



Student Transportation Reports Second Quarter Results

Highlights:

- Revenue for the quarter was US \$35.3 million, up 14% from same period last year
- EBITDA* increased 8% to US \$8.1 million despite continued higher fuel costs
- Completed Cdn \$37.2 million private placement offering October 25, 2005

Toronto, ON, February 9, 2006 – Student Transportation of America Ltd. (TSX: STB.UN) today reported the financial results for its second quarter of fiscal year 2006, ended December 31, 2005. All financial results are reported in U.S. dollars, except as otherwise noted.

"We are pleased with our results for the quarter and the first six months of this fiscal year. Student Transportation once again delivered the steady growth that has been the hallmark of our five quarters as a public company and eight years prior," said Denis J. Gallagher, Chairman and Chief Executive Officer. "We are on track with our growth and our operating plan. Through a combination of cost controls and targeted expansion, we have mitigated the impact of fuel costs, which have risen since the comparable periods last year. We continue to manage our costs carefully and review growth opportunities with the same disciplined approach. With our available debt capacity and low leverage, we intend to continue our growth through acquisitions, bid-ins and conversions during this fiscal year."

Based on the timing of the Company's December 21, 2004 initial public offering (IPO), and to assist with understanding the Company's performance, Student Transportation has compared its current fiscal year results as a public company for the three-month and six-month periods ended December 31, 2005, with the prior fiscal year combined results for the 11 days as a public company in the period ended December 31, 2004 and the 81-day period (combined results for quarter ended December 31, 2004) and 173-day period (combined results for six months ended December 31, 2004) of the operating entity prior to the IPO.

For the second quarter, revenue totalled \$35.3 million, up from \$30.8 million for the same period last year, and EBITDA* rose to \$8.1 million from \$7.5 million in the same period in fiscal year 2005.

Student Transportation's reported net loss for the three month period ended December 31, 2005 amounted to \$1.2 million or \$0.08 per unit, which includes \$1.8 million of interest on the subordinated notes portion of the IPS units. For the quarter, the company generated cash available for distributions* of Cdn \$7.5 million and paid out distributions of Cdn \$4.2 million. As stated previously, due to the seasonality of the business and schools not operating in the majority of the first quarter, the Company views distributable cash on an annualized basis. The excess cash for the second quarter after distributions of Cdn \$3.3 million will be used in subsequent periods.

During the quarter, the Company announced that it closed a private placement offering representing an aggregate amount of Cdn \$37,200,000. On October 25, 2005 Student Transportation sold 3,100,000 Income Participating Securities (the "IPs"), at a price of Cdn \$12.00 per IPS in a bought deal through a syndicate of underwriters. The net proceeds of the offering were used entirely to pay down debt on an existing credit facility.

Subsequent to quarter-end, Student Transportation announced a contract win in California worth more than \$7 million in annual revenue over five years, and a new five-year contract in New Hampshire. The Company also announced the expansion of its Canadian operations with the pending acquisition of certain assets near Peterborough, Ontario from Liftlock Coach Lines Ltd. group of companies.

STA's interim financial statements, notes to financial statements and management's discussion and analysis are available at www.sedar.com or at the Company's investor web site www.sta-ips.com

Conference Call & Webcast

Management will host a conference call and live audio webcast to discuss STA's performance for the second quarter fiscal year 2006 at 10:00 a.m. (ET) on February 10, 2006. The call may be accessed at: 1-800-814-4853 or 416-644-3424. There will also be a webcast and subsequently archived at www.sta-ips.com. A taped rebroadcast will be available until February 16, 2006 at midnight. To access the rebroadcast, please dial 416-640-1917 or 1-877-289-8525 and quote the passcode 21176286#.

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 3,500 school vehicles in North America. For more information, please visit www.sta-ips.com

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* Non-GAAP Measures

EBITDA is a non-GAAP financial measure, but management believes it is useful in measuring STA's performance. Readers are cautioned that this measure should not be construed as an alternative to net income or loss or other comparable measures determined in accordance with GAAP as an indicator of the Company's performance or as a measure of its liquidity and cash flow. The Company's method of calculating non-GAAP measures may differ from the methods used by other issuers and accordingly, the Company's non-GAAP measures may not be comparable to similarly titled measures used by other issuers.

Cash available for distributions is a non-GAAP measure, and is not intended to be representative of cash flow or results of operations determined in accordance with GAAP. Investors are cautioned that cash available for distribution, as calculated by the Company, is unlikely to be comparable to similar measures used by other issuers.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of applicable securities laws, which reflects the expectations of management regarding the Issuer's and Company's results of operations, expense levels, seasonality, cash flows, performance, liquidity, borrowing availability, financial ratios, ability to execute the Company'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 the Company's current expectations regarding anticipated future events, results, circumstances, performance or expectations 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 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.

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