurements is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets;

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable: and

Level 3 Instruments whose significant inputs are unobservable.

Following is a description of the valuation methodologies we used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Fair Value Measurements on a Nonrecurring Basis

The following tables summarize assets measured at fair value on a nonrecurring basis subsequent to initial recognition:

	March 31, 2010	Significant Unobservable Inputs (Level 3)	Total Loss
Assets			
Goodwill	$ 27,023	$ 27,023	$ (146,230)
Intangibles	18,069	18,069	(2,400)
Total	$ 45,092	$ 45,092	$ (148,630)

We review the carrying value of our assets measured at fair value on a nonrecurring basis when events and circumstances warrant. This review requires the comparison of the fair value of our assets to their respective carrying values. The fair value of our assets is determined based on valuation techniques using the best information that is available, and may include quoted market prices, market comparables, and discounted cash flow projections. An impairment charge is recorded whenever a decline in fair value below the carrying value is determined to be other than temporary.

Goodwill and Intangibles

Goodwill and intangible assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs. Fair value is determined using a combination of two valuation approaches: the market approach and the income approach. As of March 31, 2010, the carrying value of our goodwill was $27.0 million, and the carrying value of our intangibles was $18.1 million. These values reflect adjustments to fair value made as of June 30, 2009 as a result of our annual impairment analysis.

Long-term indebtedness

The fair values of our 9% Senior Subordinated Notes (9% Notes), our Senior Floating Rate Notes (2012 Notes), our 10% Senior Notes (2013 Senior Notes) and our 11.75% Senior Subordinated PIK Notes (2013 PIK Notes) were based on quoted market prices. As of March 31, 2010, the carrying value of our 9% Notes was $16.0 million with a fair value of $14.6 million. As of March 31, 2010, the carrying value of our 2012 Notes was $0.5 million with a fair value of $0.4 million. As of March 31, 2010, the carrying value of our 2013 Senior Notes was $134.5 million with a fair value of $122.4 million. As of March 31, 2010, the carrying value of our 2013 PIK Notes was $81.8 million with a fair value of $67.9 million. Our asset-based loan facility (the ABL Facility) is variable rate debt and approximates fair value.

The carrying amounts reported in the accompanying balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

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3. Goodwill and Intangible Assets

Goodwill

Under the FASB guidance, goodwill and intangible assets are subject to an annual impairment test as well as impairment assessments of certain triggering events. We evaluate goodwill for impairment by determining the fair value based on criteria in the FASB guidance for each reporting unit, our trucking segment and our container services segment. These reporting units contain goodwill and other identifiable intangible assets as a result of previous business acquisitions. Our annual impairment test is performed during the second quarter with a measurement date of June 30th . The methodology applied in the analysis performed at June 30, 2009 was consistent with the methodology applied in prior years, but was based on updated assumptions, as appropriate. As a result of our analysis we concluded a total impairment charge to goodwill of $146.2 million was necessary at June 30, 2009, of which $144.3 million was related to our trucking segment, eliminating 100% of the carrying amount of goodwill of that segment, and $1.9 million was related to our container services segment. We continued to evaluate indicators of impairment quarterly following our annual goodwill impairment test at June 30, 2009 through year end 2009, and again in the quarter ended March 31, 2010. There were no indications that a triggering event had occurred following June 30, 2009. As of March 31, 2010, we had total goodwill of $27.0 million, all of which relates to our container services segment.

We have evaluated at least quarterly whether indicators of impairment exist in accordance with applicable guidance. Prior to our June 30, 2009 analysis, we did not believe that factors attributable to the economic downturn would impact the recoverability of our goodwill. Our performance since the prior period s goodwill impairment test at June 30, 2008 through year end 2008 trended positive and there were no indications from our quarterly reviews that a triggering event had occurred. The first quarter of 2009 showed improved operating income year over year and strong operating cash flow; however, due to the continuing economic downturn, we reviewed not only our market capitalization, but also performed a discounted cash flow analysis based on assumptions adjusted to reflect the current economic environment and which we believed to be appropriate at the time. The conclusions from our extended analysis at March 31, 2009 did not indicate a trend in operating results that would foretell of impairment to our goodwill. For our June 30, 2009 analysis, we adjusted further our assumptions used, such as growth and discount rates, in the annual impairment test to reflect the persistence of the downward economic trend.

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

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

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

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

As of March 31, 2010 and December 31, 2009, the goodwill balance was $27.0 million for both periods which relates to our container services segment.

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Intangible Assets

Intangible assets at March 31, 2010 are as follows (in thousands):

	Gross value	Accumulated amortization	Net book value	Average lives (in years)
Tradename	$ 7,400	$	$ 7,400	Indefinite
Customer relationships	11,900	(2,231)	9,669	12
Non-compete agreements	2,593	(1,593)	1,000	3 5
	$ 21,893	$ (3,824)	$ 18,069	

Amortization expense for the three months ended March 31, 2010 and 2009 was $0.4 million in both periods. Estimated amortization expense for intangible assets is as follows (in thousands):

2010 remaining	$ 1,145
2011	1,369
2012	1,205
2013	996
2014 and after	$ 5,954

4. Comprehensive Income (Loss)

Comprehensive income (loss) is as follows (in thousands):

	Three months ended March 31,	
	2010	2009
Net income (loss)	$ 798	$ (302)
Other comprehensive income (loss):		
Amortization of prior service costs, net of tax	323	312
Foreign currency translation adjustments, net of tax	(52)	126
Comprehensive income (loss)	$ 1,069	$ 136

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5. Income (Loss) Per Share

A reconciliation of the numerators and denominators of the basic and diluted income (loss) per share computations is as follows (in thousands, except per share amounts):

	Three months ended					
	March 31, 2010			March 31, 2009		
	Net income (numerator)	Shares (denominator)	Per-share amount	Net loss (numerator)	Shares (denominator)	Per-share amount
Basic income (loss) available to common shareholders:						
Net income (loss)	$ 798	19,501	$ 0.04	$ (302)	19,215	$ (0.02)
Effect of dilutive securities:						
Stock options		114				
Unvested restricted stock		106				
Stock warrants		1,749				
Diluted income (loss) available to common shareholders:						
Net income (loss)	$ 798	21,470	$ 0.04	$ (302)	19,215	$ (0.02)

There is no effect of our stock options and restricted stock in the computation of diluted earnings per share for the three months ended March 31, 2009 due to a net loss in the quarter.

The following securities were not included in the calculation of diluted earnings per share because such inclusion would be anti-dilutive (in thousands):

	Three months ended March 31,	
	2010	2009
Stock options	2,029	1,699
Unvested restricted stock	538	216

6. Stock-Based Compensation

We maintain performance incentive plans under which stock options, restricted shares, and stock units may be granted to employees, non-employee directors, consultants and advisors. As of March 31, 2010, we had two active stock-based compensation plans.

We recognize expense for stock-based compensation based upon estimated grant date fair value. We apply the Black-Scholes valuation model in determining the fair value of share-based payments to employees. The resulting compensation expense is recognized over the requisite service period, which is generally the awards vesting term. Compensation expense is recognized only for those awards expected to vest, with forfeitures estimated based on our historical experience and future expectations. All stock-based compensation expense is classified within Compensation on the Consolidated Statement of Operations. None of the stock-based compensation was capitalized during the first three months of 2010.

The fair value of options granted during the first three months of 2009 was based upon the Black-Scholes option-pricing model. There were no options granted during the first three months of 2010. The expected term of the options represents the estimated period of time until exercise giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior. For 2010, expected stock price volatility is based on the historical volatility of our common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant with an equivalent remaining term. The Company has not paid dividends in the past and does not currently plan to pay any dividends in the foreseeable future. The Black-Scholes model was used with the following weighted average assumptions:

	2010	2009
Risk free rate		1.57%
Expected life		5 years
Volatility		78.7%
Expected dividend	nil	nil

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The following options and restricted shares were issued during the three months ended:

	Options Issued	Restricted Shares Issued
March 31, 2010		68,621

The following table summarizes stock-based compensation expense (in thousands):

	Three months ended March 31,	
	2010	2009
Stock options	$ 275	$ 93
Restricted stock	214	63
	$ 489	$ 156

The following table summarizes unrecognized stock-based compensation and the weighted average period over which such stock-based compensation is expected to be recognized as of March 31, 2010 (in thousands):

		Remaining years
Stock options	$ 2,727	4
Restricted stock	2,200	4
	$ 4,927	

These amounts do not include the cost of any additional awards that may be granted in future periods nor any changes in our forfeiture rate. No options were exercised during the three months ended March 31, 2010.

7. Employee Benefit Plans

We maintain two noncontributory defined benefit plans resulting from a prior acquisition that cover certain full-time salaried employees and certain other employees under a collective bargaining agreement. Retirement benefits for employees covered by the salaried plan are based on years of service and compensation levels. The monthly benefit for employees under the collective bargaining agreement plan is based on years of service multiplied by a monthly benefit factor. Pension costs are funded in accordance with the provisions of the applicable law. Both pension plans have been frozen since prior to January 1, 1998. There are no new participants and no future accruals of benefits from the time the plans were frozen.

We use a December 31st measurement date for both of our plans.

The components of estimated net periodic pension cost are as follows (in thousands):

	Three months ended March 31,	
	2010	2009
Service cost	$ 51	$ 51
Interest cost	644	688

Amortization of prior service cost	23	23
Amortization of loss	300	288
Expected return on plan assets	(540)	(509)
Net periodic pension cost	$ 478	$ 541

We contributed $0.3 million to our pension plans during the three months ended March 31, 2010. We expect to contribute an additional $2.3 million during the remainder of 2010.

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8. Restructuring

We account for restructuring costs associated with one-time termination benefits, costs associated with lease and contract terminations and other related exit activities in accordance with the FASB s guidance. We have made estimates of the costs to be incurred as part of our restructuring plan. During the quarter ended June 30, 2008, we committed to a plan of restructure resulting in the termination of non-driver positions and the consolidation, closure or affiliation of underperforming company terminals. We continued our plan of restructure throughout 2009 which resulted in charges of $3.5 million of which the majority related to our trucking segment. Our restructuring plan continued in 2010 and resulted in charges of $1.1 million in the quarter ended March 31, 2010, of which the majority related to our trucking segment. The charges in 2009 and 2010 related to employee termination benefits and other related exit activities, and included the termination of approximately 360 non-driver positions. We expect to conclude our restructuring plan in 2010 and to take additional related charges during the year.

In the three months ended March 31, 2010, we had the following activity in our restructuring accruals:

	Balance at December 31, 2009	Additions	Payments	Reductions	Balance at March 31, 2010
Restructuring costs	$ 1,063	$ 1,147	$ (1,067)	$	$ 1,143

9. Segment Reporting

Reportable Segments

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

Trucking, which consists of truckload transportation of bulk chemicals, and

Container Services, specifically ISO tank container transportation and depot services.

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

Summarized segment data and reconciliation to loss before income taxes follows (in thousands):

	Three months ended March 31,	
	2010	2009
Operating revenues:		
Trucking	$ 121,783	$ 111,148
Container Services	23,195	19,901
Other revenue	16,355	18,683
Total	161,333	149,732
Operating income:		
Trucking	10,533	7,585
Container Services	3,674	3,289

Other operating income	285	951
Total segment operating income	14,492	11,825
Depreciation and amortization expense	4,243	5,335
Other expense	1,565	497
Total	8,684	5,993
Interest expense	8,667	7,000
Interest income	(161)	(103)
Other expense (income)	6	(532)
Income (loss) before income taxes	$ 172	$ (372)

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Geographic Segments

Our operations are located primarily in the United States, Canada and Mexico. Inter-area sales are not significant to the total revenue of any geographic area. Information about our operations in different geographic areas for the three months ended March 31, 2010 and 2009 is as follows (in thousands):

	Three months ended March 31, 2010		
	U. S.	**International**	**Consolidated**
Total operating revenues	$ 152,177	$ 9,156	$ 161,333
Operating income	7,758	926	8,684
	As of March 31, 2010		
Long-term identifiable assets (1)	$ 137,338	$ 7,783	$ 145,121

	Three months ended March 31, 2009		
	U. S.	**International**	**Consolidated**
Total operating revenues	$ 141,114	$ 8,618	$ 149,732
Operating income	5,217	776	5,993
	As of December 31, 2009		
Long-term identifiable assets (1)	$ 137,807	$ 7,989	$ 145,796

(1) Includes property and equipment and intangible assets.

10. Income Taxes

At December 31, 2009, we had approximately $1.8 million of total gross unrecognized tax benefits. Of this total, $1.2 million (net of federal benefit on state tax issues) represents the amount of unrecognized tax benefits that, if recognized would favorably affect the effective income tax rate in any future periods.

Included in the balance of gross unrecognized tax benefits at December 31, 2009, was $0.7 million related to tax positions for which it is reasonably possible that the total amounts could significantly change during the next twelve months due to expiration of the statute of limitations.

For the three months ended March 31, 2010, the change in unrecognized tax benefits was a decrease of $0.3 million. The change was due to an expiration of the statute of limitations. Our total gross unrecognized tax benefit at March 31, 2010 was $1.5 million.

Our continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. We had $0.7 million (net of federal tax benefit) accrued for interest and $0.3 million accrued for penalties at December 31, 2009. The total amount accrued for interest and penalties at March 31, 2010 was $0.7 million.

We are subject to the income tax jurisdictions of the U.S., Canada, and Mexico, as well as income tax of multiple state jurisdictions. We believe we are no longer subject to U.S. federal income tax examinations for years before 2006, to international examinations for years before 2005 and with few exceptions, to state examinations before 2005.

The effective tax rates for the three months ended March 31, 2010 and 2009 were a benefit of more than 100.0% and 18.8%, respectively. The effective tax rate for the current period includes a tax benefit of approximately $0.7 million from a change in the Company s uncertain tax positions. This represents an unusual or infrequently occurring item largely influencing our effective tax rate, which otherwise would be proximate to our estimated annual effective tax rate.

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11. Commitments and Contingencies

Environmental Matters

It is our policy to comply with all applicable environmental, safety, and health laws. We also are committed to the principles of Responsible Care®, an international chemical industry initiative to enhance the industry s responsible management of chemicals. We have obtained independent certification that our management system is in place and functions according to professional standards and we continue to evaluate and continuously improve our Responsible Care® Management System performance.

Our activities involve the handling, transportation and storage of bulk chemicals, both liquid and dry, many of which are classified as hazardous materials or hazardous substances. Our operations involve the generation, storage, discharge and disposal of wastes that may contain hazardous substances, the inventory and use of cleaning materials that may contain hazardous substances and the control and discharge of storm-water from industrial sites. In addition, we may store diesel fuel, materials containing oil and other hazardous products at our terminals. As such, we and others who operate in our industry are subject to environmental, health and safety laws and regulation by U.S. federal, state and local agencies as well as foreign governmental authorities. Environmental laws and regulations are complex, and address emissions to the air, discharge onto land or water, and the generation, handling, storage, transportation, treatment and disposal of waste materials. These laws change frequently and generally require us to obtain and maintain various licenses and permits. Environmental laws have tended to become more stringent over time, and most provide for substantial fines and potential criminal sanctions for violations. Some of these laws and regulations are subject to varying and conflicting interpretations. Under certain of these laws, we could also be subject to allegations of liability for the activities of our affiliates or independent owner-operators.

We are potentially subject to strict, joint and several liability for investigating and rectifying the consequences of spills and other releases of such substances. From time to time, we have incurred remedial costs and regulatory penalties with respect to chemical or wastewater spills and releases at our facilities and on the road, and, notwithstanding the existence of our environmental management program, we cannot assure that such obligations will not be incurred in the future, predict with certainty the extent of future liabilities and costs under environmental, health, and safety laws, or assure that such liabilities will not result in a material adverse effect on our business, financial condition, operating results or cash flow. We have established reserves for remediation expenses at known contamination sites when it is probable that such efforts will be required of us and the related expenses can be reasonably estimated. We have also incurred in the past, and expect to incur in the future, capital and other expenditures related to environmental compliance for current and planned operations. Such expenditures are generally included in our overall capital and operating budgets and are not accounted for separately. However, we do not anticipate that compliance with existing environmental laws in conducting current and planned operations will have a material adverse effect on our capital expenditures, earnings or competitive position.

Reserves

Our policy is to accrue remediation expenses when it is probable that such efforts will be required and the related expenses can be reasonably estimated. Estimates of costs for future environmental compliance and remediation may be adversely affected by such factors as changes in environmental laws and regulatory requirements, the availability and application of technology, the identification of currently unknown potential remediation sites and the allocation of costs among the potentially responsible parties under the applicable statutes. The recorded liabilities are adjusted periodically as remediation efforts progress or as additional technical or legal information becomes available. As of March 31, 2010 and December 31, 2009, we had reserves in the amount of $11.5 million and $11.6 million, respectively, for all environmental matters of which the more significant are discussed below.

The balances presented include both long term and current environmental reserves. We expect these environmental obligations to be paid over the next five years. Additions to the environmental liability reserves are classified in our Consolidated Statements of Operations within the Selling and administrative category.

Property Contamination Liabilities

We have been named as (or are alleged to be) a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA) and similar state laws at approximately 24 sites. At 17 of the 24 sites, we are one of many parties with alleged liability and are negotiating with Federal, State or private parties on the scope of our obligations, if any. At 2 of the 17 sites, we will be participating in the initial studies to determine site remediation objectives. Since our overall liability cannot be estimated at this time, we have set reserves for only the initial remedial investigation phase. At 3 of the 17 sites, we have explicitly denied any liability and since there has been no subsequent demand for payment we have not established a reserve for these matters. We have estimated future expenditures for these off-site multi-party environmental matters to be in the range of $2.6 million to $3.8 million.

At 7 of the 24 sites, we are the only responsible party and are in the process of conducting investigations and/or remediation projects. Four of these projects relate to operations conducted by our subsidiary, Chemical Leaman Corporation (CLC), and its subsidiaries prior to our acquisition of CLC in 1998. These four sites are: (1) Bridgeport, New Jersey; (2) William Dick, Pennsylvania;

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(3) Tonawanda, New York; and (4) Scary Creek, West Virginia. The remaining three sites relate to investigations and potential remediation that were triggered by the New Jersey Industrial Site Remediation Act (ISRA), which requires such investigations and remediation following the sale of industrial facilities. Each of these sites is discussed in more detail below. We have estimated future expenditures for these seven properties to be in the range of $8.9 million to $16.7 million.

Bridgeport, New Jersey

QDI is required under the terms of two federal consent decrees to perform remediation at this operating truck terminal and tank wash site. CLC entered into consent orders with the U.S. Environmental Protection Agency (USEPA) in May 1991 for the treatment of groundwater and in October 1998 for the removal of contamination in the wetlands. In addition, we were required to assess the remediation of contaminated soils.

The groundwater treatment remedy negotiated with USEPA calls for a treatment facility for in-place treatment of groundwater contamination and a local discharge. Treatment facility construction was completed in early 2007. After various start-up issues, we expect the treatment facility to begin operating in 2010. Wetlands contamination has been remediated with localized restoration completed. Monitoring of the restored wetlands is continuing. In regard to contaminated soils, USEPA finalized the feasibility study and issued a record of decision in 2009 for the limited areas that show contamination and warrant additional investigation or work. We are in negotiations with USEPA to enter a consent order to perform the remediation work. We have estimated expenditures to be in the range of $5.5 million to $8.5 million.

William Dick, Pennsylvania

CLC entered into a consent order with the Pennsylvania DEP and USEPA in October 1995 obligating it to provide a replacement water supply to area residents, treat contaminated groundwater, and perform remediation of contaminated soils at this former wastewater disposal site. The replacement water supply is complete. We completed construction of a treatment facility with local discharge for groundwater treatment in the fourth quarter of 2007. Plant start-up issues are on-going but we expect the treatment facility to begin operating in 2010. The agencies approved a contaminated soils remedy, which required both thermal treatment of contaminated soils and treatment of residuals via soil vapor extraction. The remedy expanded to include off-site shipment of contaminated soils. Soil treatment was completed in September 2007. Site sampling has been conducted and the results indicate that the soil clean-up objectives have not been fully achieved. Negotiations are on-going with USEPA over further remedial actions that may be needed at the site. We have estimated expenditures to be in the range of $1.0 million to $3.4 million.

Other Properties

Scary Creek, West Virginia: CLC received a cleanup notice from the State environmental authority in August 1994. The State and we have agreed that remediation can be conducted under the State s voluntary clean-up program (instead of the state superfund enforcement program). We are currently completing the originally planned remedial investigation and the additional site investigation work.

Tonawanda, New York: CLC entered into a consent order with the New York Department of Environmental Conservation on June 22, 1999 obligating it to perform soil and groundwater remediation at this former truck terminal and tank wash site. We have completed a remedial investigation and a feasibility study. The State issued a record of decision in May 2006. The site is currently in remedial design phase.

ISRA New Jersey Facilities: We are obliged to conduct investigations and remediation at three current or former New Jersey tank wash and terminal sites pursuant to the state s Industrial Sites Remediation Act, which requires such remediation following the sale of facilities after 1983. These sites are in the process of remedial investigation with projections set in contemplation of limited soil remediation expense for contaminated areas.

We have estimated future expenditures for Scary Creek, Tonawanda and ISRA to be in the range of $2.4 million to $4.8 million.

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12. Guarantor Subsidiaries

The 2013 Senior Notes and 2012 Notes are our subsidiaries , QD LLC and QD Capital, senior unsecured obligations and are fully and unconditionally guaranteed on a senior unsecured basis, jointly and severally, by QDI, our other subsidiary guarantors, and certain of our future U.S. restricted subsidiaries. The 2013 PIK Notes and 9% Notes are our subsidiaries , QD LLC and QD Capital Corporation, unsecured and senior subordinated obligations and are fully and unconditionally guaranteed on an unsecured and senior subordinated basis, jointly and severally, by QDI, our other subsidiary guarantors, and certain of our future U.S. restricted subsidiaries. The subsidiary guarantors of all of the notes are all of our direct and indirect domestic subsidiaries. All non-domestic subsidiaries including Levy Transport, Ltd. are not guarantor subsidiaries. QD Capital has no material assets or operations. QD LLC, all its subsidiary guarantors and QD Capital are 100% owned by QDI.

QD LLC conducts substantially all of its business through and derives virtually all of its income from its subsidiaries. Therefore, its ability to make required principal and interest payments with respect to its indebtedness depends on the earnings of subsidiaries and its ability to receive funds from its subsidiaries through dividend and other payments. The subsidiary guarantors are 100% owned subsidiaries of QD LLC and have fully and unconditionally guaranteed the 9% Notes and the 2012 Notes, and the 2013 Senior Notes and the 2013 PIK Notes on a joint and several basis.

QDI has no significant restrictions on its ability to receive funds from its subsidiaries. The ABL Facility and the indentures governing our 2013 Senior Notes and our 2013 PIK Notes contain certain limitations on QD LLC s ability to make distributions to QDI. We do not consider these restrictions to be significant, because QDI is a holding company with no significant operations or assets, other than ownership of 100% of QD LLC s membership units. QD LLC s direct and indirect wholly owned subsidiaries are generally permitted to make distributions to QD LLC, which is the principal obligor under the ABL Facility, the 9% Notes, the 2012 Notes, the 2013 Senior Notes and the 2013 PIK Notes.

We have not presented separate financial statements and other disclosures concerning subsidiary guarantors because management has determined such information is not material to the holders of the above-mentioned notes.

The following condensed consolidating financial information for QDI, QD LLC, QD Capital (which has no assets or operations), non-guarantor subsidiaries and combined guarantor subsidiaries presents:

Condensed consolidating balance sheets at March 31, 2010 and December 31, 2009 and condensed consolidating statements of operations for the three month periods ended March 31, 2010 and 2009 and the condensed consolidating statements of cash flows for each of the three month periods ended March 31, 2010 and 2009.

Elimination entries necessary to consolidate the parent company and all its subsidiaries.

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Consolidating Statements of Operations

Three Months Ended March 31, 2010

Unaudited - (In 000 s)

	QDI	QD LLC & QD Capital	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues:						
Transportation	$	$	$ 118,917	$	$	$ 118,917
Other service revenue			24,753	153		24,906
Fuel surcharge			17,510			17,510
Total operating revenues			161,180	153		161,333
Operating expenses:						
Purchased transportation			110,904			110,904
Compensation			13,892			13,892
Fuel, supplies and maintenance			12,288			12,288
Depreciation and amortization			4,243			4,243
Selling and administrative		23	4,735	20		4,778
Insurance costs			3,332	5		3,337
Taxes and licenses			596			596
Communication and utilities			1,046			1,046
Loss on disposal of property and equipment			418			418
Restructuring costs			1,147			1,147
Operating (loss) income		(23)	8,579	128		8,684
Interest expense (income), non-related party, net		8,105	415	(14)		8,506
Interest (income) expense, related party, net		(8,105)	8,207	(102)		
Gain on extinguishment of debt						
Other expense (income)			56	(50)		6
(Loss) income before income taxes		(23)	(99)	294		172
Provision for (benefit from) income taxes			73	(699)		(626)
Equity in earnings of subsidiaries	798	821			(1,619)	
Net income (loss)	$ 798	$ 798	$ (172)	$ 993	$ (1,619)	$ 798

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Consolidating Statements of Operations

Three Months Ended March 31, 2009

Unaudited - (In 000 s)

	QDI	QD LLC and QD Capital	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues:						
Transportation	$	$	$ 111,027	$	$	$ 111,027
Other service revenue			27,560	48		27,608
Fuel surcharge			11,097			11,097
Total operating revenues			149,684	48		149,732
Operating expenses:						
Purchased transportation			81,891			81,891
Compensation			23,211			23,211
Fuel, supplies and maintenance			17,540			17,540
Depreciation and amortization			5,335			5,335
Selling and administrative		22	7,113	10		7,145
Insurance costs			4,044	5		4,049
Taxes and licenses			1,337			1,337
Communication and utilities			2,734			2,734
Gain on disposal of property and equipment			(103)			(103)
Restructuring costs			600			600
Operating (loss) income		(22)	5,982	33		5,993
Interest expense (income), non-related party, net		6,231	682	(16)		6,897
Interest (income) expense, related party, net		(6,231)	6,332	(101)		
Gain on extinguishment of debt		(675)				(675)
Other expense			24	119		143
Income (loss) before income taxes		653	(1,056)	31		(372)
(Benefit from) provision for income taxes			(123)	53		(70)
Equity in loss of subsidiaries	(302)	(955)			1,257	
Net loss	$ (302)	$ (302)	$ (933)	$ (22)	$ 1,257	$ (302)

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Consolidating Balance Sheet

March 31, 2010

Unaudited - (In 000 s)

	QDI	QD LLC and QD Capital	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	$	$	$ 396	$ 2,279	$	$ 2,675
Accounts receivable, net	52		80,426	63		80,541
Prepaid expenses		71	10,309	10		10,390
Deferred tax asset, net			4,626			4,626
Other	(103)		4,716	112		4,725
Total current assets	(51)	71	100,473	2,464		102,957
Property and equipment, net			127,052			127,052
Goodwill			27,023			27,023
Intangibles, net			18,069			18,069
Investment in subsidiaries	(142,759)	457,280	21,229		(335,750)	
Other assets		8,527	4,291			12,818
Total assets	$ (142,810)	$ 465,878	$ 298,137	$ 2,464	$ (335,750)	$ 287,919
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS (DEFICIT) EQUITY						
Current Liabilities:						
Current maturities of indebtedness	$	16,031	$ 3,467	$	$	$ 19,498
Current maturities of capital lease obligations			4,900			4,900
Accounts payable			9,591			9,591
Intercompany	(2,625)	301,854	(272,216)	(5,784)	(21,229)	
Affiliates and independent owner-operators payable			12,591			12,591
Accrued expenses		8,082	13,782	19		21,883
Environmental liabilities			3,733			3,733
Accrued loss and damage claims			7,525			7,525
Total current liabilities	(2,625)	325,967	(216,627)	(5,765)	(21,229)	79,721
Long-term indebtedness, less current maturities		282,670	8,570			291,240
Capital lease obligations, less current maturities			10,809			10,809
Environmental liabilities			7,740			7,740
Accrued loss and damage claims			8,679			8,679
Other non-current liabilities	(1,007)		27,874	208		27,075
Total liabilities	(3,632)	608,637	(152,955)	(5,557)	(21,229)	425,264
Redeemable noncontrolling interest			1,833			1,833
Shareholders equity (deficit):						
Common Stock	364,535	354,963	493,861	6,933	(855,757)	364,535
Treasury stock	(1,580)					(1,580)
Accumulated (deficit) retained earnings	(293,770)	(289,986)	(20,783)	2,167	308,602	(293,770)
Stock recapitalization	(189,589)	(189,589)		(55)	189,644	(189,589)
Accumulated other comprehensive loss	(25,316)	(24,843)	(23,819)	(1,024)	49,686	(25,316)
Stock purchase warrants	6,696	6,696			(6,696)	6,696
Stock subscriptions receivable	(154)					(154)

Total shareholders (deficit) equity	(139,178)	(142,759)	449,259	8,021	(314,521)	(139,178)
Total liabilities, redeemable noncontrolling interest and shareholders (deficit) equity	$ (142,810)	$ 465,878	$ 298,137	$ 2,464	$ (335,750)	$ 287,919

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Consolidating Balance Sheet

December 31, 2009

Unaudited - (In 000 s)

	QDI	QD LLC and QD Capital	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	$	$	$ 3,531	$ 2,102	$	$ 5,633
Accounts receivable, net	52		69,477	96		69,625
Prepaid expenses		96	8,473	15		8,584
Deferred tax asset, net			5,506			5,506
Other	(104)		4,460	64		4,420
Total current assets	(52)	96	91,447	2,277		93,768
Property and equipment, net			127,329			127,329
Goodwill			27,023			27,023
Intangibles, net			18,467			18,467
Investment in subsidiaries	(143,830)	456,186	21,229		(333,585)	
Other assets		9,204	3,825			13,029
Total assets	$ (143,882)	$ 465,486	$ 289,320	$ 2,277	$ (333,585)	$ 279,616
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS (DEFICIT) EQUITY						
Current Liabilities:						
Current maturities of indebtedness	$	$ 16,031	$ 3,835	$	$	$ 19,866
Current maturities of capital lease obligations			5,322			5,322
Accounts payable			6,182			6,182
Intercompany	(2,139)	312,705	(283,664)	(5,673)	(21,229)	
Affiliates and independent owner-operators payable			9,734			9,734
Accrued expenses		5,053	16,313	12		21,378
Environmental liabilities			3,408			3,408
Accrued loss and damage claims			8,862			8,862
Total current liabilities	(2,139)	333,789	(230,008)	(5,661)	(21,229)	74,752
Long-term indebtedness, less current maturities		275,527	8,726			284,253
Capital lease obligations, less current maturities			11,843			11,843
Environmental liabilities			8,241			8,241
Accrued loss and damage claims			10,534			10,534
Other non-current liabilities	(1,007)		29,044	859		28,896
Total liabilities	(3,146)	609,316				