

Transcend Services, Inc.

Stock Option and Compensation Committee Charter

Article I. Purpose

The Stock Option and Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Transcend Services, Inc. (the "Company") has been appointed by the Board to assist the Board by assuming primary responsibility for evaluating issues relating to executive compensation and general compensation policies. The Committee is also charged with making regular reports to the Board and delivering any reports that may from time to time be required by the rules of the NASDAQ Stock Market, Inc. ("NASDAQ") or the Securities and Exchange Commission (the "SEC") to be included in the Company's annual report or proxy statement for the annual meeting of stockholders.

Article II. Membership

The Committee shall consist of no fewer than three "independent" members of the Board. "Independent" means a director who (i) satisfies all criteria to be a "non-employee director" within the meaning of Rule 16b-3 promulgated by the SEC, (ii) meets the NASDAQ definition of "independent director" (including all criteria imposed with respect to service on a compensation committee), (iii) meets the definition of "outside director" under Section 162(m) of the Internal Revenue Code and (iv) is otherwise free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee, all as determined by the Board.

Members of the Committee shall be nominated by the Nominating and Corporate Governance Committee (the "Governance Committee") and elected by the Board, with interested members of the Board recusing themselves as appropriate, and shall serve until the expiration of such member's term or until such member's earlier resignation, retirement or removal. The members of the Committee may be removed at any time, with or without cause, by majority vote of the Board.

The Board shall elect a Chairperson of the Committee who will chair all regular sessions of the Committee and set the agendas for Committee meetings. This Chairperson shall serve until the expiration of his or her term or until his or her earlier resignation, retirement or removal. If the Chairperson is absent from a particular meeting, another member of the Committee may serve as chairperson for purposes of that meeting.

The Committee may delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

Article III. Meetings

The Committee shall meet at least twice a year, and more often as its members shall deem appropriate to accomplish the Committee's responsibilities and duties.

A majority of Committee members shall constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent to the fullest extent permitted by the applicable law.

The Committee will keep minutes of its actions and will report its actions to the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous written consent.

Article IV. Authority

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultants, as it deems appropriate in its sole discretion. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company. The Committee will take all necessary steps to preserve the privileged nature of those communications.

Article V. Responsibilities and Duties

The Committee shall have the following responsibilities and duties:

1. To evaluate and/or develop the compensation policies applicable to the executive officers and other employees of the Company, which shall include guidance regarding the specific relationship of corporate performance to executive compensation.
2. To assist the Board and its Governance Committee in developing and evaluating potential candidates for executive positions, including the Chief Executive Officer.
3. To review and recommend on an annual basis the corporate goals and objectives with respect to compensation for executive officers and other employees of the Company.
4. To recommend the executive officers' annual compensation, including salary, bonus, incentive, deferred and equity compensation, which such recommendation shall be subject to approval by the full Board, with interested members of the Board recusing themselves as appropriate.
5. To provide oversight of the Chief Executive Officer's decisions concerning the compensation, including benefits, of all the Company's employees.
6. To review the Company's incentive compensation and other stock-based plans and recommend changes in such plans to the Board as needed.
7. To assist the full Board with respect to the administration of the Company's incentive compensation and other stock-based plans.
8. To administer all plans that require "disinterested administration" under Rule 16b-3 under the Securities Exchange Act of 1934.
9. To approve the amendment or modification of any compensation or benefit plan pertaining to executive officers of the Company that does not require stockholder approval.
10. To review and recommend to the Board changes to the compensation of outside directors.
11. To review and approve all transactions between the Company and any related person that are required to be disclosed pursuant to SEC Regulation S-K, Item 404 ("Item 404"). "Related person" and "transaction" shall have the meanings given to such terms in Item 404, as amended from time to time.
12. To review and discuss with the Company's management the Compensation Discussion and Analysis required by SEC Regulation S-K, Item 402. Based on such review and discussion, the Committee shall determine whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual report or proxy statement for the annual meeting of stockholders.

13. To prepare and provide, over the names of the members of the Committee, the required Compensation Committee report for the Company's annual report or proxy statement for the annual meeting of stockholders.
14. To maintain regular contact with management of the Company.
15. To make such other reports and recommendations to the Board within the scope of the Committee's functions.
16. To evaluate its own performance, and review the adequacy of this charter, at least annually, delivering a report setting forth the results of such evaluation and review, and any recommended changes, to the Board for its approval.