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 SECURITY EXCHANGE ACT OF 1934.

For the quarterly period ended JUNE 30, 1999

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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: 0-24180

Quality Distribution, Inc. F/K/A MTL Inc.
(Exact name of registrant as specified in its charter)

Florida	59-3239073
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification No.)

MTL Inc.

(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.

(X) Yes ( ) No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

( ) Yes ( ) No

APPLICABLE ONLY TO CORPORATE USERS:

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 1999
(Common Stock, $.01 par value)	2,011,400

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QUALITY DISTRIBUTION,INC. AND SUBSIDIARIES

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FORM 10-Q
PART 1 - FINANCIAL INFORMATION
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 1999 (Unaudited)	December 31, 1998 *
ASSETS		
Current Assets		
Cash	$ 1,449	$ 85
Restricted cash	-	10,867
Accounts receivable	106,521	92,833
Allowance for doubtful accounts	(5,179)	(3,935)
Current maturities of other receivables	1,479	1,260
Notes receivable	908	784
Inventories	2,214	2,001
Prepaid expenses	8,024	7,751
Prepaid tires	8,870	7,364
Income tax receivable	3,822	4,940
Deferred income taxes	14,574	11,559
Other	3,682	3,793
Total Current assets	146,364	139,302
Property, plant and equipment	326,707	327,496
Less - accumulated depreciation and amortization	(108,920)	(94,274)
	217,787	233,222
Intangibles, net	143,161	137,532
Insurance proceeds receivable	31,260	45,916
Other Assets	30,016	27,274
	$568,588	$583,246

* Condensed from audited financial statements

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

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FORM 10-Q
PART 1 - FINANCIAL INFORMATION
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(continued)

	JUNE 30, 1999 (Unaudited)	December 31, 1998 *
Current Liabilities		
Current maturities of indebtedness	$ 2,942	$ 3,461
Accounts payable and accrued expenses	56,170	64,750
Independent contractors payable	17,407	8,339
Other current liabilities	6,761	10,362
Income tax payable	1,168	1,546
Total Current liabilities	84,448	88,458
Long term debt, less current maturities	299,277	297,662
Capital lease obligations, less current maturities	162	208
Subordinated debt,	140,000	140,000
Environmental liabilities	67,088	69,956
Other long term obligations	9,665	9,963
Accrued loss and damage claims	3,290	3,290
Minority interest in subsidiaries	4,834	4,825
Manditorily redeemable preferred stock	11,717	15,994
Redeemable common stock (30,239 shares)	1,210	1,210
Stockholders' equity (deficit)		
Common stock	20	20
Additional paid-in-capital	105,262	104,807
Retained earnings	32,828	38,495
Stock recapitalization	(189,589)	(189,589)
Other stockholders' equity	(226)	(655)
Note receivable	(1,398)	(1,398)
Total stockholders' equity (deficit)	(53,103)	(48,320)
	$568,588	$583,246

* Condensed from audited financial statements.

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

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FORM 10-Q
PART 1 - FINANCIAL INFORMATION
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Six months ended June 30,		Three months ended June 30,	
	1999	1998	1999	1998
Operating Revenues				
Transportation	$262,474	$137,767	$133,620	$70,589
Other	28,950	10,855	13,291	5,654
	291,424	148,622	146,911	76,243
Operating Expenses				
Purchased transportation	157,600	91,433	78,766	47,086
Depreciation and amortization	29,521	9,916	13,412	5,020
Compensation - options	-	13,433	-	13,433
Other operating expenses	92,269	35,894	46,769	18,112
Operating income	12,034	(2,054)	7,964	(7,408)
Interest expense, net	19,456	3,305	9,686	2,537
Other (income) expense	(87)	(16)	(52)	(9)
Income (loss) before taxes	(7,335)	(5,343)	(1,670)	(9,936)
Income taxes	(2,689)	(2,259)	(588)	(4,143)
Minority interest	9	-	4	-
Net income (loss) before extraordinary item	(4,655)	(3,084)	(1,086)	(5,793)
Extraordinary item, net of tax	-	623	-	623
Net income (loss)	$(4,655)	$(3,707)	$(1,086)	$(6,416)
Preferred stock dividends and accretions	(802)	-	(401)	-
Net income (loss) attributable to common shareholders	$(5,457)	$(3,707)	$ (1,487)	$(6,416)

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

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FORM 10 - Q
PART 1 - FINANCIAL INFORMATION
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Six months ended June 30,		Three month ended June 30,	
	1999	1998	1999	1998
Per Share Data:				
Basic earnings per common share				
Net income (loss) before extraordinary item	$(2.72)	$(.74)	$(0.74)	$(1.51)
Extraordiary item	(0.00)	(.15)	0.00	(.16)
Net earnings (loss) per share	$(2.72)	$(.89)	$(0.74)	$(1.67)
Weighted average shares outstanding	2,010	4,144	2,011	3,839
Diluted earnings per common per share				
Net income (loss) before extraordinary item	N/A	N/A	N/A	N/A
Extraordinary item	N/A	N/A	N/A	N/A
Net earnings per share	N/A	N/A	N/A	N/A
Weighted average shares outstanding	N/A	N/A	N/A	N/A

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

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FORM 10-Q
PART 1 - FINANCIAL INFORMATION
QUALITY DISTRIBUTION, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) - (In thousands)

	Six months ended June 30, 1999	1998
Cash provided by (used for)		
Operating activities:		
Net income (loss)	($ 4,655)	$(3,707)
Adjustments for non cash charges	27,821	10,058
Changes in assets and liabilities	(10,979	(4,996)
Net cash provided by operating activities	12,187	1,355
Investing activities:		
Other investments	(1,191)	-
Acquisition of subsidiary	-	-
Capital expenditures	(14,457)	(13,547)
Proceeds from asset dispositions	4,261	882
Other	(615)	453
Net cash provided by (used for) investing activities	(12,002)	(12,212)
Financing activities:		
Proceeds from issuance of long term debt	2,585	200,107
Payment of obligations	(1,535)	(54,498)
Issuance of common stock	456	62,333
Issuance of preferred stock	-	
Recapitalization expenditures	-	(189,579)
Other	(214)	(5,604)
Net cash provided by (used in) financing activities	1,292	12,759
Net Increase (decrease) in cash	1,477	1,902
Effect of exchange rate changes on cash	(113)	(91)
Cash, beginning of period	85	1,377
Cash, end of period	$ 1,449	$ 3,188
Cash payments (refunds received) for:		
Interest	$ 20,005	$ 3,688
Income taxes	$ (567)	$ 1,536

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

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FORM 10-Q

Item 1. Financial Statements

QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying unaudited condensed, consolidated financial statements of Quality Distribution, Inc.(the "Company") have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and notes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) considered necessary for a fair presentation have been included.

For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 1998, included in the Company's Form 10-K dated March 30, 1999.

Operating results for the quarter ended June 30, 1999 are not necessarily indicative of the results that may be expected for the entire fiscal year.

2. RECAPITALIZATION:

On June 9, 1998, the Company completed the transactions contemplated by an agreement with Sombrero Acquisition Corporation ("Sombrero"), an affiliate of Apollo Management L.P.("Apollo"), pursuant to which Sombrero merged with and into the Company. According to the terms of the merger agreement, the stock- holders of the Company (other than certain management shareholders) received $40.00 per share in cash. The total transaction value was approximatley $250.0 million, including payment for outstanding stock options and payment of approximately $51.0 million in debt.

The transaction was accounted for as a leveraged recapitalization. The effect of the recapitalization on stockholders' equity was a charge of approximatley $189 million.

The recapitalization was funded by a cash equity investment of approximately $62.3 million from Apollo, members of the Company's existing management and third party financing sources. $140.0 million of senior subordinated debt was used to finance the acquisition along with $60.0 million dollars of senior secured bank debt. Additionally, a $75 million revolving credit facility is currently available to the Company for working capital and acquisition purposes.

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ITEM 1 - Financial Statements
QUALITY DISTRIBUTION, INC AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)-(continued)
3. CHEMICAL LEAMAN ACQUISITION:

On August 28, 1998, the Company completed its agreement and plan of merger with Chemical Leaman Corporation ("CLC") and the shareholders of CLC in a transaction accounted for as a purchase.

The Company completed a tender offer to purchase CLC's 10 3/8 % senior notes due 2005 at a puchase price equal to:
(i) the present value on the payment date of $1,051.88 per note (the amount payable on June 15, 2001, which is the first date on which the notes are redeemable)("the Earliest Redemption Date")) and all future interest payments payable up to the Earliest Redemption Date, determined on the basis of a yield to the Earliest Redemption Date equal to the sum of (x) the yield on the 5 5/8 percent U.S. Treasury Notes due May 15, 2001, based on the bid price for such security as of 2:00 p.m., New York City time, on August 19, 1998, the third business day immediately preceeding the scheduled expiration date of the tender offer, plus (y) 75 basis points less (ii) a consent payment of $20.00 per $1,000.00 principal amount on notes for which a valid consent to certain matters relating to the notes is received in connection with the tender offer.

The sources of funds to consumate the merger included additional loans of $235.0 million, preferred equity of approximately $20.0 million and common equity of $12.0 million.

Approximately $144 million of the purchase price has been allocated to goodwill which is being amortized over a 40 year period.

On February 3, 1999 the Company entered into a settlement agreemeent with the former shareholders of CLC regarding the remaining consideration owed in the CLC acquisition. The agreement called for a payment of $3 million of restricted cash to the former shareholders as a settlement of final payment of amounts owed under the merger agreement and a cancellation of the 5,000 preferred shares issued in connection with the acquisition. This agreement resulted in the recording of additional goodwill of approximatley $3 million.

Giving effect to the CLC acquisition as of January 1, 1998 on a proforma basis results in the following:revenue for the six months ending June 30, 1998 $319.7 million, net loss for the six months ending June 30, 1998 $(6.2) million, basic earnings (loss) per share for the six months ended June 30, 1998 $(3.49).

4. COMPREHENSIVE INCOME:

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 requires that an enterprise (a) classify items of other comprehensive income by their nature in the financial statements and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in-capital in the stockholders' equity section of the consolidated balance sheets for annuual financial statements. The Company adopted SFAS 130 in 1998 and accordingly, Comprehensive Income is as follows:

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	Six Months Ended June 30,		Three Months Ended June 30,	
	1999	1998	1999	1998
Net income (loss)	$(4,655)	$(3,707)	(1,086)	$(6,416)
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	429	(242)	194	(261)
Comprehensive income (loss)	$(4,226)	$ (3,949)	$(892)	$(6,677)

5. DERIVATIVES

The Company utilizes derivative financial instruments to reduce its exposure to market risks from changes in interest rates and foreign exchange rates. The instruments primarily used to mitigate these risks are interest rate swaps and foreign exchange contracts. All derivative instruments held by the Company are designed as hedges and accordingly, the gains and losses from changes in derivative fair values are deferred. Gains and losses upon settle- ment are recognized in the statement of operations or recorded as part of the underlying asset or liability as appropriate. The Company is exposed to credit related losses in the event of nonperformance by counterparties to these financial instruments; however, counterparties to these agreements are major financial institutions; and the risk of loss due to nonperformance is considered by management to be minimal. The Company does not hold or issue interest rate swaps or foreign exchange contracts for trading purposes.

The Company currently has appproximately $340 million of variable interest debt. The Company has entered into interest rate swap agreements designed as a partial hedge of the Company's portfolio of variable rate debt. The purpose of these swaps is to fix interest rates on variable rate debt and reduce certain exposures to interest rate fluctuations. At June 30, 1999 the Company had interest rate swaps with a notional amount of $100 million. The notional amounts do not represent a measure of exposure of the Company. The Company will pay counterparties interest at a fixed rate ranging from 5.41% to 5.48%, and the counter parties will pay the Company interest at at a variable rate equal to LIBOR. The LIBOR rate applicable to these agreements at June 30, 1999 was 5.06625%. These agreements mature and renew every three months and expire on

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Item 1 - Financial Statements

QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited) - (continued)

September 2, 2001. A 10% fluctuation in interest rates would have a $1.9 million impact, net of interest rate swap agreements, on future earnings.

The Company has entered into short-term foreign currency agreements to exchange US dollars (US $1,550) for Canadian dollars (CN $2,282). The purpose of these agreements are to hedge against fluctuations in foreign currency exchange rates. The Company is required to make US dollar payments at fixed exchange rates ranging from 1.43738 to 1.4726, and as such, the market risk based upon a 10% fluctuation in the exchange rate is immaterial.

6. GUARANTOR SUBSIDIARIES:

The 10% Series B Senior Subordinated Notes issued in June 1998 and due 2006 are unconditionally guaranteed on a senior unsecured basis pursuant to guarantees by all the Company's direct and indirect domestic subsidiaries ("The Guarantors"). In 1996, the Company acquired Levy Transport, Ltd, a Canadian corporation, which is a non-guarantor subsidiary.

The Company conducts all of its business through and derives virtually all its income from its subsidiaries. Therefore, the Company's ability to make required principal and interest payments with respect to all of the Company's debt depends on the earnings of subsidiaries and its ability to receive funds from its subsidiaries. The subsidiary guarantors are wholly owned subsidiaries of the Company and have fully and unconditionally guaranteed the Notes on a joint and several basis.

The Company has not presented seperate financial statements and other disclosures concerning subsidiary guarantors because management has determined such information is not material to the holders of the Notes.

The following condensed consolidating financial information presents:

1. Balance Sheets as of June 30, 1999 and December 31, 1998.

2. Statements of Operations for the three months ended June 30, 1999 and 1998.

3. Statements of Operations for the six months ended June 30,1999 and 1998.

4. Statements of Cash Flows for the six months ended June 30,1999 and 1998.

5. The parent company and combined guarantor subsidiaries.

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

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FORM 10-Q
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING BALANCE SHEET
JUNE 30, 1999
(Unaudited)
(In thousands)

	Parent	Subs	tor Subs	Elim's	idated
ASSETS					
Current Assets					
Cash and cash equivalents	$ -	$ 421	$1,028	$ -	$ 1,449
Accounts receivable, net	-	93,919	7,423	-	101,342
Inventories	-	1,997	217	-	2,214
Prepaid expenses and other current assets	-	40,681	678	-	41,359
Total Current assets	-	137,018	9,346	-	146,364
Property and equipment,net	-	196,722	21,065	-	217,787
Intangibles & goodwill,net	-	142,078	1,083	-	143,161
Insurance proceeds receivable	-	31,260	-	-	31,260
Other assets	100,000	29,850	166	(100,000)	30,016
Investment in Subsidiaries	292,738	-	-	(292,738)	-
	$392,738	$536,928	$31,660	$(392,738)	$568,588

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FORM 10-Q
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED BALANCE SHEETS
CONSOLIDATING BALANCE SHEET
JUNE 30, 1999
(Unaudited) - (In thousands, continued)

	Parent	Guarantor Subs	Non-Guarantor Subs	Elim's	Consolidated
Current Liabilities					
Current maturities of indebtedness	$ 2,942	$ -	$ -	_	$ 2,942
Accounts payable and accrued expenses	-	53,007	3,163	-	56,170
Independent contractors payable	-	17,247	160	-	17,407
Other current liabilities	-	5,267	1,494	-	6,761
Income tax payable	-	770	398	-	1,168
Total Current liabilities	2,942	76,291	5,215	-	84,448
Bank debt, less current maturities	289,972	-	9,305	-	299,277
Capital lease obligations, less current maturities	-	162	-	-	162
Subordinated debt, less current maturities	140,000	100,000	-	(100,000)	140,000
Environmental liabilities	-	67,088	-	-	67,088
Other long term liabilities	-	9,665	-	-	9,665
Deferred income taxes	-	(2,008)	2,008	-	-
Accrued loss and damage claims	-	3,290	-	-	3,290
Commitments & contingent liab.	-	-	-	-	-
Minority interest in subs	-	4,834	-	-	4,834
Mandatorily redeemable preferred stock	11,717	-	-	-	11,717
Redeemable common stock	1,210	-	-	-	1,210
Stockholders' equity					
Common stock and Additional paid-in-capital	105,282	225,592	15,082	(240,674)	105,282
Retained earnings	32,828	52,014	415	(52,429)	32,828
Stock recapitalization	(189,589)	-	(55)	55	(189,589)
Other stockholders' equity	(226)	-	(310)	310	(226)
Note receivable	(1,398)	-	-	-	(1,398)
Total stockholders' equity or (deficit)	(53,103)	277,606	15,132	(292,738)	(53,103)
	$392,738	$536,928	$31,660	($392,738)	$568,588

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* Condensed from audited financial statements.

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FORM 10-Q
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1998
(Unaudited)
(In thousands)

	Parent	Subs	tor Subs	Elim's	idated
ASSETS					
Current Assets					
Cash and cash equivalents	$ -	$ (721)	$ 806	$ -	$ 85
Accounts receivable, net	-	85,867	3,031	-	88,898
Inventories	-	1,740	261	-	2,001
Prepaid expenses and other current assets	-	46,627	1,691	-	48,318
Total Current assets	-	133,513	5,789	-	139,302
Property and equipment,net	-	211,905	21,317	-	233,222
Intangibles & goodwill,net	-	136,276	1,076	-	137,352
Insurance proceeds receivable	-	45,916	-	-	45,916
Other assets	100,000	27,454	-	(100,000)	27,454
Investment in Subsidiaries	301,391	-	-	(301,391)	-
	$401,391	$555,064	$28,182	$(401,391)	$583,246

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FORM 10-Q
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED BALANCE SHEETS
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1998
(Unaudited, in thousands, continued)

	Parent	Guarantor Subs	Non-Guarantor Subs	Elim's	Consolidated
Current Liabilities					
Current maturities of indebtedness	$ 3,153	$ 208	$ 100	_	$ 3,461
Accounts payable and accrued expenses	-	60,532	4,218	-	64,750
Independent contractors payable	-	8,266	73	-	8,339
Other current liabilities	-	10,362	-	-	10,362
Income tax payable	-	1,331	215	-	1,546
Total Current liabilities	3,153	80,699	4,606	-	88,458
Bank debt, less current maturities	289,146	100,000	8,516	(100,000)	297,662
Capital lease obligations, less current maturities	208	-	-	-	208
Subordinated debt, less current maturities	140,000	-	-	-	140,000
Environmental liabilities	-	69,956	642	-	69,956
Other long term liabilities	-	9,321	-	-	9,963
Deferred income taxes	-	-		-	-
Accrued loss and damage claims	-	3,290	-	-	3,290
Commitments & contingent liab.	-	-	-	-	-
Minority interest in subs	-	4,825	-	-	4,825
Mandatorily redeemable preferred stock	15,994	-	-	-	15,994
Redeemable common stock	1,210	-	-	-	1,210
Stockholders' equity					
Common stock and Additional paid-in-capital	104,827	241,381	15,082	(256,463)	104,827
Retained earnings	38,495	45,592	69	(45,661)	38,495
Stock recapitalization	(189,589)		(54)	54	(189,589)
Other stockholders' equity	(655)	-	(679)	679	(655)
Note receivable	(1,398)	-	-	-	(1,398)
Total stockholders' equity or (deficit)	(48,320)	286,973	14,418	(301,391)	(48,320)
	$401,391	$555,064	$28,182	($401,391)	$583,246

* Condensed from audited financial statements.

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FORM 10-Q
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
QUALITY DISTRIBUTION,INC. AND SUBSIDIARIES CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 1999

(Unaudited) - (In thousands, except per share data)

	Parent	Guarantor Subs	Non-Guarantor Subs	Elim's	Consolidated
Operating Revenues					
Transportation	$ -	$126,646	$ 6,974	-	$133,620
Other	-	13,625	(334)	-	13,291
	-	140,271	6,640	-	146,911
Operating Expenses					
Purchased transportation	-	78,179	587	-	78,766
Depreciation and amortization	-	12,482	930	-	13,412
Compensation - options	-	-	-	-	-
Other operating expenses	-	42,312	4,457	-	46,769
Operating income (loss)	-	7,298	666	-	7,964
Interest expense, net	9,522	-	164	-	9,686
Other (income) expense	-	(52)	-	-	(52)
Equity in earnings (loss) of Subsidiaries	4,695	-	-	(4,695)	-
Income (loss) before taxes	(4,827)	7,350	502	(4,695	(1,670)
Income taxes	(3,740)	3,013	139	-	(588)
Minority interest		4			4
Net income (loss) before extraordinary item	(1,086)	4,333	363	(4,695)	(1,086)
Extraordinary item, net of tax	-	-	-	-	-
Net income (loss)	($1,086)	$4,333	$ 363	($4,695)	($1,086)

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FORM 10-Q
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS - THREE MONTHS ENED JUNE 30, 1998

(Unaudited) - (In thousands, except per share data)

	Parent	Guarantor Subs	Non-Guarantor Subs	Elim's	Consolidated
Operating Revenues					
Transportation	$ -	$ 64,723	$ 5,866	-	$ 70,589
Other	-	5,160	494	-	5,654
	-	69,883	6,360	-	76,243
Operating Expenses					
Purchased transportation	-	46,152	934	-	47,086
Depreciation and amortization	-	4,108	912	-	5,020
Compensation - options	-	13,433	-	-	13,433
Other operating expenses	-	14,009	4,103	-	18,112
Operating income (loss)	-	(7,819)	411	-	(7,408)
Interest expense, net	2,000	340	197	-	2,537
Other expense	-	(12)	3	-	(9)
Equity in earnings (loss) of Subsidiaries	(5,298)	-	-	5,298	-
Income (loss) before taxes	(7,298)	(8,147)	211	5,298	(9,936)
Income taxes	(882)	(3,340)	79	-	(4,143)
Net income (loss) before extraordinary item	(6,416)	(4,807)	132	5,298	(5,793)
Extraordinary item, net of tax	-	552	71	-	623
Net income (loss)	(6,416)	(5,359)	61	5,298	(6,416)
Preferred stock dividends	-	-	-	-	-
Net income (loss) attributable to common shareholders	$(6,416)	$ (5,359)	$ 61	5,298	$ (6,416)

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FORM 10-Q
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
QUALITY DISTRIBUTION,INC. AND SUBSIDIARIES CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 1999

(Unaudited) - (In thousands, except per share data)

	Parent	Guarantor Subs	Non-Guarantor Subs	Elim's	Consolidated
Operating Revenues					
Transportation	$ -	$249,331	$ 13,143	-	$262,474
Other	-	28,948	2	-	28,950
	-	278,279	13,145	-	291,424
Operating Expenses					
Purchased transportation	-	156,341	1,259	-	157,600
Depreciation and amortization	-	27,685	1,836	-	29,521
Compensation - options	-	-	-	-	-
Other operating expenses	-	83,440	8,829	-	92,269
Operating income (loss)	-	10,813	1,221	-	12,034
Interest expense, net	19,142	-	314	-	19,456
Other (income) expense	-	(87)	-	-	(87)
Equity in earnings (loss) of Subsidiaries	7,031	-	-	(7,031)	-
Income (loss) before taxes	(12,111)	10,900	907	(7,031)	(7,335)
Income taxes	(7,456)	4,469	298	-	(2,689)
Minority interest		9			9
Net income (loss) before extraordinary item	(4,655)	6,422	609	(7,031)	(4,655)
Extraordinary item, net of tax	-	-	-	-	-
Net income (loss)	($4,655)	$6,422	$ 609	($7,031)	($4,655)

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FORM 10-Q
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS - SIX MONTHS ENED JUNE 30, 1998

(Unaudited) - (In thousands, except per share data)

	Parent	Guarantor Subs	Non-Guarantor Subs	Elim's	Consolidated
Operating Revenues					
Transportation	$ -	$126,120	$ 11,647	-	$ 137,767
Other	-	9,932	923	-	10,855
	-	136,052	12,570	-	148,622
Operating Expenses					
Purchased transportation	-	89,499	1,934	-	91,433
Depreciation and amortization	-	8,153	1,763	-	9,916
Compensation - options	-	13,433	-	-	13,433
Other operating expenses	-	27,911	7,983	-	35,894
Operating income (loss)	-	(2,944)	890	-	(2,054)
Interest expense, net	2,000	923	382	-	3,305
Other expense	-	(16)	-	-	(16)
Equity in earnings (loss) of Subsidiaries	(2,589)	-	-	2,589	-
Income (loss) before taxes	(4,589)	(3,851)	508	2,589	(5,343)
Income taxes	(882)	(1,579)	202	-	(2,259)
Net income (loss) before extraordinary item	(3,707)	(2,272)	306	2,589	(3,084)
Extraordinary item, net of tax	-	552	71	-	623
Net income (loss)	(3,707)	(2,824)	235	2,589	(3,707)
Preferred stock dividends	-	-	-	-	-
Net income (loss) attributable to common shareholders	$(3,707)	$ (2,824)	$ 235	2,589	$ (3,707)

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30,1999 (Unaudited) - (In thousands)

	Parent	Guarantor Subs	Non-Guarantor Subs	Elim's	Consolidated
Cash provided by (used for) Operating activities:					
Net income (loss)	$(4,655)	$ 6,422	$ 608	($7,030)	$ (4,655)
Adjustments for non cash charges	4,655	21,173	1,993		27,821
Changes in assets/liabilities	-	(16,051)	(1,958)	7,030	(10,979)
Net cash provided by operating activities	-	11,544	643	-	12,187
Investing activities:					
Acquisition of subsidiary	-	-	-	-	-
Capital expenditures	-	(13,403)	(1,054)	-	(14,457)
Proceeds from asset dispositions	-	3,991	270	-	4,261
Other	-	(1,865)	59	-	(1,806)
Net cash provided by (used for)investing activities	-	(11,277)	(725)	-	(12,002)
Financing activities:					
Proceeds from issuance of long term debt	1,838	-	747	-	2,585
Payment of obligations	-	(1,476)	(59)	-	(1,535)
Issuance of common stock	456	-	-	-	456
Issuance of preferred stock		-	-	-	-
Recapitalization expenditures					
Other		(214)	-	-	(214)
Net change in intercompany balances	(2,294)	2,294			
Net cash provided by financing activities	-	604	688	-	1,292
Net increase (decrease) in cash	-	871	606	-	1,477
Effect of exchange rate changes on cash	-	271	(384)	-	(113)
Cash, beginning of period	-	(721)	806	-	85
Cash, end of period	-	$ 421	$ 1,028	-	$ 1,449

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30,1998 (Unaudited) - (In thousands)

	Parent	Guarantor Subs	Non-Guarantor Subs	Elim's	Consolidated
Cash provided by (used for)					
Operating activities:					
Net income (loss)	$(3,707)	$ (3,786)	$ 79	$ 3,707	$ (3,707)
Adjustments for non cash charges	3,707	8,371	1,687	(3,707)	10.058
Changes in assets/liabilities	-	(4,169)	(827)	-	(4,996)
Net cash provided by operating activities	-	416	939	-	1,355
Investing activities:					
Acquisition of subsidiary	-	-	-	-	-
Capital expenditures	-	(7,276)	(6,271)	-	(13,547)
Proceeds from asset dispositions	-	616	266	-	882
Other	-	355	98	-	453
Net cash used for investing activities	-	(6,305)	(5,907)	-	(12,212)
Financing activities:					
Proceeds from issuance of long term debt	-	190,000	10,107	-	200,107
Payment of obligations	-	(43,414)	(11,084)	-	(54,498)
Issuance of common stock	56,842	-	5,491	-	62,333
Issuance of preferred stock	-	-	-	-	-
Recapitalization expenditures	(189,579)				(189,589)
Other		(5,604)	-	-	(5,604)
Net change in intercompany balances	132,737	(132,737)	-	-	-
Net cash provided by financing activities	-	8,245	4,514	1,001	12,759
Net increase (decrease) in cash	-	2,356	(454)	-	1,902
Effect of exchange rate changes on cash	-	(133)	42	-	(91)
Cash, beginning of period	-	703	674	-	1,377
Cash, end of period	-	$2,926	$ 262	-	$3,188

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FORM 10-Q
PART 1 - FINANCIAL INFORMATION
QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
SECOND QUARTER 1999 COMPARED TO THE SECOND QUARTER 1998

The Company's comparative operating results for the second quarter of 1999 were materially affected by the recapitalization accounting resulting from the June 30, 1998 transaction with an affiliate of Apollo Management L.P. and the acquisition of Chemical Leaman on August 28, 1998.

The Company's operating results are affected by shipments for the bulk chemical industry. Shipments of chemical products are in turn affected by many other industries, including consumer and industrial products, automotive, paint and coatings, and paper, and tend to vary with changing economic conditions. The Company also participates in the shipment of bulk food products through its food-grade division. The volumes of food products and certain other consumer products tend to be subject to fewer fluctuations due to swings in economic activity.

For the quarter ended June 30, 1999, revenues totaled $146.9 million, a 92.7% increase over revenues of $76.2 million for the same period in 1998. The Company attributes its increased revenue to the acquisition of CLC.

For the quarter ended June 30, 1999, operating income totaled $ 8.0 million, an increase of $15.4 milion compared to a loss of $7.4 million for the same period in 1998. This increase is primarily due to the $ 13.4 million charge to compensation expense in 1998 attributable to the Apollo acquisition. Current year operating income was also negatively impacted by the amortization of goodwill in the amount of $1.2 million recognized with the acquisition of Chemical Leaman and a charge of $2.9 million relating to the reduction in the usefull life of acquired software used in the trucking operation.

The operating ratio (operating expense/operating revenue) improved primarily due to the aforementioned prior year charge relating to the acquisition of the Company by Apollo.

Net interest expense increased to $9.7 million in the quarter ended June 30, 1999, from $2.5 million in the quarter ended June 30, 1998. This increase is the result of the increased debt arising from the leveraged recapitalization and the acquisition of Chemical Leaman.

The pretax loss for the quarter ended June 30, 1999 totaled $1.7 million compared to a loss of $9.9 million for the same period in 1998. Pretax income increased primarily due to the increase in operating income less the increase in interest expense both discussed above.

For the quarter ended June 30,1999, the Company's net loss, was $1.1 million compared with a loss $6.4 million for the same period last year. This was the result of increased pretax income previously discussed above.

Basic weighted average shares outstanding decreased from 3,839,000 in the second quarter of 1998 to 2,011,000 in the second quarter of 1999 due to the recapitalization. As of June 30, 1999, a total of 2,011,000 shares were outstanding.

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QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1999 COMPARED TO SIX MONTHS ENDED JUNE 30, 1998

The Company's comparative operating results for the six months ended June 30, 1999 were materially affected by the recapitalization accounting resulting from the June 30, 1998 transaction with an affiliate of Apollo Management L.P. and the acquisition of Chemical Leaman on August 28, 1998.

For the six months ended June 30, 1999, revenues totaled $291.4 million, a 96.1% increase over revenues of $148.6 million for the same period in 1998. The Company attributes its increased revenue to the acquisition of CLC.

For the six months ended ended June 30, 1999, operating income totaled $12.0 million, an increase of $14.1 million compared to a loss of $2.0 million for the same period in 1998. This increase is primarily due to the $ 13.4 million charge to compensation expense in 1998 attributable to the Apollo acquisition.

Current year operating income was also negatively impacted by the amortization of goodwill in the amount of $2.3 million recognized with the acquisition of Chemical Leaman and a charge of $8.8 million relating to the reduction in the usefull life of acquired software used in the trucking operation.

The operating ratio (operating expense/operating revenue) improved primarily due to the aforementioned prior year charge relating to the acquisition of the Company by Apollo.
Net interest expense increased to $19.5 million for the six monthe ended June 30, 1999, from $3.3 million for the six monthe ended June 30, 1998. This increase is the result of the increased debt arising from the leveraged recapitalization and the acquisition of Chemical Leaman.

The pretax loss for the six months ended June 30, 1999 totaled $7.3 million compared to a loss of $5.3 million for the same period in 1998. Pretax income decreased primarily due to the increase in interest expense discussed above.

For the six months ended June 30,1999, the Company's net loss, was $4.7 million compared with a loss$ 3.7 million for the same period last year. This was the result of decreased pretax income previously discussed above.

Basic weighted average shares outstanding year to date decreased from 4,144,000 in 1998 to 2,010,000 in 1999 due to the recapitalization.

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FORM 10-Q

PART 1 - FINANCIAL INFORMATION

QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

Liquidity and Capital Resources

The Company's primary sources of liquidity are funds provided by operations and borrowings under various credit arrangements with financial institutions. Net cash provided by operating activities totaled $12.2 million for the six months ended June 30,1999, versus $1.4 million for the same period in 1998. This increase is due to the settlement with the former CLC shareholders which occured in 1998.

The cash provided by financing activities totaled $1.3 million during the six month period ended June 30, 1999, compared to $12.8 million provided in the the comparable period in 1998. This difference is due to the recapitalization which occured in the second quarter of last year.

Cash used for investing activities totaled $12.0 million for the six month period ended June 30, 1999, compared to a $12.2 million used for the comparable 1998 period.

Capital was used primarily to acquire additional revenue equipment to expand the Company's operations.

As a result of the leveraged recapitalization transaction and the Chemical Leaman acquisition, the Company has significantly increased its outstanding long term debt.

The Company obtained a $285,000,000 credit facility with a group of banks maturing at various times from June of 2004 to 2006. Additionally, the Company has a revolving credit facility available in the amount of $75.0 million until June 9, 2004.

As of June 30,1999, the Company has available $ 50.7 million under this revolving credit facility. The Company also has $100.00 million in 10% senior subordinated notes due in 2006 and $40.0 million in floating interest rate subordinated term securities also due in 2006.

The Company's management believes that borrowings under these loan agreements, together with available cash and internally generated funds, will be sufficient to fund QDI's continued growth and meet its working capital requirements for the foreseeable future.

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YEAR 2000

Some of QDI's older computer programs and systems were written using two digits rather than four to define the applicable year. As a result, those computer programs have time sensitive software that recognizes a date using "00" as the year 1900 rather than 2000. This could cause a system failure or other miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activities.

QDI has developed a plan to ensure that its systems are compliant with the requirements to process transactions in the year 2000. Most of QDI's combined systems implementation effort is now directed toward the migration of the CLC billing, settlement and financial reporting systems from mainframe based systems which are not Year 2000 compliant. The target completion date for changeover of the critical systems is September 30,1999. The estimated cost of QDI's completed and remaining replacement and modification for the year 2000 issue is not expected to be material to QDI's earnings or financial position. Due to cost considerations and QDI's belief that its critical systems will be compliant by the end of the third quarter of 1999, QDI has determined not to develop or maintain a contingency plan.

QDI has also done an assessment of its non-IT systems. QDI has determined that it currently owns approximatley 300 Qualcom units which are located in its trucks and deal with the communication to the trucks, which have embedded chips that are not Year 2000 compliant. These units are not an integral part of the operation of QDI's business. These units have been earmarked to be upgraded over the next six months and QDI does not expect the costs of such upgrades to be material. In addition to assessing its own Year 2000 compliance, QDI has had discussions with many of its major vendors and suppliers reguarding their Year 2000 compliance. QDI has received letters of compliance from many of its material partners and is in the process of obtaining such letters from others.

There can be no assurance that QDI's timetable will be met, that the programming changes required to accommodate current billing and driver settlement requirements will be completed in this time frame, or that such changes will not negatively impact QDI's ability to meet its customers or its drivers requirements or that QDI's failure to maintain a contingency plan will not have a material adverse effect on the Company.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this report discuss future expectations, contain projections of results of operations or financial condition or state other "forward-looking" information. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. Important factors that could cause our actual results to be materially different from the forward-looking statements include general economic conditions, cost and availability of diesel fuel, adverse weather conditions and competitive rate fluctuations. Future financial and operating results of QDI may fluctuate as a result of these and other risk factors as detailed from time to time in Company filings with the Securities and Exchange Commission.

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FORM 10-Q

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

Reference is made to Item 3 on page 11 of the Company's Form 10-K for the year ended December 31, 1998. There have been no material changes in the Company's legal proceedings since this filing.

ITEM 4. Submission of Matters to a Vote of Security Holders
None

ITEM 6. (a) Exhibits: 27 Financial Data Schedule (for SEC use only)

(b) Reports on Form 8-K: None

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Signatures

Quality Distribution, Inc.

August 13, 1999 */S/ CHARLES J. O'BRIEN, JR.*

CHARLES J. O'BRIEN, JR., (CEO, PRESIDENT)
(DULY AUTHORIZED OFFICER)

August 13, 1999 */S/ RICHARD J. BRANDEWIE*

RICHARD J. BRANDEWIE, (TREASURER)
(PRINCIPAL FINANCIAL OFFICER)

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ARTICLE 5
MULTIPLIER: 1000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD START	APR 01 1999
PERIOD END	JUN 30 1999
CASH	1449
SECURITIES	0
RECEIVABLES	106521
ALLOWANCES	5179
INVENTORY	2214
CURRENT ASSETS	146364
PP&E	326707
DEPRECIATION	108920
TOTAL ASSETS	568588
CURRENT LIABILITIES	84448
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	11717
COMMON	20
OTHER SE	(1398)
TOTAL LIABILITY AND EQUITY	568588
SALES	291424
TOTAL REVENUES	291424
CGS	0
TOTAL COSTS	279390
OTHER EXPENSES	(87)
LOSS PROVISION	0
INTEREST EXPENSE	19456
INCOME PRETAX	(7335)
INCOME TAX	(2689)
INCOME CONTINUING	(4655)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(4655)
EPS BASIC	(2.72)
EPS DILUTED	0

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End of Filing

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