

November 2, 2006

Dear Transcend Stakeholders:

Our Company has come far in the past eighteen months and we are beginning to realize our potential. Our progress is due in no small part to the efforts of our employees. Our management team is committed to being the best they can be and our entire employee population has followed their lead.

As 2007 approaches, it is time to look forward while reflecting back to what provided us the strong foundation we enjoy today. By foundation, I mean satisfied customers and sustained profitability.

Allow me to reflect briefly. Eighteen months ago we embarked on a bold reorganization to improve customer satisfaction and enhance the quality of life for our professional transcriptionists. Although the transition was sometimes difficult, the results are staggering. In 2006, we achieved 100% customer retention. We were also recognized by KLAS, a highly respected industry market research firm, as one of the top companies in our industry. And, we achieved profitability and generated cash flow six months into the turnaround.

Looking to the future, we enter 2007 committed to being the best company in our industry, by delivering the very best service and also by being the best place to work. We also want to expand our customer base through strategic acquisitions. Our experience with the tremendous growth provided by MDI illustrates what can happen when we combine our technology, infrastructure and management expertise with regional firms that are committed to customer satisfaction.

We are excited about our future and the challenges and opportunities it promises. I cannot thank our employees, management, customers and investors enough for the commitment they have made to Transcend. 2007 promises to be a year of exciting possibility that should reward all of our stakeholders.

Sincerely,

Larry Gerdes  
Chief Executive Officer