

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 8, 2008

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 8, 2008.

4. *Summary of Material Change:*

On July 8, 2008, 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 0.76 of a common share 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 August 13, 2008, 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 of directors has approved an exchange offer (the “Exchange Offer”) pursuant to which STA will offer holders of subordinated notes of STA ULC 0.76 of a common share 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 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 facilitate STA's transition from its current IPS structure to a traditional common share structure, which STA believes will: (i) provide greater flexibility to execute its business plan and to pursue growth opportunities as they arise, primarily as a result of an improved access to capital, and (ii) enhance the market's understanding of STA by facilitating relative comparisons to its publicly-traded industry peers;
- the Exchange Offer will provide liquidity to holders of notes that are not represented by IPSs;
- STA's previous exchange offer in 2007 was favourably received by a majority of noteholders who tendered an aggregate of approximately \$45.8 million, being approximately 51% of the outstanding principal amount of subordinated notes;
- the Exchange Offer will also be open to noteholders resident in the United States, who were unable to participate in STA's previous exchange offer in 2007;
- the Exchange Offer will allow STA to reduce its financial leverage, providing it with greater flexibility to continue 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 subordinated notes with dividends on the common shares;
- STA believes that holders will be more favourably taxed in respect of the receipt of dividends, as compared to interest income; and
- STA expects that the total payout ratio will decrease over time, as the current cash dividend on 0.76 of a common share is less than the 14% coupon on \$3.847 principal amount of notes.

STA will file a circular with securities regulators with respect to the Exchange Offer, which will expire on August 13, 2008, 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.

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:*

July 9, 2008

SCHEDULE "A"

Student Transportation of America Announces New Exchange Offer

Not for release over U.S. newswire services.

Toronto, Ontario – July 8, 2008 – 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 of directors has approved an exchange offer (the "Exchange Offer") pursuant to which STA will offer holders of subordinated notes of STA ULC who are resident in Canada, the United States and, where permitted by applicable laws, outside of North America (including holders of subordinated notes represented by income participating securities of STA ("IPs")) 0.76 of a common share 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 IPS).

The Exchange Offer is being made for the following reasons:

- 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 facilitate the STA's transition from its current IPS structure to a traditional common share structure, which STA believes will: (i) provide greater flexibility to execute its business plan and to pursue growth opportunities as they arise, primarily as a result of an improved access to capital, and (ii) enhance the market's understanding of STA by facilitating relative comparisons to its publicly-traded industry peers;
- the Exchange Offer will provide liquidity to holders of notes that are not represented by IPs;
- STA's previous exchange offer in 2007 was favourably received by a majority of noteholders who tendered an aggregate of approximately \$45.8 million, or approximately 51%, of the outstanding principal amount of subordinated notes;
- the Exchange Offer will also be open to noteholders resident in the United States, who were unable to participate in STA's previous exchange offer in 2007;
- the Exchange Offer will allow STA to reduce its financial leverage, providing it with greater flexibility to continue 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 subordinated notes with dividends on the common shares;
- STA believes that holders will be more favourably taxed in respect of the receipt of dividends, as compared to interest income; and

- STA expects that the total payout ratio will decrease over time, as the current cash dividend on 0.76 of a common share is less than the 14% coupon on \$3.847 principal amount of notes.

STA will file an Exchange Offer circular with the securities regulatory authorities in each of the provinces and territories of Canada with respect to the Exchange Offer, which will expire at 5:00 p.m. (Eastern) on August 13, 2008, subject to STA's right to extend the Exchange Offer. There are certain conditions that apply which, if not satisfied, would allow STA to terminate the Exchange Offer, unless such conditions are waived by STA at its option. Further information regarding such conditions is available in the Exchange Offer circular, which will be available on SEDAR at 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

STA is the fourth 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 5,400 school vehicles in North America. For more information, please visit 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, and the negative forms thereof, 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 completion of 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 or by which the performance or results will be achieved. A number of factors could cause 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 the Exchange Offer circular and STA’s Annual Information Form, which are available on SEDAR at www.sedar.com. These forward-looking statements are made as of the date of this news release and, except as required by applicable law, STA undertakes 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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