



Student Transportation of America Ltd. reports strong second quarter earnings

Highlights:

- Raised CDN\$116 million in successful December IPO and listed income participating securities (IPS) on the TSX
- Revenue for the quarter was US\$30.8 million, up 25.1% from same period last year
- EBITDA* was US\$7.5 million, up 30.1% from Q2 of fiscal 2004
- Completed successful acquisition of Ledgemere Transportation, Inc. in Q1 of fiscal 2005

Wall, NJ, February 14, 2005 – Student Transportation of America Ltd. (TSX: STB.UN) today reported the financial results for its combined second quarter of fiscal 2005, ended December 31, 2004. Student Transportation of America Ltd. (STA) also reported its financial results for the 11-day interim period as a public company from December 21 to December 31, 2004.

"The strong year-over-year results were powered by the successful execution of our growth strategy," said Denis J. Gallagher, Chairman and Chief Executive Officer. "By consistently winning new contracts and completing strategic acquisitions, we generated record revenue since we founded the business in 1997. Now as a public company with a lower cost of capital, we are well positioned to continue our growth strategy."

Following its initial public offering (IPO) on December 21, 2004, STA will pay its first monthly cash distribution to security holders of CDN\$0.12198 per income participating security (IPS) on February 15, 2005.

To assist with understanding the company's performance, STA has reported its results for the three-month and six-month periods ended December 31, 2004, which combines the 81-day results and the 173-day results, respectively, of the operating entity prior to the IPO, and the 11 days subsequent to the offering. These are referred to as the combined second quarter and sixmonth results, and are compared to the results of the operating entity for the same periods of last year. The 11-day period includes the December holidays, during which time most schools, the company's customers, are closed, and is not indicative of a full year of results. All figures are in U.S. dollars unless otherwise stated.

For the 11 days from December 21 to December 31, 2004, revenue totalled \$1.1 million. As most schools were closed, minimal revenue was recorded during this period. Revenues for the combined second quarter of fiscal 2005 rose 25.1 per cent or \$6.2 million to \$30.8 million, compared to \$24.6 million for the second quarter of fiscal 2004. Revenues for the combined first six months of fiscal 2005 rose 21.4 per cent or \$8.5 million to \$48.1 million, compared to \$39.6 million for the first six months of fiscal 2004. The growth was primarily driven by three acquisitions and four new bid contracts won between April 1 and December 31, 2004.

EBITDA* for the 11-day period was a loss of \$0.44 million, due to the fact that the period covered the December holidays. EBITDA for the combined second quarter rose 30.1 per cent to \$7.5 million compared to \$5.8 million for the second quarter last year. EBITDA for the combined first six months rose 28.3 per cent to \$8.1 million compared to \$6.3 million for the first six months of last year.

STA posted a net loss of \$64 thousand for the reported 11-day interim period, representing a net loss of \$0.01 per unit, again reflecting the fact that fixed expenses remain steady while schools were primarily closed for the December holidays.

Growth Strategy

STA's strategy is to grow its business through acquisitions, bid awards and conversions, the "ABC Strategy." STA has successfully acquired and integrated 18 school bus companies, won 22 new school district contracts and completed six school district conversions (from public to private provision of school bus services) since its inception in 1997. In fiscal 2004 and fiscal 2005 to date, STA completed three acquisitions, and won three new bids contracts and two conversion contracts.

"Our ABC growth strategy has driven consistent growth in revenue and cash flow," said Mr. Gallagher. "We intend to continue our disciplined growth strategy by selectively adding new bid and conversion contracts while pursuing targeted accretive acquisitions throughout rural and suburban markets in North America. We also have seen increased demand for our Managed Service Contracts, which is our fastest growing segment."

Educational institutions in the U.S. spend approximately \$13 billion annually on school bus transportation services. It is also a highly fragmented industry, as an estimated 4,000 private operators account for approximately 30 per cent of the total number of buses, offering strong opportunities for consolidation.

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

Founded in 1997, Student Transportation of America (STA) is the fifth largest provider of school bus transportation services in the United States, conducting operations through 16 wholly-owned operating subsidiaries. STA has become a leading school bus transportation company by aggregating operations through the consolidation of existing providers and conversion of inhouse operations. The company currently provides school bus transportation in 11 U.S. states.

STA's income participating securities, each consisting of one common share of STA and CDN \$3.847 principal amount of 14 per cent subordinated notes of Student Transportation of America ULC, a wholly-owned subsidiary of STA, trade on the Toronto Stock Exchange under the symbol STB.UN. For more information, please visit www.sta-ips.com.

Reconciliation of Net Income and EBITDA* Period Ended 12/31/04 Period Ended 12/31/03 STA Combined Results (1) 11 Days 3 Months 6 Months 3 Months 6 Months Net income (loss) \$ (64) \$ 1,645 \$ (2,318) \$ 487 \$ (3,602) Add back: Provision for taxes (50) - 15 - 1,002 Minority interest (11) (19) (19) - - (Gain) loss on asset disposal - (75) (114) (18) (30) Unrealized gain on forward contracts (1,314) (1,314) (1,314) - - Non-cash warrant expense - 371 491 - - Non-cash stock compensation - 119 157 - - Interest expense 316 3,525 6,889 3,018 5,900 Amortization expense 160 160 260 1 2 Depreciation expense 522 3,067 4,022 2,262 3,017 EBITDA* \$ (441) \$ 7,479 \$ 8,069 \$ 5,750 \$ 6,289 (1) – Combined results include the 11-day period reported.

* 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.

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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