



Student Transportation Wins Two New Contracts

Toronto, ON, February 7, 2006 – Student Transportation of America Ltd. (TSX: STB.UN) today announced it has won a new five-year contract in California worth more than \$7 million in revenue in its first year with annual increases. The Company also won a new five-year contract in New Hampshire, and announced a pending acquisition in Ontario, Canada. All figures are in U.S. dollars, except as otherwise noted.

New Bid Wins

Student Transportation has been awarded a five-year contract worth approximately \$7 million in annual revenue beginning in the summer of 2006 with the Riverside Unified School District in California. Under the terms of the agreement, the school district is responsible for all fuel purchases. The contract will include new vehicles with engine innovations that meet the strict South Coast Air Quality Management District (SCAQMD) clean air regulations and three point lap/shoulder belt system for passengers as required by newly adopted California state regulations. The district awarded the five-year contract with annual increases. The bid win adds to Student Transportation's existing business in California.

In Hudson, New Hampshire, the Company was selected over the incumbent and was awarded a new five-year contract worth approximately \$1 million in annual revenue. The District is contiguous to several STA current operations in the state and will include a fuel cap on the price of fuel. The contract is set to begin July 2006.

"We are pleased that Student Transportation was selected over its two largest competitors and awarded the Riverside bid. Our local approach to this industry and to our customers will continue to be one of our competitive advantages. Both bid wins build on our regional density," said Denis Gallagher, Chairman and CEO.

Expands Footprint in Canada

In addition, the Company announced it is expanding its Canadian base of operations. The Company signed an Interim Management Agreement to provide transportation services to several school boards in the Peterborough area of Ontario, Canada. Student Transportation of Canada (STC), the Company's operating subsidiary, and Liftlock Coach Lines Ltd. group of companies, have agreed to an Asset Purchase Agreement, whereby STC will acquire certain school transportation assets and contracts from the group. The purchase is contingent upon customer consent to assignment of its transportation services agreement, which is pending. Liftlock will add more than Cdn \$3 million annualized revenue to STC's operation in Ontario and position the Company for future growth opportunities in the Province. The terms of the agreement with customers provide for a fuel cap on the price of fuel.

"The expansion announced today delivers on our growth strategy and is expected to increase cash available for distribution," said Mr. Gallagher. "The pending acquisition in Peterborough will give us an additional platform to expand our operations in Ontario."

Student Transportation is the fifth-largest provider of school bus transportation services in North America, conducting operations through local operating subsidiaries. Student Transportation 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

Forward-Looking Statements

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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