



Transcend Services, Inc. Compensation Committee Charter

Article I. Purpose

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Transcend Services, Inc. (the "Company") has been appointed by the Board to assist the Board by assuming primary responsibility for evaluating issues relating to executive compensation and general compensation policies. The Committee is also charged with making regular reports to the Board and delivering any reports that may from time to time be required by the rules of the NASDAQ Stock Market, Inc. ("NASDAQ") or the Securities and Exchange Commission (the "SEC") to be included in the Company's annual report or proxy statement for the annual meeting of stockholders.

Article II. Membership

The Committee shall consist of no fewer than three "independent" members of the Board. "Independent" means a director who (i) satisfies all criteria to be a "non-employee director" within the meaning of Rule 16b-3 promulgated by the SEC, (ii) meets the NASDAQ definition of "independent director" (including all criteria imposed with respect to service on a compensation committee), (iii) meets the definition of "outside director" under Section 162(m) of the Internal Revenue Code and (iv) is otherwise free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee, all as determined by the Board.

Members of the Committee shall be nominated by the Nominating and Corporate Governance Committee (the "Governance Committee") and elected by the Board, with interested members of the Board recusing themselves as appropriate, and shall serve until the expiration of such member's term or until such member's earlier resignation, retirement or removal. The members of the Committee may be removed at any time, with or without cause, by majority vote of the Board.

The Board shall elect a Chairperson of the Committee who will chair all regular sessions of the Committee and set the agendas for Committee meetings. This Chairperson shall serve until the expiration of his or her term or until his or her earlier resignation, retirement or removal. If the Chairperson is absent from a particular meeting, another member of the Committee may serve as chairperson for purposes of that meeting.

The Committee may delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

Article III. Meetings

The Committee shall meet at least twice a year, and more often as its members shall deem appropriate to accomplish the Committee's responsibilities and duties. The Committee will meet periodically in executive session without Company management present.

A majority of Committee members shall constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent to the fullest extent permitted by the applicable law.

The Committee will keep minutes of its actions and will report its actions to the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous written consent.

Article IV. Authority

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultants and to approve the fees and other retention terms for such persons, as it deems appropriate in its sole discretion. The Committee shall review the independence of any compensation consultant retained by the Company. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company. The Committee will take all necessary steps to preserve the privileged nature of those communications.

Article V. Responsibilities and Duties

The Committee shall have the following responsibilities and duties:

1. To evaluate and/or develop the Company's compensation policies and philosophy applicable to the executive officers and other employees of the Company, which shall include consideration of (a) the attraction and retention of executive officers; (b) the motivation of executive officers to achieve the Company's business objectives; and (c) the alignment of the interests of executive officers with the long-term interests of the Company's stockholders. The Committee will also review the alignment of the components of executive compensation with the Company's compensation philosophy.
2. To assist the Board and its Governance Committee in developing and evaluating potential candidates for executive positions, including the Chief Executive Officer.
3. To review and recommend on an annual basis the corporate goals and objectives with respect to compensation for executive officers and other employees of the Company.
4. To recommend the executive officers' annual compensation, including salary, bonus, incentive, deferred and equity compensation, which such recommendation shall be subject to approval by the full Board, with interested members of the Board recusing themselves as appropriate. The Chief Executive Officer may not be present during deliberations or voting concerning the Chief Executive Officer's compensation.
5. To provide oversight of the Chief Executive Officer's decisions concerning the compensation, including benefits, of all the Company's employees.
6. To provide input to management on whether compensation arrangements for Company executives incentivize unnecessary and excessive risk taking.
7. To review the Company's incentive compensation and other stock-based plans to ensure that they are consistent with the Company's compensation philosophy and recommend changes in such plans to the Board as needed.

8. To assist the full Board with respect to the administration of the Company's incentive compensation and other stock-based plans.
9. To administer all plans that require "disinterested administration" under Rule 16b-3 under the Securities Exchange Act of 1934.
10. To approve the amendment or modification of any compensation or benefit plan pertaining to executive officers of the Company that does not require stockholder approval.
11. To review and recommend to the Board changes to the compensation of outside directors.
12. To review and discuss with the Company's management the Compensation Discussion and Analysis required by SEC Regulation S-K, Item 402. Based on such review and discussion, the Committee shall determine whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual report or proxy statement for the annual meeting of stockholders.
13. To prepare and provide, over the names of the members of the Committee, the required Compensation Committee report for the Company's annual report or proxy statement for the annual meeting of stockholders.
14. To review and discuss with the Chief Executive Officer and report to the Board corporate succession plans for the Chief Executive Officer and other executive officers.
15. To approve employment agreements, severance agreements and change in control agreements for the Chief Executive Officer and other officers, and all amendments to such agreements, in each case as, when and if appropriate.
16. To maintain regular contact with management of the Company.
17. To conduct or authorize investigations and make such other reports and recommendations to the Board regarding matters within the scope of the Committee's functions.
18. To evaluate its own performance, and review the adequacy of this charter, at least annually, delivering a report setting forth the results of such evaluation and review, and any recommended changes, to the Board for its approval.
19. To perform any other activities consistent with this charter, the Company's bylaws, any guidelines or other policies adopted by the Board from time to time, and applicable law as the Committee or Board deems necessary or appropriate.