



Student Transportation Of America Reports Third Quarter Results

Highlights:

- IPO over allotment exercised in January for net proceeds of CDN\$11 million
- Revenue for the quarter was US\$31.4 million, up 23.5% from same period last year
- EBITDA* increased 20% for the third quarter and 24% year to date
- 100% renewal of base business to date for contracts up this year

Toronto Canada, May 13, 2005 - Student Transportation of America Ltd. (TSX: STB.UN) (STA) today reported the financial results for its third quarter of fiscal 2005, ended March 31, 2005. All financial results are reported in U.S. dollars, except as otherwise noted.

The company generated excess cash after distributions of \$Cdn 4.6 million (US \$3.7 million) and \$Cdn 3.9 million (US \$3.2 million) for the third quarter and 101-day period, respectively, most of which will be used in subsequent periods for normal maintenance capital expenditures.

"Our strong performance in our first full quarter as a public company was directly related to the execution of our growth strategy during the year," said Denis J. Gallagher, Chairman and Chief Executive Officer. "The acquisitions completed in the past 12 months and new bid contracts awarded in fiscal 2005 helped us achieve record quarterly revenue. We are on target to meet the estimated EBITDA and distributions as presented in our prospectus."

In January, the underwriters of the Company's IPS offering in December 2004 exercised an over allotment option for the additional issuance of 1,160,414 IPS' for gross proceeds of CDN\$11 million. Net proceeds from the over allotment were used to reduce minority interest to 6.4 per cent from 14.9 per cent.

For the third quarter, revenue totalled \$31.4 million, up 23.5 per cent from the same period last year. The increase in revenue was driven primarily by contributions from three recent acquisitions and four new bid contracts awarded in fiscal 2005.

EBITDA* for the third quarter was \$7.3 million, up 20.0 per cent compared to \$6.1 million for the same quarter last year. EBITDA for the combined first nine months increased 24 per cent to \$15.3 million from \$12.3 million for the first nine months of last year.

During the third quarter and for the nine months year to date, the Company experienced an increase in fuel costs compared to the same period last year. The effect of higher market fuel prices on the Company's results was partially mitigated due to approximately 40 per cent of revenue contracts including some form of fuel protection against price increases, ranging from fuel adjustment clauses and reimbursements to outright purchase of fuel by school districts.

"While everyone is aware of the impact of higher fuel costs, we are continually seeking ways to minimize the impact on our customers and on our business. Despite the added cost for fuel, we have been able to continue our growth plans and have improved our EBITDA margin for the nine month period from 19 per cent to 19.3 per cent over the prior year," Mr. Gallagher stated. STA posted a net loss of \$439,000 in the third quarter, and a net loss of \$503,000 for the 101-day period ended March 31, 2005. This represents a net loss of \$0.03 per unit for the quarter and a net loss of \$0.04 for the 101-day period ended March 31, 2005. Non cash charges for depreciation and amortization expense, partially offset by an unrealized gain on foreign currency exchange contracts, accounted for \$5.3 million and \$4.7 million of the total net loss for the quarter and 101-day period, respectively.

Growth Strategy

"Maintaining our existing business is as important to the Company as is our growth strategy. We are pleased that to date, we have renewed 100 per cent of our contracts that were up for renewal or bid for the coming year," Mr. Gallagher added. "We are currently reviewing a number of growth opportunities through our "ABC" strategy of Acquisitions, Bids and Conversions. We have maintained a disciplined approach as we have done historically to ensure these opportunities fit our strategy of long-term partnerships with our customers and good accretion with sustained profitability for our investors. We certainly consider this an opportune time to be active in this environment with a much improved capital structure in place."

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 four new bids contracts and two conversion contracts.

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.

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

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