



Student Transportation Announces Intention to Seek Increase to Existing Senior Credit Facility

October 18, 2005, TORONTO, ON — Student Transportation of America, Ltd. (STA), (TSX: STB.UN) today announced it intends to seek an amendment to increase its existing credit facility for growth to US \$50,000,000 for its pipeline of acquisitions and bid-ins throughout North America. The company said the proceeds after costs of the recently announced Cdn \$37,200,000 bought deal will be used entirely to pay down debt on its existing credit facilities. The Company said in light of its improved financial performance over the past year, it anticipates securing more favourable terms.

Commenting on the intended amendment, Chairman and CEO of STA Denis J. Gallagher said, "Our bank group has been extremely supportive since our inception almost eight years ago. When we completed our IPO in December, we put into place a US \$15 million line for growth and recently increased that by \$5 million for the US operations and Cdn \$10 million for our expansion into Canada. Since December we have spent that money wisely, growing our business by almost 30 per cent, increasing cash available for distributions and lowering our pay-out ratio." Gallagher added, "There are plenty of opportunities we plan on taking advantage of this year, as we have a strong balance sheet and an increased line of credit to use for our ABC strategy of growth. We have continued renewing our revenue contracts at favourable terms with regards to fuel and CPI increases to further secure our long-term revenue stream. With an active pipeline of growth opportunities under review, we plan to use the increased growth facility with the same disciplined approach as we have shown in the past. Management's plan is to increase cash available for distributions."

STA is the fifth largest provider of school bus transportation services in North America, 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, and currently operates more than 3,300 school vehicles in North America. 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.

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