

## MATERIAL CHANGE REPORT

1. *Reporting Issuer:*

Student Transportation of America Ltd. (“STA”)  
250 Yonge Street, Suite 2400  
Toronto, Ontario  
M5B 2M6

- and -

Student Transportation of America ULC  
 (“STA ULC”, and together with STA, the “Issuer”)  
250 Yonge Street, Suite 2400  
Toronto, Ontario  
M5B 2M6

2. *Date of Material Change:*

July 30, 2007

3. *Press Release:*

Attached as Schedule “A” is a copy of the press release relating to the material change, which was disseminated by CNW Group on July 30, 2007.

4. *Summary of Material Change:*

On July 30, 2007, the Issuer announced that its board has approved proceeding with an exchange offer (the “Exchange Offer”) under which the Issuer will offer holders of subordinated notes of STA ULC 0.67 common shares of STA in exchange for each \$3.847 principal amount of subordinated notes of STA ULC (being the principal amount of notes represented by an income participating security). The Exchange Offer will expire on September 4, 2007, subject to the Issuer’s right to extend the Exchange Offer.

5. *Full Description of Material Change:*

Each of Student Transportation of America Ltd. (“STA Ltd.”) and Student Transportation of America ULC (“STA ULC” and, together with STA Ltd., “STA”) announced today that its board has approved proceeding with an exchange offer (the “Exchange Offer”) under which STA will offer holders of subordinated notes of STA ULC 0.67 common shares of STA Ltd. in exchange for each \$3.847 principal amount of subordinated notes of STA ULC (being the principal amount of notes represented by an income participating security).

The exchange offer is being made for the following reasons:

- STA has the right to redeem the notes at any time on or after December 21, 2009, for a redemption price of 105% of the principal amount of the notes, being approximately \$4.04 for each \$3.847 principal amount of notes.
- STA believes the Exchange Offer will provide enhanced liquidity in the common shares through the increase of the public float of common shares;
- the Exchange Offer will allow STA to reduce its financial leverage, providing it with greater flexibility to pursue future growth opportunities;
- STA believes that completion of the exchange offer will lower its cost of capital by replacing interest payments on the notes with dividends on the common shares; and
- STA believes holders receive more favourable tax treatment in respect of dividends, as compared to interest income.

STA will file a circular with securities regulators with respect to the Exchange Offer, which will expire on September 4, 2007, subject to STA's right to extend the Exchange Offer. There are certain conditions that apply which, if not satisfied, would allow STA to, at its option, either not proceed or waive the conditions and proceed nonetheless. Further information regarding such conditions is available in the Exchange Offer circular, which will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

6. *Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:*

Not applicable.

7. *Omitted Information:*

Not Applicable.

8. *Executive Officer:*

The following executive officer of STA and STA ULC is knowledgeable about the material change and this report:

Denis J. Gallagher  
Chief Executive Officer  
Student Transportation of America Ltd.  
Student Transportation of America ULC  
(732) 280-4200

9. *Date of Report:*

August 3, 2007

## SCHEDULE "A"

### Student Transportation of America Announces Exchange Offer

NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE U.S.

**Toronto, Ontario – July 30, 2007** – Each of Student Transportation of America Ltd. ("STA Ltd.") and Student Transportation of America ULC ("STA ULC" and, together with STA Ltd., "STA") announced today that its board has approved proceeding with an exchange offer (the "Exchange Offer") under which STA will offer holders of subordinated notes of STA ULC 0.67 common shares of STA Ltd. in exchange for each \$3.847 principal amount of subordinated notes of STA ULC (being the principal amount of notes represented by an income participating security).

The exchange offer is being made for the following reasons:

- STA has the right to redeem the notes at any time on or after December 21, 2009, for a redemption price of 105% of the principal amount of the notes, being approximately \$4.04 for each \$3.847 principal amount of notes.
- STA believes the Exchange Offer will provide enhanced liquidity in the common shares through the increase of the public float of common shares;
- the Exchange Offer will allow STA to reduce its financial leverage, providing it with greater flexibility to pursue future growth opportunities;
- STA believes that completion of the exchange offer will lower its cost of capital by replacing interest payments on the notes with dividends on the common shares; and
- STA believes holders receive more favourable tax treatment in respect of dividends, as compared to interest income.

STA will file a circular with securities regulators with respect to the Exchange Offer, which will expire on September 4, 2007, subject to STA's right to extend the Exchange Offer. There are certain conditions that apply which, if not satisfied, would allow STA to, at its option, either not proceed or waive the conditions and proceed nonetheless. Further information regarding such conditions is available in the Exchange Offer circular, which will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

THE SECURITIES OFFERED PURSUANT TO THE EXCHANGE OFFER HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS. THIS PRESS RELEASE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

## **Profile**

Student Transportation is the fifth-largest provider of school bus transportation services in North America, conducting operations through local operating subsidiaries. Student Transportation has become a leading school transportation and management company by aggregating operations through the consolidation of existing providers and conversion of in-house operations and currently operates more than 4,000 school vehicles in North America. For more information, please visit [www.sta-ips.com](http://www.sta-ips.com).

## **Forward-Looking Statements**

This news release contains “forward-looking statements” within the meaning of applicable securities laws, which reflects the expectations of management regarding STA’s results of operations, expense levels, cost of capital, financial leverage, seasonality, cash flows, performance, liquidity, borrowing availability, financial ratios, ability to execute the STA’s growth strategy and cash distributions. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “track”, “targeted”, “estimate”, “anticipate”, “believe”, “should”, “plans” or “continue” or similar expressions suggesting future outcomes or events. These forward looking statements reflect STA’s current expectations regarding anticipated future events, results, circumstances, performance or expectations, including the acquisition of notes under the Exchange Offer, that are not historical facts. Forward looking statements involve significant risks and uncertainties, and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at which or by the performance or results will be achieved. A number of factors could cause our actual results to differ materially from the results discussed, expressed or implied in any forward-looking statement made by us or on our behalf, including, but not limited to, the acquisition of less than a significant number of notes under the Exchange Offer and the factors discussed under “Risk Factors” in our Annual Information Form. These forward looking statements are made as of the date of this news release and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## **For more information contact:**

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