MedQuist Holdings Inc.
Form S-4/A
February 02, 2011

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As filed with the Securities and Exchange Commission on February 2, 2011

Registration No. 333-170003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 3
TO
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MEDQUIST HOLDINGS INC.
(formerly CBaySystems Holdings Limited)
(Exact name of Registrant as specified in its charter)

Delaware	7374	98-0676666
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(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)

Robert Aquilina
Chairman and 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 copies to:

D. Rhett Brandon, Esq.	Colin Diamond, Esq.
Simpson Thacher & Bartlett LLP	White & Case LLP
425 Lexington Avenue	1155 Avenue of the Americas
New York, NY 10017	New York, NY 10036
(212) 455-2000	(212) 819-8200

Approximate date of commencement of proposed exchange offer: As soon as practicable after this Registration Statement is declared effective.

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. o

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. o

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. o

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 o Accelerated filer o Non-accelerated filer þ Smaller reporting company o
(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) o

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (3)
Common stock, par value US$0.10 per share	6,688,648	Not applicable	$77,185,463	$5,504

(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 exchange offer by the Registrant for a number of outstanding shares of MedQuist Inc. common stock, no par value, after giving effect to the registrant s 4.5 to 1 reverse stock split described herein.

(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 exchanged for shares of common stock of the registrant if all of such shares are acquired in the Offer, based upon a market value of $11.54 per share of MedQuist Inc. common stock, the average of the high and low prices of shares of MedQuist Inc. common stock reported on The NASDAQ Global Market on October 12, 2010.

(3) 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.

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MedQuist Holdings Inc.
(formerly CBaySystems Holdings Limited)

Offer to Exchange

Up to 6,688,648 shares of MedQuist Holdings Inc. common stock for any and all issued and outstanding shares of MedQuist Inc. common stock

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and in the related letter of transmittal, or the exchange offer, shares of MedQuist Holdings Inc. common stock, par value $0.10 per share, or our common stock, for properly tendered and accepted shares of MedQuist Inc. common stock. For each share of MedQuist Inc. common stock that we accept for exchange in accordance with the terms of the exchange offer, we will issue one share of our common stock. We refer to the number of shares of our common stock we will issue for each share of MedQuist Inc. common stock we accept in the exchange offer as the exchange ratio.

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

		EXCHANGE OFFER CONSIDERATION PER SHARE	
CUSIP	**TITLE OF SECURITY**	**SHARES OF OUR COMMON STOCK (1)**	**EXCHANGE VALUE (1)**
584949101	MedQuist Inc. common stock	One	$ 11.00

(1) The exchange value is equal to the number of shares of our common stock offered per share of MedQuist Inc. common stock multiplied by the midpoint of the price range for our common stock in our proposed U.S. initial public offering of common stock described below.

We expect that the initial public offering price of our common stock in our proposed U.S. initial public offering will be between $10.00 and $12.00 per share. We have applied to list our shares on The NASDAQ Global Market under the symbol MEDH.

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

Our shares were formerly listed on the Alternative Investment Market of the London Stock Exchange, or AIM. However, we have delisted from AIM and January 27, 2011 was the last day on which our shares traded on AIM. The closing price of our shares on AIM on December 24, 2010, the date on which we announced our intention to delist, was £6.08, equivalent to $9.36 per share based on the Federal Reserve noon buying rate of $1.54 to £1.00 in effect on December 24, 2010. See Market Price Information for Our Shares herein.

The exchange offer will expire at 5:00 p.m., New York City time, on March 3, 2011, or the expiration date, unless extended or earlier terminated by us. You must validly tender your shares of MedQuist Inc. common stock for exchange in the exchange offer on or prior to the expiration date to receive the exchange offer consideration. You should carefully review the procedures for tendering shares of MedQuist Inc. common stock beginning on page 140 of this prospectus. You may withdraw shares of MedQuist Inc. common stock tendered in the exchange offer at any time prior to the expiration date. There will be no record date for determining holders of MedQuist Inc. common stock entitled to participate in the exchange.

The exchange offer is subject to a number of conditions that must be satisfied or waived by us. These conditions include our redomiciliation (as defined herein) as a Delaware corporation, the completion of our proposed U.S. initial public offering and the consummation of the private exchange (as defined herein). The exchange offer is not conditioned on any minimum number of MedQuist Inc. common stock being tendered.

We urge you to carefully read the Risk Factors section of this prospectus beginning on page 25 before you make any decision regarding the exchange offer.

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 Dealer Manager for the exchange offer is:
MACQUARIE CAPITAL

The Information Agent for the Tender Offer is:

105 Madison Avenue
New York, New York 10016
(212) 929-5500 (Call Collect)
or
(800) 322-2885 (Toll Free)
tenderoffer@mackenziepartners.com (E-Mail Address)
www.mackenziepartners.com (Website)

Exchange Agent for the exchange offer is:
American Stock Transfer & Trust Company LLC

Prospectus dated February 2, 2011.

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This prospectus incorporates important business and financial information about MedQuist Holdings Inc. (formerly CBaySystems Holdings Limited) 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. You may obtain copies of these documents, without charge, upon written or oral request to our Information Agent, MacKenzie Partners, Inc., collect at (212) 929-5500 or toll-free at (800) 322-2885. To obtain timely delivery of copies of these documents, you should request them no later than five business days prior to the expiration of this offer. Unless this offer is extended, the latest you should request copies of these documents is February 23, 2011.

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 exchange offer 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., the Dealer Manager, the Exchange Agent or the Information Agent have authorized any person (including any dealer, salesperson or broker) to provide you with any information or to make any representation than as contained in this prospectus. MedQuist Holdings Inc. and the Dealer Manager do 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 exchange offer is being made on the basis of this prospectus and the letter of transmittal and is subject to the terms described in this prospectus and the letter of transmittal. This prospectus does not constitute an offer to participate in the exchange offer to any person in any jurisdiction in which it would be unlawful to make such exchange offers. Any decision to participate in the exchange offer must be based on the information included in this prospectus. In making an investment decision, prospective investors must rely on their own examination of MedQuist Holdings Inc. and the terms of the exchange offer, including the merits and risks involved. Investors should not construe anything in this prospectus and the letter of transmittal as legal, investment, business or tax advice. Each investor should consult its advisors as needed to make its investment decision and to determine whether it is legally permitted to participate in the exchange offer under applicable laws or regulations.

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 exchange offer 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.

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.

On January 27, 2011, we changed our name from CBaySystems Holdings Limited to MedQuist Holdings Inc. and redomiciled from a British Virgin Islands company to a Delaware corporation, or our redomiciliation. In connection with our redomiciliation, we adjusted the number of our shares outstanding through a reverse share split pursuant to which every 4.5 shares of our common stock outstanding prior to our redomiciliation was converted into one share of our common stock upon our redomiciliation. We refer to this herein as the conversion. Our redomiciliation and the conversion resulted in no change to our stockholders relative ownership interests in us. Unless otherwise noted, all information regarding shares of our common stock and all per share information presented herein give effect to the conversion.

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.

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Questions and Answers About the Exchange Offer

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 exchange offer and the other considerations that may be important to your decision about whether to participate in it, 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 making the exchange offer?

We are making this offer to acquire full ownership of our majority-owned subsidiary MedQuist Inc. We believe that if we acquire full ownership of MedQuist Inc. it will simplify our capital structure, achieve greater integration between us and MedQuist Inc., and reduce costs and eliminate potential conflicts of interests between us and MedQuist Inc.

What shares of stock are being sought in the exchange offer?

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and in the related letter of transmittal, properly tendered and accepted shares of MedQuist Inc. common stock, or MedQuist Inc. common stock, for shares of our common stock.

What will you receive in the exchange offer if you tender your shares of MedQuist Inc. common stock and they are accepted?

For each share of MedQuist Inc. common stock tendered and accepted for exchange we are offering the exchange offer consideration, or the exchange offer consideration, set forth in the table below.

		Exchange offer consideration per share	
CUSIP	**Title of security**	**Our common stock (1)**	**Exchange value (1)**
584949101	MedQuist Inc. common stock	One	$ 11.00

(1) The exchange value is equal to the number of shares of our common stock offered per share of MedQuist Inc. common stock multiplied by the midpoint of the price range for our common stock in our proposed U.S. initial public offering of common stock described below.

We expect that the initial public offering price of our common stock in our proposed U.S. initial public offering will be between $10.00 and $12.00 per share. We have applied to list our shares on The NASDAQ Global Market under the symbol MEDH.

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

Our shares were formerly listed on the Alternative Investment Market of the London Stock Exchange, or AIM. However, we have delisted from AIM and January 27, 2011 was the last day on which our shares traded on AIM. The closing price of our shares on AIM on December 24, 2010, the date on which we announced our intention to delist, was £6.08, equivalent to $9.36 per share based on the Federal Reserve noon buying rate of $1.54 to £1.00 in effect on December 24, 2010. See Market Price Information for Our Shares herein.

Your right to receive the exchange offer consideration in the exchange offer is subject to all of the conditions set forth in this prospectus and the related letter of transmittal. These conditions include the completion of our proposed U.S. initial public offering, the listing of our common stock on The NASDAQ Global Market and the consummation of the private exchange.

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How many shares of our common stock will you receive for each share of MedQuist Inc. common stock that you tender in the exchange offer?

You will receive one share of our common stock for each share of MedQuist Inc. common stock that you validly tender in this exchange offer that is accepted by us. We sometimes refer to this number in this document as the exchange ratio. Shares of our common stock issued in this exchange offer will be issued in book-entry form.

Do you have a choice in whether to tender your MedQuist Inc. common stock?

Yes. You are not required to tender your MedQuist Inc. common stock pursuant to this prospectus. All rights and obligations under the certificate of incorporation pursuant to which MedQuist Inc. common stock was issued will continue with respect to the MedQuist Inc. common stock that remains outstanding after the expiration date.

What happens if you choose not to take part in this exchange offer?

You will retain the same rights, obligations and interests which you presently have with respect to your ownership of the MedQuist Inc. common stock. However, depending on the number of shares of MedQuist Inc. common stock tendered in the exchange offer, the MedQuist Inc. common stock may be de-listed from The NASDAQ Global Market, which may adversely affect the liquidity and value of any shares of MedQuist Inc. common stock held by investors.

Will our common stock to be issued in the exchange offer be listed for trading?

Yes. We have applied to list shares of our common stock to be issued in the exchange offer on The NASDAQ Global Market under the symbol MEDH. The approval of our application to list our common stock on The NASDAQ Global Market is a condition for the consummation of the exchange offer. We are delisting our common stock from AIM and January 27, 2011 is the last day on which our shares will trade on AIM. For more information regarding the market for our common stock, see the section of this prospectus entitled Comparative Market Price and Dividend Information.

Will the MedQuist Inc. common stock continue to be listed on The NASDAQ Global Market if the offer is consummated?

Depending on the number of shares of MedQuist Inc. common stock tendered in the exchange offer, the MedQuist Inc. common stock may be delisted from The NASDAQ Global Market, which may adversely affect the liquidity and value of any shares of MedQuist Inc. common stock held by investors following the completion of the exchange offer. If the MedQuist Inc. common stock is delisted from The NASDAQ Global Market, it is possible that it will trade in the over-the-counter market; however, that market may have less liquidity, which may adversely affect the value of any shares of MedQuist Inc. common stock that remain outstanding following the completion of the exchange offer.

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

It is our intent to have MedQuist Inc. become our wholly-owned subsidiary. Whether MedQuist Inc. deregisters under the Exchange Act and ceases being a separate SEC reporting company will depend on, among other factors, the number of remaining holders of MedQuist Inc. common stock. If there are less than 300 holders of MedQuist Inc. common stock following the completion of the exchange offer, we may elect to deregister MedQuist Inc. s common stock under the Exchange Act.

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What happens if we do not gain 100% ownership of MedQuist Inc. through the exchange offer?

If we do not gain 100% ownership of MedQuist Inc. through the exchange offer, there can be no assurance that we will engage in any future transaction that will result in our acquisition of MedQuist Inc. shares. If we decide to engage in any such transaction, there can be no assurance regarding the timing or terms thereof. See Risk Factors-We may not own 100% of the stock of certain of our subsidiaries.

What are the potential benefits of this exchange offer to holders of MedQuist Inc. common stock?

We believe the completion of the exchange offer would 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. (formerly CBaySystems Holdings Limited) and MedQuist Inc. through ownership at the MedQuist Holdings Inc. (formerly CBaySystems Holdings Limited) 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 exchange offer would facilitate the investment and transfer of funds between MedQuist Holdings Inc. (formerly CBaySystems Holdings Limited) and MedQuist Inc. and our respective subsidiaries, thereby facilitating more efficient uses of our consolidated financial resources.

May you tender only a portion of the MedQuist Inc. common stock that you hold?

Yes. You do not have to tender all of your MedQuist Inc. common stock to participate in the exchange offer. You may choose to tender in the exchange offer all or any portion of the MedQuist Inc. common stock that you hold.

How does the amount of consideration that you will receive if you validly tender shares of MedQuist Inc. common stock in the exchange offer compare to amounts that you would otherwise receive if you do not tender?

Should you decide to not participate in this offer, we make no assurance that you will be entitled to any future consideration from us for your shares of MedQuist Inc. common stock. Any value received from any sale of your shares of MedQuist Inc. common stock will depend on such factors as the market prices and the level of demand for the MedQuist Inc. common stock.

Has MedQuist Inc. made a recommendation regarding the exchange offer?

MedQuist Inc. has informed us that it will file a Solicitation/Recommendation Statement on Schedule 14D-9 with the SEC conveying to MedQuist Inc. shareholders the recommendation of the audit committee of the MedQuist Inc. board of directors, consisting of directors unaffiliated with us, on behalf of MedQuist Inc. s board, that MedQuist Inc. shareholders tender their MedQuist Inc. shares in the exchange offer. Once filed, the MedQuist Inc. Schedule 14D-9 will be mailed to MedQuist Inc. shareholders. MedQuist Inc. shareholders are urged to read the MedQuist Inc. Schedule 14D-9 because it will contain important information. The MedQuist Inc. Schedule 14D-9 will be available free of charge at the web site maintained by the SEC at www.sec.gov.

When does the exchange offer expire?

Unless earlier terminated by us, the exchange offer will expire at 5:00 p.m., New York City time, on March 3, 2011, or at such other time if this date is extended by us. MedQuist Inc. common stock tendered may be validly withdrawn at any time before the expiration date, but not thereafter. If a broker, dealer, commercial bank, trust company or other nominee holds your MedQuist Inc. common stock, such nominee may have an earlier deadline for accepting the exchange offer. You should promptly contact the broker, dealer, commercial bank, trust company or other nominee that holds your MedQuist Inc. common stock to determine its deadline.

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What are the conditions to the exchange offer?

The exchange offer is conditioned upon the closing conditions described in The Exchange Offer Conditions of the Exchange Offer. These conditions include the completion of our proposed U.S. initial public offering, the listing of our common stock on The NASDAQ Global Market and the consummation of the private exchange. The exchange offer is not conditioned upon any minimum number of shares of MedQuist Inc. common stock being tendered. We may waive certain conditions of the exchange offer described in this prospectus prior to the expiration date. If any of the conditions are not satisfied or waived, we will not complete the exchange offer.

Under what circumstances can the exchange offer be extended, amended or terminated?

We reserve the right to extend the exchange offer for any reason or no reason at all. We also expressly reserve the right, at any time or from time to time, to amend the terms of the exchange offer in any respect prior to the expiration date. Further, we may be required by law to extend the exchange offer if we make a material change in the terms of the exchange offer or in the information contained in this prospectus or waive a material condition to the exchange offer. During any extension of the exchange offer, MedQuist Inc. common stock that was previously tendered and not validly withdrawn will remain subject to the exchange offer. We reserve the right, in our sole and absolute discretion, but subject to applicable law, to terminate the exchange offer at any time prior to the expiration date if any condition to the exchange offer is not met. If the exchange offer is terminated, no shares of MedQuist Inc. common stock will be accepted for purchase, and any shares of MedQuist Inc. common stock that have been tendered will be promptly returned to the holder. For more information regarding our right to extend, amend or terminate the exchange offer, see The Exchange Offer Expiration date; extensions; termination; amendment.

How will you be notified if the exchange offer is extended, amended or terminated?

If the exchange offer is extended, amended or terminated, we will promptly make a public announcement thereof. For more information regarding notification of extensions, amendments or the termination of the exchange offer, see The Exchange Offer Expiration date; extensions; termination; amendment.

How do you tender shares of MedQuist Inc. common stock in the exchange offer?

Certain shares of MedQuist Inc. common stock were issued in book-entry form, and are all currently represented by one or more global certificates held for the account of the Depository Trust Company, or DTC. If your securities are book entry securities, you may tender your shares of MedQuist Inc. common stock by transferring them through DTC s Automated Tender Offer Program, or ATOP, or following the other procedures described under The Exchange Offer Procedures for tendering.

If your interest as a holder of MedQuist Inc. common stock is in certificated form, you must deliver to the exchange agent (1) the certificates for the shares of your MedQuist Inc. common stock to be exchanged in the manner specified in the accompanying letter of transmittal and (2) a properly completed letter of transmittal.

If you hold your shares of MedQuist Inc. common stock through a bank, broker or other nominee, in order to validly tender your shares of MedQuist Inc. common stock in the exchange offer, you must follow the instructions provided by your bank, broker, custodian, commercial bank, trust company or other nominee with regard to procedures for tendering, in order to enable your bank, broker, custodian, commercial bank, trust company or other nominee to comply with the procedures described below. Beneficial owners are urged to appropriately instruct their bank, broker, custodian, commercial bank, trust company or other nominee at least five business days prior to the expiration date in order to allow adequate processing time for their instruction.

In order for a bank, broker, custodian, commercial bank, trust company or other nominee to validly tender your shares of MedQuist Inc. common stock in the exchange offer, such bank, broker, custodian, commercial bank, trust company or other nominee must deliver to the exchange agent an electronic message that will contain:

- your acknowledgment and agreement to, and agreement to be bound by, the terms of the accompanying letter of transmittal; and

- a timely confirmation of book-entry transfer of your shares of MedQuist Inc. common stock into the exchange agent s account.

If you are unable to tender your MedQuist Inc. common stock before 5:00 p.m., New York City time, on March 3, 2011, or such other time if this date is extended by us, you may comply with the guaranteed delivery procedures set forth in The Offer Guaranteed delivery beginning on page 141.

Should you have any questions as to the procedures for tendering your shares of MedQuist Inc. common stock, please call your bank, broker, custodian, trust company or other nominee; or call the information agent.

What happens to tendered shares of MedQuist Inc. common stock that are not accepted for exchange?

If your tendered shares of MedQuist Inc. common stock are not accepted for exchange for any reason pursuant to the terms and conditions of the exchange offer, such shares will be returned without expense to you or, in the case of shares of MedQuist Inc. common stock tendered by book-entry transfer, such shares will be credited to an account maintained at DTC, designated by the participant who delivered such shares, in each case, promptly following the expiration date or the termination of the exchange offer.

If you change your mind, can you withdraw your tender of MedQuist Inc. common stock?

You may withdraw previously tendered MedQuist Inc. common stock at any time until the exchange offer has expired, unless extended by us. See The Exchange Offer Withdrawal of tenders.

Will you have to pay any fees or commissions if you tender your MedQuist Inc. common stock?

Tendering holders are not obligated to pay brokerage fees or commissions to us or to the dealer manager, the information agent or the exchange agent. If your shares of MedQuist Inc. common stock are held through a broker or other nominee who tenders the MedQuist Inc. common stock on your behalf, 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 Exchange Offer.

What risks should you consider in deciding whether or not to tender any or all of your MedQuist Inc. common stock?

In deciding whether to participate in the exchange offer, you should carefully consider the discussion of risks and uncertainties pertaining to the exchange offer, and those affecting our businesses and an investment in our common stock, described in this section Questions and Answers About the Exchange Offer, and in the section entitled Risk Factors.

What are the U.S. federal income tax considerations of participating in the exchange offer?

Please see the section of this prospectus entitled Material United States Federal Income Tax Consequences. You should consult your own tax advisor for a full understanding of the tax considerations of participating in the exchange offer.

What is the impact of the exchange offer to our earnings per share and capitalization?

As a result of the exchange of the MedQuist Inc. common stock described herein and assuming a full exchange pursuant to the private exchange, the number of outstanding shares of our common stock will increase, which 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 this exchange offer and the private exchange. The incremental impact of this exchange offer and the private exchange on our earnings per share would have been an increase of $0.05 and $0.06 per share of our common stock on a pro forma basis, after giving effect to the Spheris Acquisition and the Recapitalization Transactions, for the year ended December 31, 2009 and the nine months ended September 30,

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2010, respectively. Future dividends, if any, on the MedQuist Inc. common stock will not be paid to holders whose MedQuist Inc. common stock has been exchanged.

Assuming a sufficient number of outstanding shares of MedQuist Inc. common stock are validly tendered and accepted and not withdrawn so that we issue all 6.7 million shares of our common stock being offered pursuant to this prospectus, and assuming the issuance of (i) 4.8 million shares pursuant to the private exchange, (ii) 3.5 million shares of our common stock in connection with our proposed U.S. initial public offering, and (iii) 959,355 shares of our stock pursuant to an agreement, the Consulting Services Agreement, we entered into at the time of our acquisition of MedQuist Inc., we would have 51,087,766 shares of our common stock outstanding or 52,216,748 if the underwriters of our U.S. initial public offering exercise their overallotment option.

The impact of the exchange offer will be a reclassification between noncontrolling interests and additional paid in capital with no net impact to stockholders equity as a result of this exchange. See The Exchange Offer Accounting treatment.

Do our directors or executive officers beneficially own any shares of MedQuist Inc. common stock?

As of December 31, 2010, our directors and executive officers beneficially owned 226,166 shares of MedQuist Inc. common stock (all of which are issuable under options that are exercisable within 60 days and which number excludes shares of MedQuist Inc. held directly by CBay Inc.), which constitutes approximately 0.60% of the beneficial ownership of MedQuist Inc. common stock.

What percentage of our common stock will current MedQuist Inc. stockholders own after the successful consummation of the exchange offer?

We anticipate that the completion of the exchange offer will result in the exchange of the outstanding shares of MedQuist Inc. s common stock that we do not currently own (excluding shares to be acquired in the private exchange) into approximately 13.1% of the shares of our common stock outstanding at the conclusion of the exchange offer. In general, this assumes full acceptance of the exchange offer and that:

- 44.4 million shares of our common stock are outstanding (including, 3.5 million shares issued in connection with our proposed U.S. initial public offering, 4.8 million shares issued in connection with the private exchange and 959,355 shares issued pursuant to the Consulting Services Agreement) before giving effect to the completion of the exchange offer; and
- 6.7 million shares of our common stock will be issued in the exchange offer.

With whom may you talk if you have questions about the exchange offer?

If you have questions regarding the procedures for tendering in the exchange offer or require assistance in tendering your MedQuist Inc. common stock, please contact the dealer manager or the exchange agent listed on the back cover of this prospectus. If you would like additional copies of this prospectus, our annual, quarterly, and current reports or proxy statement, please contact the information agent. The contact information for the dealer manager, the exchange agent and the information 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.

IF YOU HOLD YOUR MEDQUIST INC. COMMON STOCK THROUGH A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE, YOU SHOULD KEEP IN MIND THAT SUCH ENTITY MAY REQUIRE YOU TO TAKE ACTION WITH RESPECT TO THE EXCHANGE OFFER A

NUMBER OF DAYS BEFORE THE EXPIRATION DATE IN ORDER FOR SUCH ENTITY TO TENDER MEDQUIST INC. COMMON STOCK ON YOUR BEHALF ON OR PRIOR TO THE EXPIRATION DATE. TENDERS NOT RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE WILL BE DISREGARDED AND HAVE NO EFFECT. IF YOUR INTEREST AS A HOLDER OF MEDQUIST INC. COMMON STOCK IS IN CERTIFICATED FORM, YOU MUST DELIVER THE MEDQUIST INC. COMMON STOCK CERTIFICATE TO BE EXCHANGED IN THE MANNER SPECIFIED IN THE ACCOMPANYING LETTER OF TRANSMITTAL AND A PROPERLY COMPLETED LETTER OF TRANSMITTAL.

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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. (formerly CBaySystems Holdings Limited) 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

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 use of electronic health records.

We are the largest provider by revenue of clinical documentation solutions based on the physician narrative in the United States. During the three months ended September 30, 2010, we processed, on an annualized run rate basis, more than 3.4 billion lines of clinical documentation on our platform. The significant majority of lines we process are edited or transcribed by our approximately 14,000 MTs and MEs. Of this volume, for the three months ended September 30, 2010, 67% was processed using ASR technology and 42% was produced offshore. Our size allows us to handle the clinical documentation requirements of many of the largest and most complex healthcare delivery networks in the United States, provides us with economies of scale, and enables us to devote significantly more resources to enhancing our solutions through research and development than most of our competitors.

We serve more than 2,400 hospitals, clinics, and physician practices throughout the United States, including 40% of hospitals with more than 500 licensed beds. As of September 30, 2010, the average tenure of our top 50 customers was over five years, and approximately 98% of our revenue was from recurring services. Insights gained from our broad, long-standing customer relationships allow us to optimize our integrated solutions, and we believe that this positions us for future growth as we target new customers.

We have realized significant increases in both revenue and profitability as the result of two large acquisitions, MedQuist Inc., in which we acquired a majority interest in August 2008, and Spheris, which we acquired in April 2010. From 2007 to 2009, our net revenues increased from $57.7 million to $371.8 million. Over this same period, our Adjusted EBITDA, which is a non-GAAP financial measure, increased from $0.7 million to $59.7 million, and our Adjusted EBITDA margins expanded from 1.1% to 16.1%. For a reconciliation of our net income (loss) attributable to MedQuist Holdings Inc. to Adjusted EBITDA, see Summary Historical and Unaudited Pro Forma Consolidated Financial Data.

Our industry

Over the past several decades, our 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 our 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.

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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 2009 Health Information Technology for Economic and Clinical Health Act, or the HITECH Act, 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 hundreds of providers offering varying degrees of technological automation and offshore capabilities. Technological automation and a rise in offshore capabilities have substantially decreased the cost of production and have further differentiated outsourcing providers. We believe that participants in our industry must expand their technology platform and offshore production capabilities to remain competitive.

Our competitive strengths

Our competitive strengths include:

- **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.
- **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.
- **Large and diversified customer base with long-term relationships** We serve more than 2,400 hospitals, clinics and physician practices throughout the United States, including 40% of hospitals with more than 500

licensed beds. We have a long-standing history with our customers and, as of September 30, 2010, approximately 98% of our revenue was from recurring services.

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- **Highly-efficient operating model** Over the past two years, we have driven down our cost structure through the use of technology automation, standardized processes, and offshore resources. Our use of ASR, which has grown from 39% of our volume in the fourth quarter of 2008 to 67% in the third quarter of 2010, has increased our productivity. Additionally, our expanding footprint in India has enabled us to increase our offshore production from 28% of our volume to 42% over this same period. The financial impact of these measures has been an improvement in gross margins during this timeframe from 33.8% to 38.5%. We have grown our volume, excluding volume provided by the Spheris Acquisition, by 2.3% over this same period while sharing cost savings with our customers in the form of lower prices.
- **Proven management team** We have assembled an outstanding senior leadership team with significant industry experience and domain expertise in both domestic and offshore operations. Our management team has delivered substantial results and brings an entrepreneurial spirit with proven experience in managing growth, driving operational improvements, and successfully integrating acquisitions.

Our strategy

Key elements of our strategy include:

- **Expand our customer base and increase existing customer penetration** We intend to grow our customer base by targeting three market segments: large healthcare providers still using in-house services, large healthcare providers currently using competing outsourced alternatives, and small-to-medium medical practices. Given our market leadership, strong solution offerings, and low cost structure, we believe we are well positioned to both replace in-house solutions as well as displace competing outsourced alternatives for large healthcare providers. For small-to-medium sized physician practices, we offer an easy-to-use web-based clinical documentation platform, CBayScribe, to expand our market share in this segment, which we believe to be underpenetrated. In order to increase penetration within our existing customer base, we intend to continue targeting additional healthcare clinical areas and facilities of our current customers. Additionally, as healthcare providers centralize their purchasing decisions, we believe that our ability to deliver outstanding services for large, complex requirements provides us with increasing access to new sales opportunities within our existing customer base and through existing customer relationships.
- **Continue to develop and enhance our integrated solutions** We seek to differentiate our integrated solutions through sophisticated technology and process improvement. We have over 100 employees dedicated to research and development. Over the last year, we launched numerous enhancements, including a front end speech platform for general medicine, additional EHR system integration, and advanced performance monitoring.
- **Enhance profitability through technical and operational expertise** We have made significant improvements in productivity through business process and infrastructure improvements. Notwithstanding reductions in customer pricing, our gross margins have expanded from 33.8% in the fourth quarter of 2008, our first fiscal quarter after we acquired MedQuist Inc., to 38.5% in the third quarter of 2010, and our Adjusted EBITDA margins have expanded from 9.5% to 21.4% for the same periods. Our management team has proven its ability to implement continuous process improvements and we intend to further increase offshore production and our use of technological automation, including ASR, to lower costs and enhance our profitability.
- **Facilitate the adoption and promote meaningful use of EHR systems** Our integrated solutions provide a comprehensive, accurate and effective method to incorporate physician narrative into an EHR system. We interface with substantially all of the leading EHR vendors to integrate our clinical documentation solutions and to help our customers realize the full potential of their EHR systems through the use of the physician narrative. In our experience, when EHR is adopted, customers tend to consolidate their purchase decisions, which benefits us as a leading provider of clinical documentation solutions.

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- **Pursue strategic acquisitions** We believe that there are significant opportunities available to create value through strategic acquisitions. We intend to seek appropriate opportunities to grow our customer base, enhance our solutions, consolidate costs, and expand our value proposition to our customers.

Risks associated with our business

Our business is subject to a number of risks which you should be aware of before making an investment decision. Those risks are discussed more fully in Risk Factors beginning on page 25. For example:

- We compete with many others in the market for clinical documentation solutions which may result in lower prices for our services, reduced operating margins and an inability to maintain or increase our market share.
- Our business is dependent on the continued demand for transcription services, and, if electronic health records companies produce solutions acceptable to large hospital systems for the creation of electronic clinical documentation, the overall demand for medical transcription services could be reduced.
- Our ability to sustain and grow profitable operations is dependent on the willingness of new customers to outsource and adopt new technology platforms, as well as our ability to retain customers.
- Our success will depend on our ability to support existing technologies, as well as adopt and integrate new technology into our workflow platforms.

Our history

We began operation in 1998 with the goal of providing high-quality outsourced clinical documentation solutions to U.S. healthcare providers at a low cost. We combined U.S. sales, marketing, and customer service with offshore operations, primarily in India, and have grown our scale through strategic acquisitions.

Acquisitions

MedQuist Inc.

In August 2008, an affiliate of S.A.C. Private Capital Group, LLC, or SAC PCG, invested $124.0 million to acquire a majority interest in us. Concurrent with this investment, we acquired a 69.5% interest in MedQuist Inc., or the MedQuist Inc. Acquisition. At the time of the acquisition, MedQuist Inc. was the largest U.S. medical transcription service provider by revenue, but had been adversely impacted by inefficient operations, litigation and customer disputes. Net revenues for MedQuist Inc. had fallen from $483.9 million for the year ended December 31, 2002 to $340.3 million for the year ended December 31, 2007.

We believed that MedQuist Inc., despite its operational challenges and substantial overhead, had strong underlying technology, deep healthcare domain expertise, and a long-tenured customer base. Following our acquisition of MedQuist Inc., we embarked upon a strategy to enhance the management team, streamline operations, improve relationships with customers, leverage our offshore resources, increase the utilization of ASR technology, and resolve all outstanding litigation. This strategy resulted in a stabilization of volume trends starting in the second quarter of 2009. The following table shows the percentage change in MedQuist Inc. s volume for the nine quarters ended March 31, 2010, the last quarter prior to our acquisition of Spheris, or the Spheris Acquisition.

	2008	2009	2010
	Prior to the MedQuist Inc.		
MedQuist Inc.	Acquisition		

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Volume % Change over Previous Year	(3.3)%	(4.7)%	(0.1)%	(0.4)%	(2.2)%	0.8%	2.5%	2.8%	4.0%

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Spheris

In April 2010, we acquired certain assets, principally customer contracts, from Spheris in a transaction conducted under Section 363 of the Bankruptcy Code. Spheris was the second largest U.S. medical transcription service provider by revenue at the time. Spheris had experienced declines in volumes from customer attrition, which we believed was attributable to quality issues and underinvestment in product development caused by financial constraints leading up to its bankruptcy. Some volume declines continued after the date of the Spheris Acquisition as the result of notices of termination given prior to that date. The following table shows the percentage change in Spheris volume for the nine quarters ended March 31, 2010, the last quarter prior to the Spheris Acquisition.

Spheris	**2008**				**2009**				**2010**
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
Volume % Change over Previous Year	(4.8)%	(4.7)%	(5.9)%	(11.6)%	(13.3)%	(10.9)%	(7.9)%	(6.5)%	(5.5)%

We considered the negative volume trend for Spheris in our acquisition valuation. Net revenues for Spheris were $156.6 million and $35.2 million for the year ended December 31, 2009 and the three months ended March 31, 2010, respectively. Customers who submitted notices of termination prior to the acquisition generated revenues of $24.6 million and $1.7 million during the year ended December 31, 2009 and the three months ended March 31, 2010, respectively. Therefore, net revenues for the year ended December 31, 2009 and the three months ended March 31, 2010, less revenues attributable to customers who submitted notices of termination prior to the Spheris Acquisition, were $132.0 million and $33.5 million, respectively.

Our Spheris integration efforts have focused on merging the new customer base acquired, integrating systems and eliminating cost redundancies. We expect the measures we have implemented since the Spheris Acquisition to yield $7.0 million of cost savings in the fourth quarter of 2010, representing an annualized impact of $28.0 million. Our results for the nine months ended September 30, 2010 reflect $4.9 million of such cost savings. We expect that the integration of Spheris will be fully completed by the first half of 2011.

Pricing

We base our pricing on various factors, principally, market forces, the extent to which we can utilize our offshore production facilities, the extent to which customers utilize the ASR technology available in our solutions, the scope of services provided and turn-around times requested by a particular customer. We work with our customers to evaluate how different solutions affect pricing and to determine an optimal mix of service level and price for that customer. Higher utilization of offshore production and ASR leads to lower costs for us, which permits us to offer better pricing to our customers while at the same time contributing to margin growth. We have successfully migrated a significant portion of MedQuist Inc. s volume offshore and we will continue these efforts in relation to our combined businesses.

Recent developments

Recapitalization transactions

On October 14, 2010, MedQuist Inc. incurred $85.0 million of indebtedness through the issuance of 13% senior subordinated notes due 2016, or the Senior Subordinated Notes, under a note purchase agreement, or the Note Purchase Agreement, and incurred $200.0 million of indebtedness under a term loan, or the Term Loan, under a $225.0 million credit facility, or the Senior Secured Credit Facility. We are a guarantor of both the Senior Subordinated Notes and the Senior Secured Credit Facility. MedQuist Inc. used the proceeds to repay $80.0 million of indebtedness under its prior credit facility, or the Acquisition Credit Facility, to repay $13.6 million of indebtedness under a subordinated promissory note, or the Acquisition Subordinated Promissory Notes, each issued in connection with the Spheris Acquisition, and to pay a $176.5 million special dividend to its stockholders. We received $122.6 million of this special dividend and used $104.1 million to extinguish our 6% Convertible Notes issued to Royal Philips

Electronics in connection with the MedQuist Inc. Acquisition and $3.7 million to extinguish certain other lines of credit. We refer to these transactions as the Recapitalization Transactions.

Private exchange

Certain of MedQuist Inc. s noncontrolling stockholders entered into an exchange agreement with us, the Exchange Agreement, whereby we agreed to issue 4.8 million shares of our common stock in exchange for their 4.8 million shares of MedQuist Inc. common stock. We refer to this transaction as the private exchange. The private exchange is contingent upon, among other conditions, our completion of our proposed U.S. initial public offering and listing our shares on The NASDAQ Global Market and would increase our ownership in MedQuist Inc. from 69.5% to 82.2%.

Our proposed U.S. initial public offering and redomiciliation

On October 18, 2010, we filed an initial registration statement on Form S-1 with the SEC as the first step towards completing a U.S. initial public offering of our common stock. The successful consummation of our proposed U.S. initial public offering and the listing of the shares of our common stock on The NASDAQ Global Market are both conditions to the consummation of the exchange offer.

On January 27, 2011, we changed our name from CBaySystems Holdings Limited to MedQuist Holdings Inc. and redomiciled from a British Virgin Islands company to a Delaware corporation. In connection with our redomiciliation, we adjusted the number of our shares outstanding through a reverse share split pursuant to which every 4.5 shares of our common stock outstanding prior to our redomiciliation was converted into one share of our common stock upon our redomiciliation. Our redomiciliation and such reverse share split resulted in no change to our common stockholders relative ownership interests in us.

In connection with our proposed U.S. initial public offering we have applied to list our shares on The NASDAQ Global Market under the symbol MEDH.

For a more detailed description of the Recapitalization Transactions, the private exchange and our proposed U.S. initial public offering, collectively with this exchange offer and the common stock offered hereby, the Corporate Reorganization, see Corporate Reorganization.

Sale of A-Life Investment

During the three months ended December 31, 2010, we sold our approximately 32% interest in A-Life Medical, Inc., or A-Life, an equity method investment. The consideration to us for the sale of our A-Life investment was $23.6 million, of which $19.5 million was paid to us in cash and $4.1 million was paid into escrow, to be released in March 2012, subject to the satisfaction of indemnification obligations under the related merger agreement. Our presentation of Adjusted EBITDA contained herein does not include earnings attributable to our investment in A-Life. See Summary Historical and Unaudited Pro Forma Consolidated Financial Data.

Sale of PFS

On December 31, 2010, we completed the sale of our non-strategic Patient Financial Services, or PFS, business. The consideration to us was $14.8 million, of which $13.5 million was paid to us in cash and the balance was in the form of a note. Our unaudited pro forma condensed financial information contained herein gives effect to the reclassification of the PFS business into discontinued operations. See Unaudited Pro Forma Condensed Combined Financial Information.

Preliminary Unaudited Results for the three months ended December 31, 2010

The following information is based on our preliminary unaudited results for the three months ended December 31, 2010. This information is derived from preliminary internal financial reports and is subject to revision based on the completion of the year-end accounting and financial reporting processes necessary to finalize our consolidated financial statements as of and for the year ended December 31, 2010. We cannot assure you that, upon completion of the audit of our consolidated financial statements as of and for the year ended December 31, 2010, we will not report results materially different than those set forth below. We do not expect to file our audited consolidated financial statements as of and for the year ended December 31, 2010 with the SEC until after this offering is completed.

We currently estimate that for the three months ended December 31, 2010, our net revenues were approximately $110.5 million, our income from continuing operations before income taxes and noncontrolling interests was approximately $3.7 million and our Adjusted EBITDA was approximately $27.6 million. Our estimate for Adjusted EBITDA is based on our estimates for income from continuing operations before income taxes and noncontrolling interests of approximately $3.7 million, plus interest expense, net of approximately $7.3 million, depreciation and amortization of approximately $8.9 million (including approximately $3.9 million of amortization related to acquired intangibles), cost of legal proceedings and settlements of approximately $800,000, acquisition-related charges of approximately $500,000, restructuring charges of approximately $1.8 million, the loss on early extinguishment of debt of approximately $13.5 million and less equity in income of affiliated companies (principally the gain on the sale of A-Life) of $8.9 million. See page 23 in Summary Historical and Unaudited Pro Forma Consolidated Financial Data for a description of Adjusted EBITDA. Cash taxes paid during the three months ended December 31, 2010 were approximately $300,000. As of December 31, 2010 we had approximately $66.8 million of cash and approximately $294.5 million of total debt outstanding. On January 3, 2011, we made a $25.0 million cash payment, of which $20 million was an optional payment, to reduce the principal amount of our outstanding Term Loan.

Net revenues for the three months ended December 31, 2010 increased approximately $24.7 million, or approximately 28.8%, to approximately $110.5 million, compared with $85.8 million for the three months ended December 31, 2009 (excluding for both periods the revenues associated with the PFS business, which was sold in December 2010). The Spheris Acquisition contributed approximately $29.9 million in incremental revenue for the three months ended December 31, 2010, which was partially offset by a decrease in legacy maintenance service revenues and lower average pricing realized for our transcription services.

Our income from continuing operations before income taxes and noncontrolling interests was approximately $3.7 million and $2.6 million for the three months ended December 31, 2010 and 2009, respectively. Our income from continuing operations before income taxes and noncontrolling interests for the three months ended December 31, 2010 as compared to December 31, 2009 reflects an increase in operating income of approximately $10.4 million and an increase in equity in income of affiliated companies of approximately $8.9 million, representing primarily the gain on the sale of A-Life during the 2010 quarter. These increases were offset by higher interest expense, net of approximately $5.1 million during the 2010 quarter, as compared to 2009, reflecting higher borrowing levels during the 2010 quarter and the loss on early extinguishment of debt of approximately $13.5 million during the 2010 quarter. Amounts for both periods exclude amounts attributable to the PFS business.

The improvement in gross profit and operating income during the three months ended December 31, 2010 was attributable to cost reductions associated with increased utilization of ASR and increased offshore production, as well as overhead savings realized as a result of the Spheris integration efforts. Our use of ASR increased to approximately 71% of volume during the three months ended December 31, 2010 compared with approximately 53% of volume in the three months ended December 31, 2009. Additionally, our expanding footprint in India enabled us to increase our offshore production to approximately 42% of volume for the three months ended December 31, 2010 compared with 39% of volume for the three months ended December 31, 2009. The cost savings and synergies resulting from the Spheris Acquisition contributed approximately $7 million of cost savings for the three months ended December 31, 2010.

Adjusted EBITDA for the three months ended December 31, 2010 increased approximately $10.9 million, or approximately 65%, to approximately $27.6 million, compared with $16.7 million for the three months ended

December 31, 2009. Adjusted EBITDA as a percentage of net revenues increased to 25.0% for the three months ended December 31, 2010, compared with 19.3% for the three months ended December 31, 2009. The improvement in Adjusted EBITDA was attributable to the factors described above.

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Corporate information

Our principal executive offices are located at 9009 Carothers Parkway, Franklin, TN 37067. The telephone number of our principal executive offices is (615) 261-1740.

The principal executive offices of MedQuist Inc. are located at 1000 Bishops Gate Blvd. Suite 300, Mount Laurel, NJ 08054-4632. The telephone number of the principal executive offices of MedQuist Inc. is (856) 206-4000.

Background and Reasons for the Exchange Offer

Background of Our Investment in MedQuist Inc.

MedQuist Inc. was established in 1970 and developed a computer-based medical transcription package that replaced tape and cassette recorders with digital recording equipment. MedQuist Inc. purchased Transcriptions Ltd. in May 1994, and grew quickly over the next few years through sales and acquisitions of smaller transcription service organizations. Royal Philips Electronics purchased approximately 60 percent of MedQuist Inc. in June 2000, and later increased its holdings to 69.5 percent. With several strategic acquisitions in 2001 and 2002, MedQuist Inc. obtained the technology and expertise to offer comprehensive document workflow management products and solutions. In August 2008, Royal Philips Electronics sold its 69.5 percent ownership interest in MedQuist Inc. to us, a holding company with a portfolio of investments in medical transcription, healthcare technology and healthcare financial services, for a total consideration of $239.7 million. The transaction was completed following the subscription to approximately 89 million new ordinary shares in our common stock by S.A.C. PEI CB Investment, L.P. Additionally, in April 2010, MedQuist Inc. completed the purchase of the domestic business of Spheris Inc. while simultaneously, CBay Inc., one of our subsidiaries that directly holds the majority ownership in MedQuist Inc., acquired the stock of Spheris India Private Limited, a subsidiary of Spheris, creating a combined company for healthcare providers to improve their clinical documentation and drive toward electronic health record, or EHR, adoption faster and at a lower cost through advanced technology and expanded domestic and global services.

Background of the exchange offer

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.

During the course of our consultations with our financial advisors and outside counsel in the summer of 2010, our management determined that a two-tiered private and public exchange offer was the best method for acquiring the remaining shares of MedQuist Inc. common stock held by third parties. Our management wanted to pursue the most efficient course for combining MedQuist Inc. and our company, and believed that offering to buy shares of MedQuist Inc. common stock directly from the other MedQuist Inc. stockholders would result in an expedited and fair process. Additionally, our management concluded that pursuing a two-tiered exchange offer, whereby a significant portion of the minority MedQuist Inc. stockholders agreed to participate in a private exchange of their MedQuist Inc. common stock for our common stock, followed by a registered public exchange for the remaining MedQuist Inc. common stock, gave us the best opportunity to acquire the highest number of shares of MedQuist Inc. common stock in the most efficient and expeditious manner. In choosing to recommend the two-tiered exchange offer structure to our board, our management sought to choose a path consistent with recent precedents for transactions involving the acquisition of the minority interests of publicly traded companies by their principal stockholders. In contrast to an exchange offer transaction, our management also considered a merger transaction, but due to certain provisions of New Jersey corporate law, a merger transaction was deemed not to be a viable option at this time.

On September 30, 2010, our board of directors met to consider the advisability of the two-tiered exchange offer. At this meeting, the board engaged in a discussion, with members of our management, outside counsel and financial advisors participating, of the proposed two-tiered exchange offer structure. Following this discussion, our board of directors determined unanimously to approve the private exchange.

Our reasons for the exchange offer

At its meeting on October 17, 2010, our board of directors unanimously approved the exchange offer. In reaching its conclusion, our board of directors considered, among others, the following factors:

- the completion of the exchange offer would enable MedQuist Inc. and us to create a simpler, unified capital structure in which equity investors would participate in the equity of us and MedQuist Inc. only at

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the MedQuist Holdings Inc. (formerly CBaySystems Holdings Limited) level. Our board also believed that unifying public stockholdings 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;

n the unified capital structure that would result from the exchange offer would facilitate the investment and transfer of funds between us and MedQuist Inc. and its subsidiaries, thereby facilitating more efficient uses of our consolidated financial resources;

n the belief that we will be better positioned than MedQuist Inc. on a stand-alone basis to develop and exploit MedQuist Inc. s assets, including through acquisitions and dispositions;

n the elimination of public stockholders at the MedQuist Inc. level would create opportunities for cost reductions through the reduction of overhead and reporting and compliance costs;

n the opportunity to eliminate, by converting the public s ownership of MedQuist Inc. common stock into ownership of our common stock through the exchange offer, the potential for conflicts of interest between us, on the one hand, and the assets of MedQuist Inc. and its public stockholders, on the other, including with respect to the disposition or use of MedQuist Inc. for the benefit of us and our stockholders;

n the exchange ratio;

n the ability of MedQuist Inc. s stockholders, through ownership of our common stock, to participate in the growth of MedQuist Inc. s business and our other businesses;

n the financial and operating results of MedQuist Inc.;

n the terms and conditions of the exchange offer; and

n the level of dilution that our current stockholders would experience in connection with the exchange offer.

Interests of directors and executive officers

As of December 31, 2010, our directors and executive officers beneficially owned 226,166 shares of MedQuist Inc. common stock (all of which are issuable under options that are exercisable within 60 days and which number excludes shares of MedQuist Inc. beneficially owned by MedQuist Holdings Inc. (formerly CBaySystems Holdings Limited)), which constitutes approximately 0.60% of the beneficial ownership of MedQuist Inc. common stock.

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Summary of Terms of the Exchange Offer

We have summarized the terms of the exchange offer below. You should read the discussion under The Exchange Offer in this prospectus for further information regarding the exchange offer.

Exchange Offer	We are offering to exchange newly issued shares of our common stock for properly tendered and accepted shares of MedQuist Inc. common stock. All shares of our common stock validly tendered and not withdrawn and accepted by us will be exchanged at a ratio of one share of our common stock for each share of MedQuist Inc. common stock, on the terms and subject to the conditions of this exchange offer. The terms and conditions of this exchange offer are described in this document, the letter of transmittal and the instructions to the letter of transmittal. We will promptly return any shares of MedQuist Inc. common stock not accepted by us for exchange following the expiration date.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on March 3, 2011, unless extended or earlier terminated by us. If a broker, dealer, commercial bank, trust company or other nominee holds your MedQuist Inc. common stock, such nominee may have an earlier deadline for accepting the offer. You should promptly contact the broker, dealer, commercial bank, trust company or other nominee that holds your shares of MedQuist Inc. common stock to determine its deadline.
Settlement Date	The settlement date in respect of any shares of MedQuist Inc. common stock that are validly tendered prior to the expiration date will be promptly following the expiration date and is anticipated to be on or about March 7, 2011. See The Exchange Offer Settlement date.
Certain Consequences to Non-Tendering Holders	Shares of MedQuist Inc. common stock not tendered in the exchange offer will remain outstanding after the consummation of the exchange offer. Depending on the number of shares of MedQuist Inc. common stock tendered in the exchange offer, MedQuist Inc. may be delisted from The NASDAQ Global Market, which may adversely affect the liquidity and value of any shares of MedQuist Inc. common stock held by investors.
Conditions to the Exchange Offer	The exchange offer is conditioned upon the closing conditions described in The Exchange Offer Conditions of the exchange offer. These conditions include the completion of our proposed U.S. initial public offering, the listing of our common stock on The NASDAQ Global Market and the consummation of the private exchange. Our obligation to exchange is not subject to any minimum tender condition.
Procedures For Tendering Shares of MedQuist Inc. Common Stock	Most shares of MedQuist Inc. common stock were issued in book-entry form, and are all currently represented by one or more global certificates held for the account of the DTC. If your securities are book entry securities, you may tender your shares of common stock by transferring them through DTC s ATOP or following the other procedures described under The Exchange Offer Procedures for tendering.

If your interest as a holder of common stock is in certificated form, you must deliver to the exchange agent a properly completed and duly executed letter of transmittal or a duly executed copy thereof, along with any additional information required by the exchange agent as well as payment for transfer or similar taxes, if any.

If you wish to tender shares of MedQuist Inc. common stock pursuant to the exchange offer and your MedQuist Inc. common stock certificates are not immediately available, you cannot deliver the MedQuist Inc. common stock certificates and all other required documents to the exchange agent prior to the expiration of the exchange offer or you cannot complete the procedure for book-entry transfer on a timely basis, your shares of MedQuist Inc. common stock may nevertheless be tendered, so long as all of the following conditions are satisfied:

n you make your tender by or through an eligible institution;
n a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by us, is received by the exchange agent as provided below on or prior to the expiration of the exchange offer; and
n the certificates for all tendered shares of MedQuist Inc. common stock (or a confirmation of a book-entry transfer of such securities into the exchange agent s account at DTC as described above), in proper form for transfer, together with a properly completed and duly executed letter of transmittal or a manually signed facsimile with any required signature guarantees, or, in the case of a book-entry transfer, an agent s message, and all other documents required by the letter of transmittal are received by the exchange agent within three business days after the date of execution of the notice of guaranteed delivery.

You may deliver the notice of guaranteed delivery by hand or transmit it by facsimile transmission or mail to the exchange agent.
In all cases, we will exchange shares of MedQuist Inc. common stock tendered and accepted for exchange pursuant to the exchange offer only after timely receipt by the exchange agent of certificates for shares of MedQuist Inc. common stock, or timely confirmation of a book-entry transfer of those shares of MedQuist Inc. common stock into the exchange agent s account at DTC, a properly completed and duly executed letter of transmittal or a manually signed facsimile thereof, or an agent s message in connection with a book-entry transfer, and any other required documents.
If you beneficially own common stock through an account maintained by a broker, dealer, commercial bank, trust company or other DTC participant and you desire to tender common stock, you should contact your DTC participant promptly and instruct it to tender your shares of common stock on your behalf. Beneficial owners are urged to appropriately instruct their bank, broker, custodian, commercial bank, trust company or other nominee at least five business days prior to the expiration date in order to allow adequate processing time for their instruction.
In order for your bank, broker, custodian, commercial bank, trust company or other nominee to validly tender shares of common stock in the exchange offer, such bank, broker, custodian, commercial bank, trust company or other nominee must deliver to the exchange agent via DTC an electronic message that will contain certain information specified under The Exchange Offer Procedures for tendering How to tender if you are a beneficial owner but not a DTC participant?
To participate in the exchange offer, a DTC participant must:

n comply with the ATOP procedures of DTC described under The Exchange Offer Procedures for tendering Tendering through DTC S ATOP; or

- (i) complete and sign and date the letter of transmittal, or a facsimile of the letter of transmittal; (ii) have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and (iii) mail or deliver the letter of transmittal or facsimile to the exchange agent prior to the expiration date.

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In addition, a DTC participant must comply with the additional procedures set forth under The Exchange Offer Procedures for tendering How to tender if you are a DTC participant?

On the date of any tender for exchange, if your interest is in certificated form, you must do each of the following in order to validly tender for exchange:

n complete and manually sign the accompanying letter of transmittal provided by the exchange agent, or a facsimile of the exchange notice, and deliver the signed letter to the exchange agent;
n surrender the certificates of your shares of common stock to the exchange agent;
n if required, furnish appropriate endorsements and transfer documents; and
n if required, pay all transfer or similar taxes.

If you are using a letter of transmittal or notice of withdrawal, you must have signatures guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act. In addition, such entity must be a member of one of the recognized signature guarantee programs identified in the letter of transmittal. Signature guarantees are not required, however, if the shares of common stock are tendered for the account of a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution.

IF YOUR INTEREST AS A HOLDER OF MEDQUIST INC. COMMON STOCK IS IN CERTIFICATED FORM, YOU MUST DELIVER THE MEDQUIST INC. COMMON STOCK CERTIFICATES TO BE EXCHANGED IN THE MANNER SPECIFIED IN THE ACCOMPANYING LETTER OF TRANSMITTAL AND A PROPERLY COMPLETED LETTER OF TRANSMITTAL.

Extensions, Termination or Amendment of the Exchange Offer

We reserve the right to extend the exchange offer for any reason or no reason at all. We also expressly reserve the right, at any time or from time to time, to amend the terms of the exchange offer in any respect prior to the expiration date. Further, we may be required by law to extend the exchange offer if we make a material change in the terms of the exchange offer or in the information contained in this prospectus or waive a material condition to the exchange offer. During any extension of the exchange offer, MedQuist Inc. common stock that was previously tendered and not validly withdrawn will remain subject to the exchange offer. We reserve the right, in our sole and absolute discretion, but subject to applicable law, to terminate the exchange offer at any time prior to the expiration date if any condition to the exchange offer is not met. If the exchange offer is terminated, no shares of MedQuist Inc. common stock will be accepted for purchase, and any shares of MedQuist Inc. common stock that have been tendered will be promptly returned to the holder. For more

	information regarding our right to extend, terminate or amend the exchange offer, see The Exchange Offer Expiration date; extensions; termination; amendment.
Withdrawal Rights	You may withdraw any MedQuist Inc. common stock tendered in the exchange offer at any time prior to the expiration date. Pursuant to Section 14(d)(5) of the Exchange Act, you may also withdraw your shares of MedQuist Inc. common stock at any time after 60 days from February 2, 2011, the date that the exchange offer was commenced, unless we have previously accepted them. If

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	you validly request to withdraw your shares of MedQuist Inc. common stock prior to the expiration of the exchange offer, they will be returned without expense to you or, in the case of shares of MedQuist Inc. common stock tendered by book-entry transfer, such shares of MedQuist Inc. common stock will be credited to an account maintained at DTC, designated by the participant therein who so delivered such shares of MedQuist Inc. common stock, in each case, promptly following the expiration date or the termination of the exchange offer. For further information regarding the withdrawal of tendered MedQuist Inc. common stock, see The Exchange Offer Withdrawal of tenders.
Return of Unaccepted Shares	If any tendered shares of MedQuist Inc. common stock are not accepted for payment for any reason pursuant to the terms and conditions of the exchange offer, such shares will be returned without expense to the tendering holder or, in the case of shares tendered by book-entry transfer, such shares will be credited to an account maintained at DTC, designated by the participant therein who so delivered such shares, in each case, promptly following the expiration date or the termination of the exchange offer.
No Appraisal Rights	No appraisal rights are available to holders of MedQuist Inc. common stock in connection with the exchange offer.
Comparative Market Price Information	MedQuist Inc. common stock is currently listed on The NASDAQ Global Market under the symbol MEDQ. On January 24, 2011, the closing price of MedQuist Inc. common stock on The NASDAQ Global Market was $9.11 per share. We expect the initial public offering price of our common stock in our proposed U.S. initial public offering will be between $10.00 and $12.00 per share. We have applied to list the shares of our common stock to be issued in the exchange offer on The NASDAQ Global Market under the symbol MEDH. . Our common stock was formerly listed on AIM. However, we are delisting from AIM and January 27, 2011 is the last day on which our shares will trade on AIM. See Market Price Information for Our Shares herein.
Accounting Treatment	Assuming we acquire all shares of MedQuist Inc. common stock pursuant to the exchange offer, the transaction would be accounted for as an equity transaction, as we would retain control of MedQuist Inc. after the transaction.
Comparison of Rights of Holders of Our Common Stock and MedQuist Inc. Common Stock	After the completion of the exchange offer, you will become a stockholder of our company and your rights as a stockholder will be governed by our certificate of incorporation and by-laws. There are differences between the certificates of incorporation and by-laws of MedQuist Inc. and our company. MedQuist Inc. is a New Jersey corporation and our company will be a Delaware corporation, so your rights will be governed by Delaware law after the completion of the exchange offer. For a summary comparison of the rights of holders of our common stock and holders of MedQuist Inc. common stock,

	see Comparison of Rights of Holders of Our Common Stock and MedQuist Inc. Common Stock.
Risk Factors	You should consider carefully all of the information set forth in this prospectus and, in particular, you should evaluate the specific factors set forth under Risk Factors before deciding whether to participate in the exchange offer.
United States Federal Income Tax Considerations For MedQuist Inc. Common Stock Holders	We intend to take the position that the exchange offer will be treated for United States federal income tax purposes as a transaction described in

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	Section 351(a) of the Internal Revenue Code of 1986, as amended, under which you would generally not recognize gain or loss upon the receipt of shares of our common stock in exchange for your shares of MedQuist Inc. common stock. The tax consequences to you will depend on the facts and circumstances of your own situation. Please consult your tax adviser for a full understanding of the tax consequences to you. See Material United States Federal Income Tax Consequences.
Use of Proceeds	We will not receive any cash proceeds from the tender of the MedQuist Inc. common stock pursuant to the exchange offer.
Brokerage Commissions	If your shares of MedQuist Inc. common stock are held through a broker or other nominee who tenders shares of MedQuist Inc. common stock on your behalf, your broker may charge you a commission for doing so.
Exchange Agent	American Stock Transfer & Trust Company, LLC has been appointed as the exchange agent for the exchange offer. We have agreed to pay American Stock Transfer & Trust Company, LLC reasonable and customary fees for its services and will reimburse American Stock Transfer & Trust Company, LLC for its reasonable out-of-pocket expenses.
Information Agent	MacKenzie Partners, Inc. has been appointed as the information agent for the exchange offer. We have agreed to pay MacKenzie Partners, Inc. reasonable and customary fees for its services and will reimburse MacKenzie Partners, Inc. for its reasonable out-of-pocket expenses.
Dealer Manager	The dealer manager for the exchange offer is Macquarie Capital (USA) Inc. As the dealer manager for the exchange offer, Macquarie Capital (USA) Inc. will perform services customarily provided by investment banking firms acting as dealer managers of exchange offers of a like nature, including, but not limited to, soliciting tenders of shares of MedQuist Inc. common stock pursuant to the exchange offer and communicating generally regarding the exchange offer with banks, brokers, custodians, nominees and other persons, including the holders of the shares of MedQuist Inc. common stock. We will pay the dealer manager reasonable and customary fees for its services and will reimburse it for certain out-of-pocket expenses.
Market-Trading	Shares of MedQuist Inc. common stock are traded on The NASDAQ Global Market under the symbol MEDQ . See Comparative Market Price and Dividend Information. We have applied to list shares of our common stock to be issued in our proposed U.S. initial public offering and the exchange offer on The NASDAQ Global Market under the symbol MEDH. The approval of our application to list our common stock on The NASDAQ Global Market is a condition for the consummation of the exchange offer. Our common stock was formerly listed on AIM. However, we are delisting from AIM and January 27, 2011 is the last day on which our shares will trade on AIM. See Market Price Information for Our Shares herein.

Further Information	If you have questions regarding the procedures for tendering in the exchange offer or require assistance in tendering your shares of MedQuist Inc. common stock, please contact the dealer manager, the exchange agent or the information agent. If you would like additional copies of this prospectus, our annual, quarterly, and current reports, proxy statement and other information, please contact the information agent. The contact information for the dealer manager, the exchange agent and the information agent is set forth on the back cover of this prospectus.

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Summary Historical and Unaudited Pro Forma Consolidated Financial Data

The following table sets forth our summary historical consolidated financial data for the years ended December 31, 2007, 2008 and 2009 and as of September 30, 2010 and for the nine months ended September 30, 2009 and 2010. The summary historical consolidated financial data for the years ended December 31, 2007, 2008 and 2009 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial data as of September 30, 2010 and for the nine months ended September 30, 2009 and 2010 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We prepared the unaudited historical information on a basis consistent with that used in preparing our audited consolidated financial statements, which reflect all adjustments, consisting of only normal recurring adjustments, that we consider necessary to present fairly our financial position and results of operations for the unaudited periods.

Our summary historical consolidated statements of operations and other operating data reflect the consolidation of the results of operations of MedQuist Inc. since August 6, 2008 and Spheris since April 22, 2010, the respective dates of their acquisition. Our summary historical consolidated statements of operations and other operating data do not give effect to the reclassification for discontinued operations for the sale of our PFS business, which was sold on December 31, 2010.

The summary consolidated financial data also sets forth our unaudited pro forma condensed combined statements of operations for the year ended December 31, 2009 and the nine months ended September 30, 2010 and our unaudited pro forma condensed consolidated balance sheet as of September 30, 2010. The unaudited pro forma condensed combined statements of operations and the unaudited pro forma condensed consolidated balance sheet have been derived from the historical consolidated financial information of us and Spheris, which are included elsewhere in this prospectus. The unaudited pro forma condensed combined statements of operations and the unaudited pro forma consolidated balance sheet give effect to the reclassification for discontinued operations. See Unaudited Pro Forma Condensed Consolidated Financial Information Discontinued Operations.

The pro forma combined statements of operations and other operating data for the year ended December 31, 2009 and the nine months ended September 30, 2010 give effect to the following transactions as if they had occurred on January 1, 2009:

- the Spheris Acquisition and the incurrence by MedQuist Inc. of $113.6 million of debt to finance the Spheris Acquisition;
- the incurrence by MedQuist Inc. of $285.0 million of indebtedness under the Senior Secured Credit Facility and Senior Subordinated Notes, the simultaneous repayment of $80.0 million of indebtedness under the Acquisition Credit Facility, the repayment of $13.6 million of indebtedness under the Acquisition Subordinated Promissory Notes, the payment of a $176.5 million special dividend to MedQuist Inc. s stockholders, of which we received $122.6 million and the noncontrolling stockholders of MedQuist Inc. received $53.9 million, and the repayment by us, using the proceeds of such dividend of $104.1 million to extinguish our 6% Convertible Notes including a $7.7 million premium on early prepayment, and $3.7 million under certain other lines of credit;
- the issuance of 4.8 million shares of our common stock in exchange for 4.8 million shares of MedQuist Inc. common stock pursuant to the terms of the Exchange Agreement with certain noncontrolling stockholders of MedQuist Inc., which will increase our ownership in MedQuist Inc. from 69.5% to 82.2%;
- the issuance of 959,355 shares of our common stock pursuant to the Consulting Services Agreement; and
- the issuance of 6.7 million shares of our common stock to be issued in exchange for 6.7 million shares of MedQuist Inc. common stock in this exchange offer, assuming a full exchange. This would increase our ownership in MedQuist Inc. from 82.2% to 100%.

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The pro forma combined statements of operations and other operating data for the year ended December 31, 2009 and the nine months ended September 30, 2010 do not give effect to the following: