



Student Transportation of Canada Completes First Canadian Acquisition

TORONTO -- Student Transportation of America (STA) (TSX: STB.UN), and its newly formed subsidiary, Student Transportation of Canada (STC), announced today that it has acquired the School Bus Division of Ayr Coach Lines, located in Waterloo, Ontario. The acquisition marks STA's initial entry into the Canadian school transportation market.

Ayr operates 76 school vehicles in the Waterloo area and has annual revenue of approximately CDN\$4.3 million. Ayr has operated in the transportation business for more than 40 years. STA expects the acquisition to be accretive, increase cash available for distributions and continue to lower its payout ratio. The purchase price was not disclosed.

"We are very excited about entering the Ontario market with a company of Ayr's high quality," said Denis J. Gallagher, Chairman and CEO of STA and STC. "This strong business complements our strategy of operating in rural and suburban regions, and has a great staff and customer base from which to launch our growth program. We have a proven growth strategy and look forward to successfully executing it in Canada."

On July 25, STA announced the formation of its Canadian subsidiary, STC, and outlined plans to enter the Canadian market. The Company's senior management team has experience managing school transportation operations in Canada.

"This has been a busy summer for us, closing several acquisitions and winning new contracts. We are very pleased to welcome Ayr's school bus operations into our family of companies. We are acquiring the school bus division only. Ayr Coach Lines will remain in the motorcoach business as they have for over 40 years." said Gallagher.

Commenting on the transaction, David Willis, President and CEO of Ayr Coach Lines said, "We are impressed with STC's commitment to deliver safe, high quality service to our school bus clients. We will collaborate with STC going forward, offering customers "one stop shopping" with our motorcoaches and STC's school buses," STC said Willis would work with the company as a Consultant.

Catalyst Group of Mississauga, Ontario assisted STA in the transaction.

STA is the fifth largest provider of school bus transportation services in the United States, conducting operations through local operating subsidiaries. STA has become a leading school bus transportation company by aggregating operations through the consolidation of existing providers and conversion of in-house operations. For more information, please visit www.sta-ips.com.

This news release contains "forward-looking statements" within the meaning of applicable securities laws. These statements concern anticipated future events, results, circumstances, performance or expectations that are not historical facts. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties that can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. These 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.

Contact:

Denis J. Gallagher

Chairman & CEO

Phone: 732-280-4200

Email: djgallagher@ridesta.com