

MedQuist Holdings Inc.  
Form S-4/A  
October 04, 2011

As filed with the Securities and Exchange Commission on October 4, 2011

Registration No. 333-176582

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Amendment No. 1 to**  
**Form S-4**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

**MEDQUIST HOLDINGS INC.**  
**(Exact name of Registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**7374**  
**(Primary Standard Industrial**  
**Classification Code Number)**

**98-0676666**  
**(I. R. S. Employer**  
**Identification No.)**

**9009 Carothers Parkway**  
**Franklin, Tennessee 37067**  
**(615) 261-1740**

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

**Roger L. Davenport**  
**Chief Executive Officer**  
**MedQuist Holdings Inc.**  
**9009 Carothers Parkway**  
**Franklin, Tennessee 37067**  
**(615) 261-1740**

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

**With copy to:**  
**Steven J. Abrams, Esq.**  
**Pepper Hamilton LLP**  
**3000 Two Logan Square**  
**Eighteenth and Arch Streets**  
**Philadelphia, PA 19103-2779**  
**(215) 981-4241**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement is declared effective and upon consummation of the transactions described in the enclosed prospectus.

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

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

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

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

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered <sup>(1)</sup> | Proposed Maximum Offering Price Per Share <sup>(2)</sup> | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee <sup>(3)(4)</sup> |
|--|--|--|---|--|
| Common stock, par value US\$0.10 per share         | 1,231,246                              | Not applicable   | \$9,148,158                               | \$1,049                                      |

(1) This Registration Statement registers the maximum number of shares of the Registrant's common stock par value \$0.10 per share, that may be issued in connection with the merger of a newly-formed subsidiary of CBay Inc. with and into MedQuist Inc. as described in the enclosed prospectus.

(2) Pursuant to Rule 457(c) and Rule 457(f), and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is equal to the market value of the total number shares of MedQuist Inc. common stock estimated to be held by holders as of the date hereof that may be issued in the merger, based upon a market value of \$7.43 per share of MedQuist Inc. common stock, the average of the high and low prices of shares of MedQuist Inc. common stock as reported by the OTCQB on September 30, 2011.

(3) Pursuant to Rule 457(f), the fee is calculated by multiplying the product of the maximum aggregate offering price by .0001146.

(4) Previously paid.

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

**NOTICE OF MERGER  
OF  
MEDQUIST MERGER CORPORATION  
(A WHOLLY-OWNED SUBSIDIARY OF MEDQUIST HOLDINGS INC.)  
WITH AND INTO  
MEDQUIST INC.**

October , 2011.

To the Shareholders of MedQuist Inc.:

We are pleased to give you notice that, pursuant to Section 14A:10-5.1 of the New Jersey Business Corporation Act, MedQuist Merger Corporation, a New Jersey corporation ( Merger Subsidiary ) and wholly-owned, indirect subsidiary of MedQuist Holdings Inc., will merge (the Merger ) with and into MedQuist Inc., a New Jersey corporation on the date hereof. Under applicable New Jersey law, the Merger will be effected pursuant to an Agreement and Plan of Merger dated the date hereof between MedQuist Holdings Inc., Merger Subsidiary and MedQuist Inc. (the Merger Agreement ), a copy of which accompanies this notice. The Merger Agreement and the Merger were approved by the board of directors of MedQuist Holdings Inc. and Merger Subsidiary. No action on the part of the MedQuist Inc. shareholders is required for the Merger to become effective.

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

As a result of the Merger, MedQuist Inc. will be the surviving corporation and the separate corporate existence of Merger Subsidiary will cease. Each outstanding share of MedQuist Inc. common stock, no par value per share ( MedQuist Inc. Common Stock ), other than shares held by Merger Subsidiary, will be canceled and converted in the Merger to the right to receive one share of MedQuist Holdings Inc. common stock, par value \$0.10 per share ( MedQuist Holdings Inc. Common Stock ).

To receive certificates representing shares of MedQuist Holdings Inc. Common Stock issued in the Merger, MedQuist Inc. shareholders must complete and execute the enclosed Letter of Transmittal and deliver their certificates representing MedQuist Inc. Common Stock and the Letter of Transmittal to American Stock Transfer & Trust Company, LLC, the Exchange Agent, at the following address:

**By hand or overnight courier:**

American Stock Transfer & Trust Company, LLC  
Operations Center,  
Attn: Reorganization Department,  
6201 15th Avenue, Brooklyn, New York 11219

**By mail:**

American Stock Transfer & Trust Company, LLC  
Operations Center,  
Attn: Reorganization Department,  
P.O. Box 2042, New York, New York 10272-2042

The Prospectus accompanying this Notice of Merger describes the terms of the Merger, certain background information and other information concerning MedQuist Holdings Inc. and MedQuist Inc. We urge you to read the Prospectus carefully.

Very truly yours,

/s/ Roger L. Davenport

Roger L. Davenport  
*Chief Executive Officer*

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The information in this prospectus is not complete and may be changed. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where such offer is not permitted.

**Subject to Completion, dated October 4, 2011  
MedQuist Holdings Inc.**

**Merger with MedQuist Inc.**

**1,231,246 shares of MedQuist Holdings Inc. common stock for all issued  
and outstanding shares of MedQuist Inc. common stock  
not already owned by MedQuist Holdings Inc. or its subsidiaries**

MedQuist Holdings Inc. is furnishing this Prospectus to those persons, other than MedQuist Merger Corporation, a New Jersey corporation ( Merger Subsidiary ) and wholly-owned, indirect subsidiary of MedQuist Holdings Inc., who hold common stock, no par value per share, of MedQuist Inc., a New Jersey corporation, immediately prior to the merger (the Merger ) of Merger Subsidiary, a New Jersey corporation ( Merger Subsidiary ) and wholly-owned, indirect subsidiary of MedQuist Holdings Inc., with and into MedQuist Inc. Immediately prior to the Merger, MedQuist Holdings Inc. owns all of the outstanding capital stock of CBay Inc., a Delaware corporation, which in turn owns all of the outstanding capital stock of Merger Subsidiary, which in turn owns approximately 97% of the outstanding shares of MedQuist Inc.

The Merger, which does not require the affirmative vote of any shareholder of MedQuist Inc. under applicable law, will become effective upon the filing of the certificate of merger with the Department of the Treasury of the State of New Jersey on the date hereof (the Effective Time ). At the Effective Time, each share of MedQuist Inc. common stock will be canceled and converted into the right to receive one share of MedQuist Holdings Inc. common stock.

The table below sets forth certain information regarding the MedQuist Inc. common stock that is the subject of the Merger.

| <b>CUSIP</b> | <b>TITLE OF SECURITY</b>   | <b>MERGER CONSIDERATION PER SHARE</b>         |                                |
|--------------|----------------------------|---|--------------------------------|
|              |                            | <b>SHARES OF OUR<br/>COMMON STOCK<br/>(1)</b> | <b>ESTIMATED VALUE<br/>(1)</b> |
| 584949101    | MedQuist Inc. common stock | One   | \$ 8.95                        |

(1) The estimated value of the per share merger consideration is equal to the closing price per share of our common stock on The NASDAQ Global Market on September 26, 2011.

Because the number of shares of our common stock to be issued in the Merger is fixed, changes in the trading prices of our common stock will result in the market value of our common stock you receive pursuant to the conversion of your shares in the Merger being different than the value reflected in the table above.

Our common stock is listed on The NASDAQ Global Market under the symbol MEDH. The closing price of our shares on The NASDAQ Global Market on September 26, 2011 was \$8.95. See Market Price Information for Common Stock herein. MedQuist Inc. common stock trades on the OTCQB under the symbol MEDQ.

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

**We urge you to carefully read the Risk Factors section of this prospectus beginning on page 23.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The Exchange Agent for the Merger is:  
American Stock Transfer & Trust Company LLC**

Prospectus dated October , 2011.

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This prospectus incorporates important business and financial information about MedQuist Holdings Inc. and MedQuist Inc. that is not included in or delivered with this document and is included as an exhibit to the registration statement of which this prospectus is a part. Copies of documents referred to in this prospectus will be made available to holders in the Merger at no cost. See Where You Can Find More Information.

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### About This Prospectus

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, and we will not consummate the Merger until the SEC has declared the registration statement effective. You should read this prospectus, including the annex, together with the registration statement, the exhibits thereto and the additional information described under the heading "Where You Can Find More Information."

**None of MedQuist Holdings Inc. or the Exchange Agent have authorized any person (including any dealer, salesperson or broker) to provide you with any information or to make any representation other than as contained in this prospectus. MedQuist Holdings Inc. does not take any responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. The information included in this prospectus is accurate as of the date of this prospectus. You should not assume that the information included in this prospectus is accurate as of any other date.**

The Merger will be effected pursuant to an Agreement and Plan of Merger (the "Merger Agreement"). The conversion of your shares of common stock into shares of common stock of MedQuist Holdings Inc. as a result of the Merger will be made on the basis of this prospectus, the Merger Agreement and the letter of transmittal and is subject to the terms described in this prospectus and the letter of transmittal. Investors should not construe anything in this prospectus, the Merger Agreement and the letter of transmittal as legal, investment, business or tax advice. Each investor should consult its advisors as needed.

This prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents themselves for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to in this prospectus will be made available to holders in the Merger at no cost. See "Where You Can Find More Information."

You should not rely on or assume the accuracy of any representation or warranty in any agreement that we have filed as an exhibit to any document that we have publicly filed or that we may otherwise publicly file in the future because such representation or warranty may be subject to exceptions and qualifications contained in separate disclosure schedules, may have been included in such agreement for the purpose of allocating risk between the parties to the particular transaction, and may no longer continue to be true as of any given date.

Except where the context otherwise requires, or where otherwise indicated, references to the Company, we, us, or our are to MedQuist Holdings Inc. and its subsidiaries, and references to Spheris are to Spheris Inc. for the period prior to April 22, 2010 and to the business we acquired from Spheris Inc. for the period after such date.

References in this prospectus to dollars or \$ are to the currency of the United States and references to £, pound or pence are to the currency of the United Kingdom. There are 100 pence to each pound.

Except where otherwise indicated, reference in this prospectus to volume or volumes are to lines of text edited or transcribed by our medical transcriptionists, or MTs, and medical editors, or MEs.

The industry and market data and other statistical information used throughout this prospectus are based on independent industry publications, government publications, reports by market research firms or other published independent sources that we believe to be reliable.





## Questions and Answers About the Merger

*These answers to questions that you may have as a holder of MedQuist Inc. common stock are highlights of selected information included elsewhere in this prospectus. To fully understand the Merger and the risks associated with holding shares of MedQuist Holdings Inc. common stock, you should carefully read this prospectus in its entirety, including the section entitled "Risk Factors" and our financial statements and related notes.*

### **Why are we consummating the Merger?**

We intend to consummate the Merger as part of our ongoing plan to acquire full ownership of our majority-owned subsidiary MedQuist Inc. Since our acquisition of the majority ownership stake in MedQuist Inc., our management and directors have been aware that further consolidating our operations with those of MedQuist Inc. could lead to substantial overhead reductions and allow us to capitalize on our underlying technology, healthcare domain expertise and attractive long-term relationships with customers of MedQuist Inc.

In February 2011, we consummated an exchange agreement, or Exchange Agreement, with certain of MedQuist Inc.'s noncontrolling shareholders pursuant to which we issued 4.8 million shares of our common stock in exchange for their 4.8 million shares of MedQuist Inc. common stock. This private exchange increased our ownership in MedQuist Inc. from 69.5% to 82.2%. We then commenced a public registered exchange offer with the same exchange ratio as the private exchange to those noncontrolling MedQuist Inc. shareholders who did not participate in the private exchange, which we refer to as the Registered Exchange Offer, to exchange shares of our common stock for shares of MedQuist Inc. common stock as an additional means to acquire full ownership of MedQuist Inc. As a result of the Registered Exchange Offer, we increased our ownership in MedQuist Inc. from 82.2% to approximately 97%.

We continue to believe that if we acquire full ownership of MedQuist Inc. it will simplify our capital structure, help us to achieve greater integration with MedQuist Inc., and reduce costs and eliminate potential conflicts of interests between us and MedQuist Inc. Therefore we intend to consummate the Merger as a step in our plan to acquire full ownership of MedQuist Inc.

We intend to consummate a merger of Merger Subsidiary with and into MedQuist Inc. The purpose of the Merger is to acquire all of the issued and outstanding shares of MedQuist Inc. stock not already owned by us. Pursuant to the Shareholder Litigation (described below), we agreed that if, as a result of the Registered Exchange Offer, we obtained ownership of at least 90% of the outstanding common stock of MedQuist Inc., we would conduct a short-form merger under applicable law to acquire the remaining shares of MedQuist Inc. common stock that we do not currently own at the same exchange ratio applicable under the Registered Exchange Offer. The terms of the Merger Agreement will provide that each remaining issued and outstanding share of MedQuist Inc. common stock will be converted into the right to receive one share of MedQuist Holdings Inc. common stock. Please see the section of this prospectus entitled "MedQuist Holdings Inc. Business - Legal proceedings" for more information on the Shareholder Litigation.

### **What will you receive in the Merger?**

You will receive one share of our common stock for each share of MedQuist Inc. common stock that you hold at the effective time of the Merger. Shares of our common stock issued in the Merger will be issued in book-entry form.

### **Merger consideration per share**

| <b>CUSIP</b> | <b>Title of security</b>   | <b>Shares of our<br/>common stock<br/>(1)</b> | <b>Estimated value<br/>(1)</b> |
|--------------|----------------------------|---|--------------------------------|
| 584949101    | MedQuist Inc. common stock | One   | \$ 8.95                        |

(1) The estimated value of the per share merger consideration is equal to the closing price per share of our common stock on The NASDAQ Global Market on September 26, 2011.

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Because the number of shares of our common stock to be issued in the Merger is fixed, changes in the trading prices of our common stock will result in the market value of our common stock you receive pursuant to the conversion of your shares in the Merger being different than the value reflected in the table above. Our common stock is listed on The NASDAQ Global Market under the symbol MEDH. The closing price of our shares on The NASDAQ Global Market on September 26, 2011 was \$8.95.

MedQuist Inc. common stock trades on the OTCQB under the symbol MEDQ. The closing price of shares of MedQuist Inc. common stock on the OTCQB on September 26, 2011 was \$9.10. See Market Price Information for Common Stock herein.

Your right to receive the Merger consideration in the Merger is subject to the terms set forth in this prospectus, the Merger Agreement and the related letter of transmittal.

**Do you have a choice in whether to participate in the Merger?**

No. Upon the consummation of the Merger, your shares of MedQuist Inc. common stock will automatically convert into the right to receive an equal number of shares of MedQuist Holdings common stock.

**Will our common stock to be issued in the Merger be listed for trading?**

Yes. The shares of our common stock to be issued in the Merger have been approved for listing on The NASDAQ Global Market under the symbol MEDH. For more information regarding the market for our common stock, see the section of this prospectus entitled Comparative Market Price and Dividend Information.

**Will MedQuist Inc. deregister under the Securities Exchange Act of 1934, as amended, or the Exchange Act, following the Merger?**

Yes. Following the consummation of the Merger, we intend to cause MedQuist Inc. to deregister its common stock under the Exchange Act and MedQuist Inc. will cease to be a separate SEC reporting company. Please see the section of this prospectus entitled The Merger Registration Under Exchange Act.

**How do you get shares of MedQuist Holdings common stock pursuant to the Merger?**

The MedQuist Inc. shareholders will receive written instructions set forth in a letter of transmittal from the exchange agent detailing how to exchange their MedQuist Inc. stock certificates for certificates representing shares of MedQuist Holdings common stock or evidence of such shares in book entry form.

**What are the potential benefits of the Merger to holders of MedQuist Inc. common stock?**

We believe the Merger will enable MedQuist Inc. and us to create a simpler, unified capital structure in which equity investors would participate in the equity of MedQuist Holdings Inc. and MedQuist Inc. through ownership at the MedQuist Holdings Inc. level.

We believe that unifying public stockholders at a single level could lead to greater liquidity for investors, particularly for the former holders of MedQuist Inc. common stock, due to the increased combined public float.

Additionally, the unified capital structure that would result from the Merger would facilitate the investment and transfer of funds between MedQuist Holdings Inc. and MedQuist Inc. and our respective subsidiaries, thereby

facilitating more efficient uses of our consolidated financial resources.

Finally, by acquiring full ownership of MedQuist Inc. we will eliminate any potential conflicts between our interests and the interests of the other MedQuist Inc. shareholders. We currently have the ability to cause the election of all of the members of the MedQuist Inc. board of directors, the appointment of new management and the approval of actions requiring the approval of MedQuist Inc. shareholders, including amendments to its certificate of incorporation and mergers or sales of substantially all of its assets. The directors we elect are able to make decisions affecting the capital structure of MedQuist Inc., including decisions to issue additional capital

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stock, implement stock repurchase programs and declare dividends. Without full ownership of MedQuist Inc. our interests could conflict with the interests of MedQuist Inc., and the interests of its other shareholders.

**How long will it take to complete the Merger?**

We will not consummate the Merger until the SEC has declared the registration statement of which this prospectus is a part effective. As soon as practicable after such registration statement is declared effective we intend to cause the Merger to take place.

**Why is there no MedQuist Inc. shareholder vote for the Merger?**

Your vote is not required for the Merger. Section 14A:10-5.1 of the New Jersey Business Corporations Act (the NJBCA ) governs short-form mergers between two New Jersey corporations (the NJ Short-Form Merger Statute ). This provision allows a New Jersey corporation owning at least 90% of the outstanding shares of each class and series of another New Jersey corporation to merge the subsidiary corporation into itself, or merge itself into the subsidiary corporation, without approval of the shareholders of either corporation, though the board of the parent corporation must approve the plan of merger. Section 14A:10-5.1(6) of the NJBCA requires the approval of the shareholders of the parent corporation when the subsidiary corporation will be the surviving corporation in the short-form merger. Our board of directors and the board of directors and sole shareholder of the Merger Subsidiary approved the Merger.

Prior to the Merger, we will contribute the shares of MedQuist Inc. common stock that we hold to CBay Inc., our majority-owned subsidiary, pursuant to a contribution agreement (the MedQuist Holdings Contribution Agreement ). In consideration of our contribution of such shares pursuant to the MedQuist Holdings Contribution Agreement, we will receive shares of CBay Inc. common stock. Immediately following the contribution of shares pursuant to the MedQuist Holdings Contribution Agreement, CBay Inc. will enter into a contribution agreement (the CBay Contribution Agreement ) with Merger Subsidiary pursuant to which CBay Inc. will contribute the shares of MedQuist Inc. common stock that it then holds to Merger Subsidiary. Immediately following the contributions pursuant to the MedQuist Holdings Contribution Agreement and the CBay Contribution Agreement, Merger Subsidiary will own approximately 97% of MedQuist Inc. We will then consummate the Merger by merging Merger Subsidiary with and into MedQuist Inc. in accordance with the NJ Short-Form Merger Statute. As a result of the Merger, the separate corporate existence of Merger Subsidiary will terminate and MedQuist Inc. will survive the Merger and exist as a wholly-owned subsidiary of ours.

**Will you have to pay any fees or commissions upon the automatic conversion of your shares pursuant to the Merger?**

Holders are not obligated to pay brokerage fees or commissions to us or the exchange agent in connection with the Merger. If your shares of MedQuist Inc. common stock are held through a broker or other nominee who transmits the MedQuist Inc. common stock on your behalf in connection with the Merger, your broker may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges will apply. See The Merger.

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**What are the U.S. federal income tax consequences of participating in the Merger?**

For United States federal income tax purposes, your receipt of shares pursuant to the Merger generally will be taxable to you. Please see the section of this prospectus entitled "Material United States Federal Income Tax Consequences" for more information. You should consult your own tax advisor for a full understanding of the tax consequences to you of the Merger.

**What is the impact of the Merger to our earnings per share and capitalization?**

As a result of the Merger described herein, we intend to issue an additional 1.2 million shares of our common stock resulting in an aggregate of 56.3 million shares being issued and outstanding. This will result in dilution of ownership to existing holders of our common stock. However, our share of MedQuist Inc.'s net income will increase as a result of the Merger. After giving effect to the Spheris Acquisition (as defined in "Summary History MedQuist Inc."), the Recapitalization Transactions (as defined in "Summary Recent Developments Recapitalization Transactions"), the private exchange, the Registered Exchange Offer and our initial public offering, or "IPO," for the year ended December 31, 2010 and the six months ended June 30, 2011, the incremental impact of the Merger on our diluted earnings per share would have been an increase of \$0.01 and \$0.03 per share of our common stock on a pro forma basis, respectively.

The impact of the Merger will be a reclassification between noncontrolling interests and additional paid in capital with no net impact to stockholders' equity as a result of the Merger. See "The Merger Accounting treatment."

**Do our directors or executive officers beneficially own any shares of MedQuist Inc. common stock that will be subject to the Merger?**

As of September 26, 2011, our directors and executive officers beneficially owned in the aggregate 66 shares of MedQuist Inc. common stock that are subject to the Merger.

**What percentage of our common stock will current MedQuist Inc. shareholders own after the Merger?**

We anticipate that the Merger will result in the conversion of the outstanding shares of MedQuist Inc.'s common stock that we do not currently own into approximately 2.2% of shares of our common stock outstanding at the consummation of the Merger. In general, this assumes that:

- n 55.1 million shares of our common stock are outstanding before giving effect to the Merger; and
- n 1.2 million shares of our common stock will be issued in the Merger.

**Are dissenters' or appraisal rights available in the Merger?**

You do not have dissenters' or appraisal rights as a result of the Merger. Under New Jersey law, which governs your rights as a shareholder of a New Jersey corporation, you do not have the right to dissent in the Merger. See "The Merger No appraisal rights."

**With whom may you talk if you have questions about the Merger?**

If you have questions regarding the Merger, please contact the exchange agent. The contact information for the exchange agent is set forth on the back cover of this prospectus. Holders of MedQuist Inc. common stock may also contact their brokers, dealers, commercial banks, trust companies or other nominees through whom they hold their

MedQuist Inc. common stock with questions and requests for assistance.

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## Summary

*This summary highlights certain information contained elsewhere in this prospectus and may not contain all of the information you should consider before investing in our shares. You should read this summary together with the entire prospectus, including the information presented under the heading Risk Factors, the consolidated financial statements and related notes and the unaudited pro forma condensed combined financial information and related notes appearing elsewhere in this prospectus.*

*Except where the context otherwise requires, or where otherwise indicated, references in this prospectus to we, us, or our are to MedQuist Holdings Inc. and its subsidiaries, references to MedQuist Inc. are to MedQuist Inc. and its subsidiaries and references to Spheris are to Spheris Inc. and its subsidiaries for the period prior to April 22, 2010 and to the business we acquired from Spheris Inc. for the period after such date.*

## Overview

### *The Companies*

#### *MedQuist Holdings Inc.*

We are a leading provider of integrated clinical documentation solutions for the U.S. healthcare system. Our end-to-end solutions convert physicians' dictation of patient interactions, or the Physician Narrative, into a high quality and customized electronic record. These solutions integrate technologies and services for voice capture and transmission, automated speech recognition, or ASR, medical transcription and editing, workflow automation, and document management and distribution to deliver a complete managed service for our customers. Our solutions enable hospitals, clinics, and physician practices to improve the quality of clinical data as well as accelerate and automate the documentation process, and we believe our solutions improve physician productivity and satisfaction, enhance revenue cycle performance, and facilitate the adoption and meaningful use of electronic health records. We also offer speech recognition solutions for radiology, cardiology, pathology and related specialties, that help healthcare providers dictate, edit and sign reports without manual transcription.

On August 18, 2011, we completed the acquisition of MultiModal Technologies, Inc. With this acquisition, we now provide speech and natural language understanding technologies to healthcare providers and to local and regional transcription partners.

#### *MedQuist Inc.*

MedQuist Inc. is a leading provider of integrated clinical documentation solutions for the U.S. healthcare system. Its end-to-end solutions convert physicians' dictation of the Physician Narrative into a high quality and customized electronic record. These solutions integrate technologies and services for voice capture and transmission, ASR, medical transcription and editing, workflow automation, and document management and distribution to deliver a complete managed service for its customers. MedQuist Inc.'s solutions enable hospitals, clinics, and physician practices to improve the quality of clinical data as well as accelerate and automate the documentation process, and MedQuist Inc. believes its solutions improve physician productivity and satisfaction, enhance revenue cycle performance, and facilitate the adoption and meaningful use of electronic health records.

#### *Merger Subsidiary*

Merger Subsidiary will be a New Jersey corporation, wholly-owned by CBay Inc., one of our majority-owned subsidiaries. Merger Subsidiary will be formed to facilitate the short-form merger with MedQuist Inc. At the time of the Merger, Merger Subsidiary will have engaged in no activities and have no material assets or liabilities of any kind, in each case other than those incidental to its formation and its activities and obligations in connection with the Merger.

### ***The Clinical Documentation Industry***

Over the past several decades, the clinical documentation industry has evolved from almost exclusively in-house production to outsourced services and from labor-intensive services to technologically-enabled solutions. The market opportunity for solutions is driven by overall healthcare utilization and cost containment efforts in the United States. Numerous factors are driving increases in the demand for healthcare services including population growth, longer life expectancy, the increasing prevalence of chronic illnesses, and expanded coverage from healthcare reform. According to a September 2010 report by the U.S. Centers for Medicare and Medicaid Services, spending on healthcare grew from \$1.2 trillion in 1998 to \$2.3 trillion in 2008 representing a compound annual growth rate of 7.0%. It also projects that healthcare spending will grow to reach \$4.2 trillion, or 19.3% of U.S. gross domestic product, by 2018, representing a compound annual growth rate of 6.3%. At the same time, U.S. healthcare providers remain under substantial pressure to reduce costs while maintaining or improving the quality of care.

Accurate and timely clinical documentation has become a critical requirement of the growing U.S. healthcare system. Medicare, Medicaid, and insurance companies demand extensive patient care documentation. The Health Information Technology for Economic and Clinical Health Act, or HITECH Act, which was enacted into law on February 17, 2009 as part of the American Recovery and Reinvestment Act of 2009, or ARRA, includes numerous incentives to promote the adoption and meaningful use of electronic health records, or EHRs, across the healthcare industry. Consequently, healthcare providers are increasingly using EHRs to input, store, and manage their clinical data in a digital format. Healthcare providers that use EHRs require accurate, easy-to-use, and cost-effective means to input clinical data that are not disruptive to the physician workflow.

The market for outsourced clinical documentation solutions based on the Physician Narrative is substantial. Key components of this market include voice capture and transmission technologies, ASR software, medical transcription and editing services, and document workflow and management software. ValueNotes Database Pvt. Ltd., or ValueNotes, a market research firm, estimates that the market for outsourced medical transcription services was \$5.4 billion in 2009 and is expected to grow 8.2% per annum over the next five years to \$8.0 billion in 2014.

Healthcare providers are increasingly choosing to outsource their clinical documentation processes. The benefits of outsourcing include reduced costs, access to leading technologies, accelerated turn-around times, improved data accuracy, greater physician productivity, and satisfaction of security and compliance requirements. We believe that the majority of clinical documentation is still produced in-house by U.S. hospitals and physician practices today. ValueNotes estimates that the in-house medical transcription market was 67% of the overall market in 2009, and projects the percentage of outsourced production of medical transcription will grow from 33% in 2009 to 38% in 2014.

While outsourcing provides many benefits, the landscape for outsourced service providers is highly fragmented with varying degrees of technological automation and offshore capabilities amongst providers. Thousands of local and regional providers offer limited services without technology offerings. A small set of national providers offer a combination of technology and services, but have varying degrees of technological sophistication and production capacity.

### **Our competitive strengths**

Our competitive strengths include:

- n **Leader in a large, fragmented market** We are the largest provider by revenue of clinical documentation solutions based on the Physician Narrative in the United States. Our size enables us to meet the needs of large, sophisticated healthcare customers, provides economies of scale, and enables us to devote significantly more

resources to research and development and quality assurance than many other providers.

- n **Integrated solutions delivered as a complete managed service** We offer fully-integrated end-to-end managed services that capture and convert the Physician Narrative into a high quality customized electronic record. We integrate technologies and services for voice capture and transmission, ASR,

medical transcription and editing, workflow automation, and document management and distribution. The end result is value-added clinical documentation with high accuracy and quick turn-around times.