

FOR IMMEDIATE RELEASE

Contact: Larry Gerdes, CEO, larry.gerdes@trcr.com
404-364-8000

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(BW) (TRANSCEND SERVICES, INC.)(TRCR)

TRANSCEND PLANS TO OPEN TRANSCRIPTION TRAINING CENTER IN ABILENE, TX
Receives Financial Assistance from the Development Corporation of Abilene, Inc.

Atlanta, Georgia TRANSCEND SERVICES, INC. (TRCR/Nasdaq SmallCap) today announced an agreement with the Development Corporation of Abilene, Inc. ("DCOA") to receive up to \$2 million of forgivable, interest-free loans for opening a medical transcription training center and regional office in Abilene, TX. Transcend will hire and train up to 208 work-at-home medical transcription professionals and support personnel in metropolitan Abilene to serve Transcend's growing customer base located throughout the United States using Transcend's Web-based, speech recognition-enabled technology.

Larry Gerdes, Chief Executive Officer of Transcend, indicated "The medical language specialists that transcribe and edit our customers' dictated medical records are critical to the operation and growth of our Company. Creating a new supply of these professionals in Abilene is a win-win-win for Transcend, the City of Abilene and the United States. Transcend is committed to protecting the confidentiality of its customers' medical records and growing the American workforce by using only domestic resources to perform medical transcription services, contrary to a medical transcription industry trend of using offshore labor."

Richard Burdine, Chief Executive Officer of DCOA, said "Transcend is an ideal corporation for Abilene based upon the Wadley-Donovan Study, one of the guiding resources for our new economic development initiative called Develop Abilene. Aside from the financial incentive offered to Transcend, we believe that Transcend will reap benefits from Develop Abilene's economic development infrastructure. For example, both Texas State Technical College and Cisco Junior College have Health Information Technology programs that will work closely with Transcend to channel their certified medical transcription graduates to Transcend for employment."

Under the terms of the Agreement for Financial Assistance (the "Agreement"), DCOA shall provide up to \$2 million of interest-free, secured loans to Transcend (the "Loans"). In return, Transcend shall establish and operate a medical transcription training center and regional office in Abilene. In addition, Transcend shall recruit, hire and train up to 208 medical transcription professionals and support personnel, the majority of whom shall be recruited from the metropolitan Abilene area. DCOA shall offer the Loans to Transcend in two increments of \$1 million for 104 positions each. Transcend and DCOA intend for the Loans to be paid using job creation incentives earned for each position hired, trained and retained by Transcend. ECODEV, LLC, an economic and business development consulting firm located in Bloomington, Minnesota, facilitated the Agreement for a fee payable by Transcend. Transcend expects to receive proceeds from the first \$1 million Loan in a few weeks to help fund start-up activities.

Tom Binion, President and Chief Operating Officer of Transcend, indicated "There is a short supply of qualified medical language specialists. We continue to look for creative ways to mitigate the

effect of this potential barrier to our planned growth. Our productivity-enhancing speech recognition tool called BeyondTXT that we introduced last December is one way. Our relationship with DCOA is another way to reduce the short supply by infusing new talent into the medical transcription profession.”

Dana Olson, President and Chief Executive Officer of ECODEV, LLC, said “My business is to form alliances between companies that are committed to a growth plan and communities that offer the opportunity and incentives for economic growth and business development. The relationship between Transcend and Abilene is an ideal match. This alliance promises to be a mutually rewarding undertaking for both parties. I look forward to working with Transcend to identify additional opportunities in other communities to support Transcend’s nationwide growth plans.”

About Transcend Services, Inc.

Transcend believes that accurate, reliable and timely transcription creates the foundation for the patient medical record. To this end, the Company has created Internet-based, speech recognition-enabled, voice-to-text systems that allow its skilled medical language specialists to securely and quickly produce the highest quality medical documents. The Company’s wide range of transcription services encompass everything needed to securely receive, type, edit, format and distribute electronic copies of physician-dictated medical documents, from overflow projects to complete transcription outsourcing and custom data-center creation packages. For more information, visit <http://www.transcendservices.com>.

This press release contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, Section 27A of the Securities Act of 1933, as amended and pursuant to the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may relate to financial results and plans for future business activities, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are competitive pressures, loss of significant customers, the mix of revenue, changes in pricing policies, delays in revenue recognition, lower-than-expected demand for the Company's products and services, business conditions in the integrated health care delivery network market, general economic conditions, and the risk factors detailed from time to time in the Company's periodic reports and registration statements filed with the Securities and Exchange Commission. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such speak only as of the date made.

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