

FOR IMMEDIATE RELEASE

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

TRANSCEND ENGAGES MORGAN KEEGAN TO DRIVE THE COMPANY'S ACQUISITION STRATEGY

Atlanta, Georgia, TRANSCEND SERVICES, INC. (TRCR / NASDAQ) announced today that it has engaged Morgan Keegan & Company, Inc. to advise the Company regarding potential acquisitions. Morgan Keegan will assist Transcend with the identification of U.S. based medical transcription service organizations, provide valuation analysis, support due diligence efforts and advise the Company on agreement terms and conditions. In addition, Morgan Keegan will assist Transcend in obtaining the debt and/or equity financing required to complete larger acquisitions.

"We are extremely pleased to partner with Morgan Keegan," said Larry Gerdes, Transcend's Chief Executive Officer. "Our 2005 acquisition of Medical Dictation, Inc. is an excellent example of how Transcend can provide medical transcription companies a platform for rapid organic growth as well as ample opportunities for individuals to grow professionally. Morgan Keegan understands the value that could be generated from similar transactions and is already working hard to find companies that could be a good strategic fit."

Steve Hunter, Senior Vice President at Morgan Keegan added "We are excited about working with Transcend Services. We believe that our focus on providing high quality merger and acquisition advisory services and our full range of debt and equity financing capabilities will enable us to be a strong partner for Transcend in its efforts to grow its medical transcription business."

The medical transcription market in the U.S. is large and fragmented, with approximately 1,500 firms generating an estimated \$6 billion in outsourced revenue annually. The firms that fit Transcend's profile are those with revenue of approximately \$5 million or more that have a strong management team and reputation for excellent customer service in the acute care medical transcription market.

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 Morgan Keegan & Company, Inc.

Headquartered in Memphis, Tenn., Morgan Keegan is one of the largest regional full-service brokerage and investment banking firms, with over 4,000 employees providing services in some 300 offices. The firm's staff of more than 100 public finance professionals provides underwriting services through 19 banking offices in 11 states. The banking division is active in a wide variety of financings including higher and secondary education, state and local government, multi- and single-family housing, health care, airports, taxable banking issues and credit tenant leases. Morgan Keegan & Company Inc. is the securities brokerage subsidiary of Regions Financial Corporation (NYSE: RF). Additional information about Morgan Keegan and Regions – a member of the S&P 100 Index and one of the nation's top 10 financial services providers – can be found at www.morgankeegan.com and www.regions.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.