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Toronto, Ontario – October 20, 2005 – Student Transportation of America Ltd. ("STA Ltd.") and Student Transportation of America ULC ("STA ULC", and together with STA Ltd., the "Issuer") (TSX: STB.UN) today announced that a cash payment of \$0.08958333 per income participating security ("IPS") of the Issuer will be payable on November 15, 2005 to holders of record of IPSs at the close of business on October 31, 2005.

Each IPS consists of one common share of STA Ltd. and Cdn \$3.847 principal amount of 14 per cent subordinated notes of STA ULC, a wholly-owned subsidiary of STA Ltd. The IPSs trade on the Toronto Stock Exchange under the symbol STB.UN. The total payment of \$0.08958333 per IPS reflects a cash dividend of \$0.04470166 per common share and an interest payment of \$0.04488167 per IPS for the period from October 1 to October 31, 2005, as provided in the subordinated note indenture.

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