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MEDQUIST INC
Form SC 13D/A
May 22, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D/A
Under the Securities Exchange Act of 1934

(Amendment No. 7)

MedQuist Inc.
(Name of Issuer)

Common Stock, No Par Value
(Title of Class of Securities)

584949101
(CUSIP Number)

Neil T. Anderson, Esq.
Sullivan & Cromwell
125 Broad Street
New York, New York 10004-2498
(212) 558-4000

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

May 21, 2008
(Date of Event which Requires Filing of this Statement)

If a filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box [].

CUSIP NO.584949101

1. NAME OF REPORTING PERSON
Koninklijke Philips Electronics N.V.
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
222531298

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) []

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(D) OR 2(E)

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[]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

The Netherlands

7. SOLE VOTING POWER

26,085,086

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY

8. SHARED VOTING POWER

0

EACH
REPORTING
PERSON
WITH

9. SOLE DISPOSITIVE POWER

26,085,086

10. SHARED DISPOSITIVE POWER

0

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

26,085,086

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

[]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

69.5%

14. TYPE OF REPORTING PERSON

CO

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Item 1. Security and Issuer.

This Amendment No. 7 relates to the common stock, no par value (the "Shares") of MedQuist Inc., a New Jersey corporation. This Amendment No. 7 amends and supplements Item 4, Item 5, Item 6 and Item 7 of the Statement on Schedule 13D dated June 6, 2000 (the "Schedule 13D") filed by Koninklijke Philips Electronics N.V., a corporation incorporated under the laws of The Netherlands ("Philips"), as previously amended and supplemented by Amendment No. 1 to the Schedule 13D, dated July 28, 2000, Amendment No. 2 to the Schedule 13D, dated August 2, 2000, Amendment No. 3 to the Schedule 13D, dated August 24, 2000, Amendment No. 4 to the Schedule 13D, dated July 6, 2007, Amendment No. 5 to the Schedule 13D, dated November 2, 2007, and Amendment No. 6 to the Schedule 13D, dated November 8, 2007. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Schedule 13D.

Item 4. Purpose of the Transaction.

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Item 4 is hereby amended and supplemented as follows:

Following a public announcement on July 6, 2007 that it viewed its stake in MedQuist as a non-core holding and a subsequent public announcement on November 2, 2007 of its decision to sell its ownership interest in MedQuist (the "Philips Shares"), Philips has collaborated with MedQuist in pursuing a possible sale of the Philips Shares in a transaction in which, if it had been approved by the board of directors of MedQuist, the other shareholders of MedQuist would have received or would have been offered the same consideration as Philips received for the Philips Shares.

Following Philips' announced intention to sell the Philips Shares, MedQuist has gone through an extended process involving numerous potential buyers, soliciting proposals from such potential buyers and evaluating the offers received. As a result of such process, MedQuist received proposals (i) for the acquisition of 100% of the Shares in which the other shareholders of MedQuist would have received the same per share consideration as Philips, or (ii) for the acquisition of up to 100% of the Shares in

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a transaction in which the other shareholders of MedQuist would have been offered the option to receive the same per share consideration as Philips or to otherwise remain as equity holders of MedQuist. However, there has been no proposal received to date by MedQuist as a result of this process which a board committee, consisting of the three directors independent of Philips, was able to favorably recommend to the board of directors of MedQuist. Consequently, the board of directors of MedQuist has decided not to proceed with any of the offers it has received to date. As a result, Philips has decided to pursue the sale of the Philips Shares in a separate transaction in which MedQuist would not be a party and which would not involve the other shareholders of MedQuist.

On May 22, 2008, Philips announced that it had entered into a Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of May 21, 2008, with CBaySystems Holdings, Ltd. ("CBay") and a wholly-owned subsidiary thereof pursuant to which Philips will sell the Philips Shares to this CBay subsidiary for a stated value of \$11.00 per Share (reduced by the per share amount of any pre-closing cash dividend paid by MedQuist), consisting of cash, a promissory note of the CBay subsidiary and a seven-year promissory note of the CBay subsidiary convertible into CBay common stock, all as more fully described in the Stock Purchase Agreement. The closing of the transaction is subject to applicable regulatory approvals, approval by CBay shareholders at a general meeting of shareholders, and the fulfillment of other customary closing conditions and other terms set forth in the Stock Purchase Agreement.

Pursuant to the terms of the Stock Purchase Agreement, the incumbent directors of MedQuist appointed by Philips (the "Philips Directors") will resign, effective on the election of replacement directors, immediately prior to the closing of the sale of the Philips Shares. Pursuant to the terms of the Stock Purchase Agreement, the closing of the sale of the Philips Shares is also subject to the individuals designated by CBay being elected to the board of directors of MedQuist, effective immediately prior to the closing and upon and subject to the effective time of the resignation of the Philips directors, as replacements for the resigning Philips Directors.

If the board of directors of MedQuist determines to declare any cash

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dividends prior to the closing of the purchase of the Philips Shares, the Stock Purchase Agreement provides that the amount of the promissory note to be received by Philips would be reduced on a dollar-for-dollar basis by the amount of any such cash dividends. As of the date hereof, there has been no agreement or decision by the board of directors of MedQuist to declare any cash dividends.

The foregoing description of certain provisions of the Stock Purchase Agreement is qualified in its entirety by reference to the Stock Purchase Agreement, a copy of which is filed hereto as Exhibit 1. Exhibit 1 is specifically incorporated herein by reference in response to this Item 4.

Except as indicated in this Amendment No.7, Philips has no current plans or proposals which would relate to or would result in any of the matters described in subparagraphs (a) through (j) of Item 4 of the Schedule 13D.

Item 5. Interest in Securities of Issuer.

Item 5 is hereby amended and supplemented as follows:

(c) On May 22, 2008, Philips announced that it had entered into the Stock Purchase Agreement with CBay pursuant to which CBay will purchase all of the 26,085,086 Shares beneficially owned by Philips, subject to applicable regulatory approvals, approval by CBay shareholders at a general meeting of shareholders, and the fulfillment of other customary closing conditions and other terms set forth in the Stock Purchase Agreement. The response to Item 4 is incorporated herein by reference, which is qualified in its entirety by reference to the Stock Purchase Agreement, a copy of which is filed hereto as Exhibit 1. Exhibit 1 is incorporated herein by reference in answer to this Item 5.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

The responses to Item 4 and Item 5 are incorporated herein by reference, which are qualified in their entirety by reference to the Stock Purchase Agreement, a copy of which is filed hereto as Exhibit 1. Exhibit 1 is incorporated herein by reference in answer to this Item 6.

Item 7. Material to be Filed as Exhibits.

Item 7 is hereby amended and supplemented by adding the following thereto:

Exhibit No.	Document
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1	Stock Purchase Agreement, dated as of May 21, 2008, by and among Koninklijke Philips Electronics N.V., a corporation organized under the laws of the Kingdom of the Netherlands, CBaySystems Holdings, Ltd, a company incorporated in the British Virgin Islands, and CBay Inc., a Delaware corporation.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and

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correct.

Date: May 22, 2008

KONINKLIJKE PHILIPS ELECTRONICS N.V.

By: /s/ James Nolan

Name: James Nolan
Title: Attorney-in-Fact

By: /s/ James Nolan

Name: James Nolan
Title: Attorney-in-Fact