



STUDENT TRANSPORTATION INC.®

Student Transportation of America Ltd. and Student Transportation of America ULC announce initial cash distribution

TORONTO, Jan. 20 /CNW/ - (TSX:STB.UN): Student Transportation of America Ltd. ("STA Ltd.") and Student Transportation of America ULC ("STA ULC", and together with STA Ltd., the "Issuer") announced today that a cash payment of Cdn\$0.12198 per Income Participating Security will be payable on February 15, 2005 to holders of record of Income Participating Securities at the close of business on January 31, 2005.

Each of the Income Participating Securities issued by the Issuer in its recent initial public offering, which closed on December 21, 2004, represents one common share of STA Ltd. and Cdn\$3.847 aggregate principal amount of 14% subordinated notes of STA ULC. The total payment of Cdn\$0.12198 per Income Participating Security reflects a cash dividend of Cdn\$0.06087 per common share for the period beginning December 21, 2004 and ending January 31, 2005 and includes an interest payment of Cdn\$0.06111 per Income Participating Security for the period beginning December 21, 2004 and ending January 31, 2005 as provided in the subordinated note indenture.

The Issuer's policy is for unitholders of record on the last business day of a calendar month to receive distributions on the fifteenth day (or the next business day if such day is not a business day) of the next calendar month. The Issuer, through its subsidiaries, is the fifth largest provider of school bus transportation services in the United States, having in excess of 105 contracts with school districts in eleven states and a fleet of over 2,900 vehicles.

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