



STUDENT TRANSPORTATION INC.®

Student Transportation Completes \$37.2-Million Private Placement Offering

October 25, 2005, TORONTO, ON — Student Transportation of America, Ltd. ("STA Ltd.") (TSX:STB.UN) and Student Transportation of America ULC ("STA ULC", and together with STA Ltd., the "Issuer") today announced that it has closed its previously announced private placement representing an aggregate amount of \$37,200,000. STA sold 3,100,000 Income Participating Securities (the "IPSs") to the public at a price of \$12.00 per IPS in a bought deal through a syndicate of underwriters led by BMO Nesbitt Burns Inc. and including Sprout Securities Inc. and Wellington West Capital Markets Inc.

The net proceeds of the offering will be used entirely to pay down debt on the existing credit facility.

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.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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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