



FOR IMMEDIATE RELEASE

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

TRANSCEND ANNOUNCES ADJUSTMENT TO 2007 INCOME TAX BENEFITS – NO EFFECT ON 2007 PRE-TAX OPERATING RESULTS. CONFERENCE CALL SCHEDULED.

Atlanta, Georgia. TRANSCEND SERVICES, INC. (TRCR - NASDAQ) announced that it will defer reported tax benefits related to share-based compensation for the year ended December 31, 2007. In addition, the Company should have recorded the compensation-related tax deduction of warrants exercised during 2007. Both deductions will be deferred and applied to shareholders' equity once all net operating losses are utilized; however, there will be a reduction in the reported income tax benefit for the year ended December 31, 2007. The Company had previously determined that it is more likely than not that net operating loss carryforwards will be utilized in the future, thereby resulting in the reduction in the valuation allowance associated with such carryforwards in 2007. The result of the above tax deductions is an anticipated increase in net operating loss carryforwards available to offset future taxable income, from \$13.3 million to \$15.8 million. Accordingly, the Company will restate previously reported financial results for the year ended December 31, 2007 to appropriately account for the income tax benefits and to recognize additional tax deductions. The Company intends to file a Form 10-K/A restating its financial statements for this period as soon as practicable to reflect these changes.

It is anticipated that the restatement will not affect pre-tax operating results or net cash flow from operations for 2007. Additionally, due to its improving profitability, the Company previously determined and maintains its previously reported position that it is more likely than not that it will utilize the net operating loss carryforwards in the future. Accordingly, the Company believes that the reversal of the valuation allowance remains appropriate.

We had previously reported an income tax benefit of \$5,264,000 for the year ended December 31, 2007, resulting primarily from the reversal of the Company's deferred tax asset valuation allowance. The anticipated restatement reduces the income tax benefit for the year ended December 31, 2007 by \$980,000 to \$4,284,000, resulting in a decrease in the Company's net income for the year ended December 31, 2007 from \$11,479,000, as originally reported, to \$10,499,000. However, this \$980,000 will ultimately be recognized as an increase in stockholders' equity after the net operating loss carryforwards are utilized. Additionally, as a result of recognizing tax deductions associated with the exercise of warrants in 2007, the amount of net operating loss carryforwards available to offset future taxable income is expected to increase from \$13.3 million to 15.8 million.

A conference call to discuss the restatement is scheduled for April 11, 2008 at 8:30 Eastern time. To participate in the conference call, please dial (800) 815-8193 (the US/Canada dial-in number) or (706) 643-2724 (the international dial-in number), enter the conference identification number

43100060 and, if asked, identify the conference name as Transcend Services and the leader name as Larry Gerdes. A replay of the conference call will be available by dialing (800) 642-1687 (US/Canada) or (706) 645-9291 (international) and entering the conference identification number 43100060 from two hours after the completion time of the conference call until midnight on April 24, 2008.

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>.

This press release contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, Section 27A of the Securities Act of 1933, as amended and pursuant to the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may relate to financial results and plans for future business activities, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are 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, difficulties in implementing our offshore outsourcing objectives, general economic conditions, and the risk factors detailed from time to time in the Company's periodic reports and registration statements filed with the Securities and Exchange Commission. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such speak only as of the date made.