



Student Transportation of America Forms New Canadian Operating Subsidiary

TORONTO, ON -- Student Transportation of America, Ltd. (STA), (TSX: STB.UN) today announced it has formed its first Canadian operating company, Student Transportation of Canada (STC). The company will open an operating office in Ontario next month.

"Student Transportation of Canada will look to acquire school bus contracts and contractors throughout Canada," said Denis J. Gallagher, Chairman and CEO of parent company STA. "We see excellent opportunities to leverage our expertise in school transportation and management services, and to grow our business. We believe we can assist school boards in looking at cost and capital alternatives."

The Ontario Ministry of Education recently announced \$33 million in student transportation funding increases for the 2005-2006 school year, an increase of 5 per cent. This was reported in the July 2005 issue of the School Transportation News.

"We have had positive discussions with many operators and school officials throughout Canada and feel the time is right to open an operating office in the country and further our expansion plans. The announcement from the Ministry of Education this year to provide an additional 5 per cent funding for school transportation certainly helped in our decision to establish our operating presence in Canada this year. Half of our senior management team is Canadian, and our past individual experience running operations in Canada and the U.S. makes this a natural fit for us," said Gallagher.

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.

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