

FOR IMMEDIATE RELEASE

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July 19, 2006

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

**TRANSCEND RECEIVES OUTSTANDING SCORES IN KLAS MAY 2006 STUDY ON
OUTSOURCED MEDICAL TRANSCRIPTION**

Atlanta, Georgia, TRANSCEND SERVICES, INC. (TRCR/Nasdaq SmallCap) is pleased to announce its outstanding performance in the KLAS May 2006 Study on Outsourced Medical Transcription. The study was released on May 18th and evaluated 13 medical transcription service organizations (MTSOs) serving acute care and ambulatory providers on a national scope.

The study focused on outsourced delivery of transcription services, offshore services and the impact of speech recognition technology on provider organizations. In these areas, the study ranked MTSOs according to specific performance indicators, specific business indicators, and percentage of positive comments from customers. Transcend Services was proud to be ranked so highly in all 12 performance indicators evaluated.

As one of the nation's largest, publicly traded MTSOs, Transcend Services consistently outranked MedQuist, Spheris and CBay in most key performance and business indicators. Some of the highlights include:

- ◆ The highest overall scores in the performance categories of *Quality of Services Staff* and *Money's Worth*
- ◆ Received 100% positive comments by customers in the key business indicators of *Would You Buy it Again*, *Keeps All Promises*, and *Would You Recommend to a Friend/Peer*
- ◆ Strong performance in the categories of *Lived Up to Expectations*, *Real Problem Resolution* and *Worth the Effort*

MDI, Transcend Services' wholly owned MTSO, was evaluated in the KLAS report's Addendum, which evaluated companies with a smaller number of qualifying customers. Scores in the addendum are to be used for trending purposes only, as the small sample size increases variability in the scores. However, among vendors scored in the Addendum, MDI had the highest overall percentage (90%) of positive comments from its customers in the business indicators. On the performance level, MDI was deemed the best value with the highest score in the performance category of *Money's Worth*.

Larry Gerdes, President and CEO of Transcend Services, had this to say upon receipt of the company's strong industry standings:

"We are indeed delighted and heartened by our customers' votes, comments and opinions, and it is because of these valuable customers that we continually strive to improve ourselves."

Added Sue McGrogan, President of MDI:

“MDI thanks its wonderful customers for its tremendous growth in the last year. MDI listens to its customers and responds to their needs. We are extremely proud of the fact that all new business in the last year was referred by existing customers.”

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 and editing 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. For more information, visit <http://www.transcendservices.com>.

About KLAS

KLAS began to measure and report Healthcare Information Technology (HIT) vendor performance in 1996. KLAS confidentially interviews thousands of professionals in healthcare annually. The result of the interviews is an extensive HIT performance database representing over 4,500 healthcare facilities and 300 products. Providers, vendors, consultants and investment bankers use KLAS performance reports. For more information, contact KLAS Enterprises, LLC at 800-920-4109 or visit the KLAS web site at <http://www.healthcomputing.com>.

This press release contains forward-looking statements that involve a number of risks and uncertainties. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are competitive pressures, changes in pricing policies, delays in contract start dates, lower-than-expected demand for Transcend's solutions, business conditions in the integrated healthcare delivery network market, general economic conditions and the risk factors detailed from time to time in Transcend's periodic reports and registration statements filed with the Securities and Exchange Commission.

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