

**FOR IMMEDIATE RELEASE**

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

**Transcend Comments on Outcome of Spheris Auction**

Atlanta, Georgia. TRANSCEND SERVICES, INC. (NASDAQ: TRCR) announced that it was not the high bidder in a Chapter 11 auction concluded today to acquire the assets of Nashville, Tennessee-based Spheris, Inc. and the stock of its Indian subsidiary.

Commenting on the outcome of the auction, Transcend Chief Executive Officer Larry Gerdes said, "Following intensive due diligence, we concluded that Spheris was a good opportunity for Transcend which we pursued aggressively. But we also maintain a disciplined approach to acquisition valuation. As it turned out, the winning bid exceeded what we were willing to pay. We will continue to focus on our top priority of growing our business by providing excellent service to our customers while actively seeking accretive acquisition opportunities."

**About Transcend Services, Inc.**

Transcend believes that accurate, reliable and timely transcription creates the foundation for the electronic 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>.

*This press release contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that represent our expectations, anticipations or beliefs about future events, including the sale of substantially all of the assets of Spheris, Inc. and the stock of its subsidiary. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements made under the provisions of the Private Securities Litigation Reform Act of 1995. 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, 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. Our SEC filings are available from us and are also available at the SEC's website at <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.*