

FOR IMMEDIATE RELEASE

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

**TRANSCEND RANKED #1 PERFORMING
MEDICAL TRANSCRIPTION COMPANY BY KLAS**

Atlanta, Georgia. TRANSCEND SERVICES, INC. (NASDAQ: TRCR), the third largest provider of medical transcription services to the U.S. healthcare market, today announced that it has been ranked the #1 performing Medical Transcription Service Organization (MTSO) in the KLAS MTSO Study 2008.

KLAS is an independent-research company that healthcare decision makers rely on for accurate, honest and impartial information on vendor performance. KLAS conducts surveys of healthcare executives and professionals within the client base of each MTSO. The resulting 426 page report reflects the aggregated opinions of actual customers, comparing MTSO performance against participant objectives and expectations.

“We are honored that our customers have ranked us number one,” stated Sue McGrogan, Chief Operating Officer of Transcend. “Our primary mission is to consistently provide industry-leading customer service to our clients. I am extremely proud of our operational team and their tireless commitment to excellence for each and every customer.”

Transcend achieved the highest overall performance score, ranking first in seven out of eleven individual performance indicators and second in the other four. The top scores were in the following categories:

- Lived up to expectations
- Real problem resolution
- Quality of services staff
- Executive involvement
- Helps your job performance
- Worth the effort
- Overall satisfaction

Transcend also tied for the highest overall service rating based on five key service areas:

- Report turnaround time
- Report quality
- Provider account specifics
- Administrative tools
- Account management

“Even though Transcend is the third largest medical transcription company in the industry, we are not yet a recognized name in every hospital in the country. This report will help change that,” stated Larry Gerdes, President and Chief Executive Officer of Transcend. “This is the first time that a company of our size has been ranked number one. We hope to participate in more decisions as a result of our ranking and to increase market awareness of Transcend. We believe this is an excellent time for a company with national reach, strong technology, and excellent service to break away from the competition.”

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 is a research firm that specializes in monitoring and reporting the performance of healthcare's information technology (HIT) vendors. KLAS's mission is to improve HIT delivery by independently measuring vendor performance for the benefit of our healthcare provider partners, consultants, investors, and vendors. Working together with executives from over 4,500 hospitals and over 2,500 clinics, KLAS delivers timely reports, trends, and statistics, which provide a solid overview of vendor performance in HIT industry. KLAS measures performance of software, professional services, and medical equipment vendors. For more information, go to www.KLASresearch.com, email marketing@KLASresearch.com, or call 1-800-920-4109 to speak with a KLAS representative.

This press release contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that represent our expectations, anticipations or beliefs about future events, including our operating results financial condition, liquidity, expenditures, and compliance with legal and regulatory requirements. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements. These statements involve risks and uncertainties that could cause actual results to differ materially depending on a variety of important factors. Factors that might cause or contribute to such differences include, but are not limited to, 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 in our periodic, quarterly and annual reports on Forms 8-K, 10-Q and 10-K that we file with the Securities Exchange Commission ("SEC") from time to time. With respect to such forward-looking statements, we claim protection under the Private Securities Litigation Reform Act of 1995. Our SEC filings are available from us, and also may be examined at public reference facilities maintained by the SEC or, to the extent filed via EDGAR, accessed through the website of the SEC (<http://www.sec.gov>). In addition, factors that we are not currently aware of could harm our future operating results. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this press release. We undertake no obligation to make any revisions to the forward-looking statements or to reflect events or circumstances after the date of this press release.