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FOR IMMEDIATE RELEASE

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MedQuist licenses healthcare de-identification software

Mount Laurel, NJ, August 11, 2006 — De-identification of medical records and reports is a critical success factor in the creation of new quality reporting solutions and the capacity for healthcare providers to conduct population-based data mining. In support of these goals, MedQuist Inc. (MEDQ: Pink Sheets), the world's premier medical transcription service provider and a leader in innovative health information management solutions, today announced that it has entered into a licensing agreement with De-ID Data Corp. of Philadelphia. The agreement will foster development of new medical data repository and reporting solutions using DE-ID™ healthcare de-identification software, enabling MedQuist to safely and securely import patient data from participating customers. DE-ID provides MedQuist with a powerful application to better serve its customers while still maintaining the highest levels of data security.

"MedQuist is committed to data security while developing innovative technologies for electronic data management with the cooperation and participation of our customers," notes V. "Juggy" Jagannathan, Ph.D, vice president of Research at MedQuist. "DE-ID software offers considerable benefits over open-source options. It provides greater confidence and reliability in the protection of patients' privacy in a regulatory compliant manner, which in turn leads to a higher level of research power and peace of mind for providers and researchers."

Developed and tested at the University of Pittsburgh, DE-ID is a validated software application for automated, HIPAA-compliant de-identification of medical record and report text. De-ID software is currently being used in the National Cancer Institute's Cancer Biomedical Informatics Grid™ (caBIG™), a data-sharing grid linking over 50 NCI-designated cancer centers. The cancer Text Information Extraction System (caTIES) being developed as part of caBIG™ incorporates De-ID in its pipeline to process surgical pathology reports and is in use at five major academic medical centers.

About De-ID Data Corp.

De-ID Data Corp. develops and supports technology-based de-identification solutions to patient privacy issues for data mining, clinical research, and clinical trial recruitment. For more information about De-ID, please contact Dan Wasserstrom, president, at dan@de-id.com or 215-500-2839, or visit the De-ID Data Corp. Web site at www.de-id.com.

More

About MedQuist

MedQuist, a member of the Philips Group of Companies, is a leading provider of clinical documentation workflow solutions in support of the electronic health record. MedQuist provides electronic medical transcription, health information and document management products and services, including digital dictation, speech recognition, Web-based transcription, electronic signature, medical coding, mobile dictation devices, and outsourcing services.

"Safe Harbor" Statement under the U.S. Private Securities Litigation Reform Act of 1995: Statements in this press release regarding MedQuist's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. Such risks and uncertainties, which could cause actual results to differ from those contained in forward-looking statements include, but are not limited to: (1) our ability to recruit and retain qualified transcriptionists and other employees; (2) the impact of new services or products on the demand for our existing services; (3) our current dependence on medical transcription for substantially all of our business; (4) our ability to expand our customer base; (5) changes in law, including, without limitation, the impact the Health Information Portability and Accountability Act (HIPAA) will have on our business; (6) infringement on the proprietary rights of others; (7) risks inherent in diversifying into other businesses; (8) any continuation of pricing pressures and declining billing rates; (9) difficulties relating to the implementation of management changes throughout the Company; (10) the outcome of pending and future legal and regulatory proceedings and investigations; and (11) any direct or indirect impact of the matters disclosed in the Form 8-K filed by the Company on May 11, 2006. Actual outcomes and results may differ materially from what is expressed or forecasted in forward-looking statements. As a result, forward-looking statements speak only as of the date they were made, and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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