NEWS RELEASE

CONTRANS INCOME FUND RELEASES FIRST QUARTER INTERIM REPORT

(Woodstock, Ontario—May 12, 2005) (TSX. Symbol CSS.UN)

HIGHLIGHTS:

Canadian dollars *(in thousands except per unit amounts)*		**2005**		**2004**
Revenue - transportation services	$	90,667	$	79,842
Revenue - fuel surcharges		9,028		3,624
Revenue - total	$	99,695	$	83,466
Net income	$	5,974	$	5,254
Weighted average # of units outstanding - basic		27,864		25,134
Weighted average # of units outstanding - diluted		28,234		25,134

REPORT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Contrans continued to enjoy great success in the first quarter of 2005. While things started out slowly in the quarter, with our eastern Canadian operations hampered by a strike at a major customer, our volumes picked up in March. The acquisitions that we made in 2004 contributed positively to our income and cash flow. In addition, Contrans has continued to benefit from a favourable pricing environment created by the prolonged shortage of available drivers.

Distributable cash earned exceeded distributions paid during the quarter. This was achieved in spite of increased maintenance capital expenditures compared to the previous year. We replace equipment when it makes the most sense to do so. This can produce significant fluctuations in quarterly maintenance capital expenditures. Accordingly, when evaluating the performance of Contrans, we encourage investors and analysts to consider our payout ratio on a twelve month basis rather than looking at each quarter in isolation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The attached consolidated financial statements, which have been prepared in accordance with Canadian generally accepted accounting principles and reported in Canadian funds, detail the performance and financial position of Contrans Income Fund (the "Fund") for the quarters ended March 31, 2005 and March 31, 2004. The financial statements should be read in conjunction with the analysis that follows.

FINANCIAL HIGHLIGHTS

(unaudited) *Quarter ended March 31* *(in millions except per unit amounts)*	***2005***		*2004*	
Revenue - transportation services (1)	**$ 90.7**	**100.0** %	$ 79.8	100.0 %
Revenue - fuel surcharges	**9.0**		3.6	
Revenue - total	**$ 99.7**		$ 83.4	
Earnings before interest, taxes and amortization (EBITDA) (2)	**$ 10.8**	**11.9** %	$ 9.5	11.9 %
Total amortization charges	**4.0**	**4.4**	3.5	4.4
Interest	**0.6**	**0.7**	0.6	0.8
Earnings before taxes (EBT)	**6.2**	**6.8**	5.4	6.7
Income tax provision	**0.2**	**0.2**	0.1	0.1
Net income	**$ 6.0**	**6.6** %	$ 5.3	6.6 %
Earnings per unit – basic and diluted	**$ 0.21**		$ 0.21	
Total assets	**217.6**		228.8	
Long-term debt (3)	**42.5**		50.5	
Cash	**17.7**		47.5	
Distributions declared per unit	**$ 0.31**		$ 0.31	

(1) Management believes that it is important to isolate the effects of fuel surcharges, a volatile source of revenue, when analyzing operating results. Management regards revenue from transportation services as the relevant indicator of business level activity. Therefore the percentages in this table were calculated using revenue from transportation services as a base.

(2) EBITDA is not an earnings measure recognized by generally accepted accounting principles in Canada (''GAAP''), does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. However, management believes that EBITDA is a useful measure in determining the Fund's cash flow and evaluating the performance of the Fund.

(3) Includes current portion.

Revenue from transportation services ("revenue") increased in 2005 due mostly to the impact of 2004 acquisitions. These acquisitions contributed additional revenue from transportation services of $11.3 million and additional EBITDA of $1.6 million in the first quarter of 2005 compared to the first quarter of 2004. Rate increases obtained from freight customers also increased revenues and helped to offset increases in driver and owner-operator pay that have occurred in recent years.

SUMMARY OF QUARTERLY RESULTS

(unaudited)	***First Quarter***		***Second Quarter***		***Third Quarter***		***Fourth Quarter***	
(in millions except per unit amounts)	***2005***	*2004*	***2004***	*2003*	***2004***	*2003*	***2004***	*2003*
Revenue – transportation services	**$ 90.7**	$ 79.8	**$ 91.2**	$ 72.7	**$ 86.9**	$ 70.6	**$ 90.0**	$ 74.2
Revenue – fuel surcharges	**9.0**	3.6	**5.3**	4.0	**6.0**	2.6	**9.1**	2.7
Revenue	**$ 99.7**	$ 83.4	**$ 96.5**	$ 76.7	**$ 92.9**	$ 73.2	**$ 99.1**	$ 76.9
Net income	**$ 6.0**	**$** 5.3	**$ 8.4**	**$** 5.5	**$ 4.7**	**$** 5.9	**$ 6.1**	**$** 1.9
Earnings per unit – basic and diluted	**$ 0.21**	$ 0.21	**$ 0.30**	$ 0.23	**$ 0.17**	$ 0.25	**$ 0.22**	$ 0.08

RESULTS FROM OPERATIONS

Freight Transportation

(unaudited)

Quarter ended March 31

(in millions)		*2005*			*2004*	
Revenue - transportation services	**$**	**82.7**	**100.0** %	$	72.9	100.0 %
Revenue - fuel surcharges		**9.0**			3.6	
Revenue - total	**$**	**91.7**		$	76.5	
EBITDA	**$**	**8.9**	**10.8** %	$	8.7	11.9 %
Total amortization charges		**2.6**	**3.1**		2.1	2.9
Interest		**0.9**	**1.1**		1.0	1.4
EBT	**$**	**5.4**	**6.6** %	$	5.6	7.6 %

Percentages calculated using revenue from transportation services as a base.

EBT includes allocations of head office costs.

The quarter started slowly but volumes picked up in the month of March. U.S.-bound shipments of paper products were particularly sluggish. Acquisitions completed in 2004 contributed additional revenues of $10.5 million and additional EBITDA of $1.4 million. However, in eastern Canada, a strike at one major customer and the closure of another negatively impacted revenues by $4.8 million. Efforts to replace the lost business and maintain power count have been reasonably successful and the Fund is well-positioned to service this customer when operations resume. In the interim, however, profit margins suffered from reduced volumes and increased empty miles.

Rate increases amounting to $2.0 million and other sources of internal growth in core operations also accounted for part of the net increase in revenues. Pay increases granted to owner-operators and company drivers resulted in $0.9 million of additional costs during the quarter compared to the prior year.

SEASONALITY

Generally, the second and fourth quarters are the strongest periods for freight operations. Volumes from customers in the construction industry typically build as temperatures warm in the spring, peak in the autumn and then drop off with winter weather. Some manufacturing customers close their plants during the summer and many customers either shut down their production facilities or otherwise reduce shipments during the Christmas holiday season. Harsh winter weather conditions hinder traffic and increase operating costs.

School Bus Transportation

(unaudited)

Quarter ended March 31

(in millions)		*2005*			*2004*	
Revenue	**$**	**8.0**	**100.0** %	$	6.9	100.0 %
EBITDA	**$**	**2.0**	**25.0** %	$	1.8	26.1 %
Total amortization charges		**1.3**	**16.3**		1.3	18.8
Interest		**0.3**	**3.8**		0.3	4.2
EBT	**$**	**0.4**	**4.9** %	$	0.2	3.1 %

EBT includes allocations of head office costs.

Acquisitions contributed $0.8 million of additional revenue in the first quarter of 2005 over 2004. While insurance premiums were $100,000 lower, fuel costs were up $200,000 due to higher fuel prices in 2005. The Fund is continuing to negotiate to obtain adequate compensation for the increased cost of fuel from all of the school boards that it services.

SEASONALITY

Revenues from school bus operations fluctuate with the number of school days in a period. During the summer school break, revenue is derived solely from private charter services. Accordingly, the Fund's school bus operations typically incur operating losses during the third quarter. In addition, relatively little revenue is generated during March and Christmas breaks thus adversely affecting first and fourth quarter results respectively.

CASH FLOW

Cash flow from operating activities before changes in non-cash working capital balances amounted to $10.2 million in the first quarter of 2005 compared to $9.1 million in the first quarter of 2004. This improvement was primarily due to the increase in net income. Non-cash working capital increased in the first quarter of 2005 by $2.1 million. The increase was due mostly to the increase in accounts receivable which arose primarily from substantially increased volumes compared to the previous year.

UNITHOLDER DISTRIBUTIONS

DISTRIBUTABLE CASH (1)

(unaudited)

Quarter ended March 31

(in thousands except per unit amounts)	***2005***	*2004*
Cash flow from operating activities	**$ 8,048**	$ 2,219
Proceeds from sale of property and equipment (2)	**1,136**	451
Net change in non-cash working capital (3)	**2,134**	6,870
Maintenance capital expenditures (1) (4)	**(2,278)**	(266)
Distributable cash	**$ 9,040**	$ 9,274
Distributions declared	**8,710**	7,864
Distributable cash per unit	**$ 0.32**	$ 0.37
Distributions declared per unit	**0.31**	0.31
Weighted average number of units outstanding	**27,864**	25,134
Capital Expenditures		
Maintenance capital expenditures	**$ 2,278**	$ 266
Growth capital expenditures (1)	**1,368**	1,090
Total	**$ 3,646**	$ 1,356

(1) Distributable cash, maintenance capital expenditures and growth capital expenditures are not measures recognized by GAAP, do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similarly named measures presented by other issuers. However, management believes that they are important and useful measures for readers to evaluate the performance of the Fund.

(2) Proceeds from the sale of property and equipment are considered distributable to unitholders when there are not any prior ranking claims on these funds.

(3) Cash used to fund working capital or growth capital expenditures does not affect amounts that can be distributed to unitholders where financing is available for these purposes. Similarly, cash generated by changes in non-cash working capital that is part of a normal operating cycle is not considered distributable to unitholders.

(4) Maintenance capital expenditures refer to capital expenditures that are necessary to sustain current revenue levels.

Despite stronger earnings performance, first quarter distributable cash was less in 2005 than in 2004 due to higher maintenance capital expenditures. In the first quarter of 2005, the Fund spent $2.3 million principally to replace trailers.

The Fund continues to keep its equipment relatively new and well-maintained. In addition the Fund has a refurbishment program for certain trailing fleets to prolong their working lives. However, in 2005 the amount of maintenance capital expenditures is expected to be higher than in recent years as more equipment is reaching an age where it is economically beneficial to purchase replacement equipment. Typically the expenditures occur prior to the busier time of the year. The impact of replacement capital expenditures (net of proceeds from sale of property and equipment) on distributable cash has been to reduce it by $0.04 per unit (2004 – increase $0.01 per unit).

The trustees of the Fund assess the level of distribution each month based on the Fund's actual and expected performance and expected capital requirements to maintain its fleet.

LIQUIDITY AND CAPITAL RESOURCES

(unaudited)
As at March 31, 2005
(in $ millions)

Cash	$ 17.7
Operating line cash available	$ 22.5
Current ratio	2.1:1
Total debt (including future tax obligations) to equity ratio	0.6:1

Property and Equipment	*Owned*	*Leased*	*Owner-operated*	*Total*
Tractors	138	383	772	1,293
Trailers	1,489	486	145	2,120
School buses	723			723
Major office and terminal locations	19			19

OUTSTANDING UNITS

(unaudited)
As at April 30, 2005
(in thousands)

Subordinate voting trust units	21,653
Class A LP units	4,810
Class B LP units	1,468
Total	27,931

CHANGES IN ACCOUNTING POLICIES AND RECOMMENDATIONS

The CICA issued Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, effective for fiscal years beginning on or after October 1, 2006. The section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.

The CICA issued Handbook Section 1530, *Comprehensive Income*, effective for fiscal years beginning on or after October 1, 2006. Comprehensive income is a change in equity of an enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes items that would normally not be included in net income such as changes in the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains or losses on available for sale financial instruments. This section describes how to report and disclose comprehensive income and its components.

The CICA issued Handbook Section 3865, *Hedges*, effective for fiscal years beginning on or after October 1, 2006. The section describes when hedge accounting is appropriate and how to apply it. Hedge accounting ensures that all gains, losses, revenues and expenses from the derivative and the item it hedges are recorded in the statement of earnings in the same period.

The Fund is evaluating the impact of the adoption of these new sections on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

Management is required to make significant estimates and assumptions in preparing its financial statements. Management's discussion and analysis in the Fund's 2004 annual report contains a discussion of critical accounting estimates on pages 10 and 11. These estimates have remained substantially unchanged. Furthermore, management does not believe that there are changes that are reasonably likely to occur in the assumptions that have been used that will have a material impact on the Fund's financial position, changes in financial condition or results of operations.

FINANCIAL INSTRUMENTS

The Fund, from time to time, enters into foreign exchange contracts to manage its exposure to currency fluctuations. As at March 31, 2005, the Fund had foreign exchange contracts with an aggregate value of U.S. $13,500,000 to sell U.S. funds throughout 2005. The contracts expire on a monthly basis over the remainder of the year and enable the Fund to sell U.S. dollars between $1.20 and $1.2695. The fund applied the standards set out in the CICA's Accounting Guideline 13, "*Hedging Relationships*" and the CICA's Emerging Issue Committee Abstract 128, "*Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments*" to account for these contracts.

BUSINESS RISKS

Management's discussion and analysis in the Fund's 2004 annual report contains a discussion of business risks on pages 11 and 12. Those risks remain in effect as at March 31, 2005.

TRANSACTIONS WITH RELATED PARTIES

Certain of the Fund's repairs and maintenance were supplied by Peterbilt of Ontario Inc. ("Peterbilt"), a company controlled by the Chairman of the Fund. In the first quarter, the Fund paid consideration of $0.8 million to Peterbilt in this regard (2004 - $1.1 million including certain tractor purchases). These transactions were carried out in the normal course of business and recorded at the exchange amount, which management believes approximates an arm's length arrangement.

ADDITIONAL INFORMATION

Additional information, including the Fund's Annual Information Form, is available at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Management's discussion and analysis contains certain forward-looking statements. These statements relate to future events or future performance. In some cases, forward-looking statements can be identified by terminology such as ''may'', ''will'', ''should'', ''expect'', ''plan'', ''anticipate'', ''believe'', ''estimate'', ''predict'', ''potential'', ''continue'' or the negative of these terms or other comparable terminology. Such statements reflect the current views of management of the Fund with respect to future events. Actual events or results may differ materially. In evaluating these statements, readers should specifically consider various factors, including the risks outlined under ''Risk Factors" in the Fund's Annual Information Form which is available at www.sedar.com. These factors may cause actual results to differ materially from any forward-looking statement.

May 12, 2005

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(in thousands except per unit amounts)

For the quarter ended March 31

		2005		2004
Revenue	**$**	**99,695**	$	83,466
Operating expenses		**80,189**		66,228
Selling, general and administration expenses		**8,812**		7,772
Amortization of property and equipment		**3,610**		3,302
Amortization of intangible assets		**375**		177
		6,709		5,987
Net interest expense		**554**		586
Income Before Income Taxes		**6,155**		5,401
Income taxes		**181**		147
Net Income	**$**	**5,974**	$	5,254
Net income per unit – basic	**$**	**0.21**	$	0.21
Net income per unit – diluted	**$**	**0.21**	$	0.21
Weighted average number of units outstanding – basic		**27,864**		25,134
Weighted average number of units outstanding – diluted		**28,234**		25,134

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Unaudited)

(in thousands)

For the quarter ended March 31

		2005		2004
Retained Earnings – Beginning of Period	**$**	**32,629**	$	42,010
Net income		**5,974**		5,254
Distributions declared		**(8,710)**		(7,864)
Retained Earnings – End of Period	**$**	**29,893**	$	39,400

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

As at *(in thousands)*		***March 31 2005***		*December 31 2004*
Assets		*(unaudited)*		*(audited)*
Current Assets				
Cash and cash equivalents	**$**	**17,689**	$	20,699
Accounts receivable		**44,280**		42,943
Other current assets		**7,204**		6,330
		69,173		69,972
Property and Equipment		**103,504**		104,531
Goodwill		**32,742**		32,666
Intangible Assets		**12,136**		12,355
	$	**217,555**	$	219,524
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**28,438**	$	27,782
Distributions payable		**2,907**		2,899
Income taxes payable		**-**		699
Current portion of long-term debt		**1,352**		1,334
		32,697		32,714
Long-Term Debt		**41,123**		41,645
Future Income Taxes		**6,233**		6,058
		80,053		80,417
Unitholders' Equity				
Contributed Surplus		**513**		330
Trust Units		**107,096**		106,148
Retained Earnings		**29,893**		32,629
		137,502		139,107
	$	**217,555**	$	219,524

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)

For the quarter ended March 31

(in thousands)	**2005**	*2004*
Cash Provided by (Used in)		
Operating Activities		
Net income	**$ 5,974**	$ 5,254
Items not affecting cash:		
Unit-based compensation cost	**183**	330
Unrealized gain on foreign exchange contracts (note 3)	**(152)**	-
Amortization of property and equipment	**3,610**	3,302
Amortization of intangible assets	**375**	177
Future income taxes	**175**	40
Loss (gain) on sale of property and equipment	**17**	(14)
	10,182	9,089
Net change in non-cash working capital (Note 4)	**(2,134)**	(6,870)
	8,048	2,219
Investing Activities		
Expended on acquisitions (Note 2)	**(210)**	(7,951)
Proceeds from sale of property and equipment	**1,136**	451
Purchase of property and equipment	**(3,646)**	(1,356)
	(2,720)	(8,856)
Financing Activities		
Distributions paid	**(8,702)**	(7,473)
Proceeds from long-term debt	**-**	37,500
Repayment of long-term debt	**(584)**	(6,488)
Repayment of operating loan	**-**	(8,341)
Proceeds from issuance of units	**948**	38,840
	(8,338)	54,038
Increase (Decrease) in Cash and Cash Equivalents	**(3,010)**	47,401
***Cash and Cash Equivalents** – Beginning of Period*	**20,699**	137
***Cash and Cash Equivalents** – End of Period*	**$ 17,689**	$ 47,538

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarters ended March 31, 2005 and 2004
(unaudited)
(tabular amounts in thousands except per unit amounts)

1. Basis of presentation

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements using the same accounting policies as were applied in the audited consolidated financial statements for the year ended December 31, 2004. These financial statements do not conform in all respects with disclosures required for annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Fund for the year ended December 31, 2004.

2. Acquisitions

	2005 ***THT***
Accounts receivable	**$ 10**
Property and equipment	**90**
Intangible assets	
Customer relationships	**36**
Non-competition agreements	**120**
Goodwill	**76**
Fair value of assets acquired	**332**
Accounts payable and accrued liabilities	**42**
Long-term debt	**80**
Future income taxes	**-**
Fair value of liabilities acquired	**122**
Consideration	
Cash	**$ 210**

On January 1, 2005, the Fund acquired all operating assets of T.H.T. Inc. ("THT"). Located in Oshawa, Ontario, THT provides school bus transportation services.

This acquisition has been accounted for by the purchase method and the results of operations from the acquisition date have been included in these consolidated financial statements. The purchase price is subject to final adjustments.

3. Financial Instruments

The Fund from time to time enters into foreign exchange contracts to manage its net exposure to currency fluctuations against the U.S. dollar. The fund applies the standards setout in the CICA's Accounting Guideline 13, "Hedging Relationships" and the CICA's Emerging Issue Committee abstract 128, "Accounting for Trading, Speculative or Non-hedging Derivative Financial Instruments" to account for these contracts. As at March 31, 2005, the Fund had contracts with an aggregate value of U.S. $13,500,000 to sell U.S. funds throughout 2005.

The contracts expire on a monthly basis over the year and enable the Fund to sell U.S. dollars at amounts between a minimum of $1.20 and a maximum of $1.2695. The Fund has not met the documentation standards required to designate these contracts as hedges. Accordingly, as at March 31, 2005, these forward foreign exchange contracts have been marked to market resulting in a gain of $152,000 recognized in the period.

4. Cash Flow

Change in non-cash working capital:

	2005	*2004*
Increase in accounts receivable	**$ (1,327)**	$ (6,037)
Increase in other current assets	**(722)**	(1,071)
Increase in accounts payable and accrued liabilities	**614**	1,153
Decrease in income taxes payable	**(699)**	(915)
Net change in non-cash working capital	**$ (2,134)**	$ (6,870)
Cash paid in respect of:		
Interest	**$ 554**	$ 708
Income taxes	**911**	1,022

5. Segmented Information

The Fund operates in the freight and school bus transportation industries, both based in Canada. There have been no transactions between operating segments. Certain of the costs incurred at the Fund's head office, denoted as "Other" in the table below, are allocated to each operating segment.

Quarter ended March 31, 2005

	Revenue	*Net interest expense (income)*	*Amortization of property and equipment*	*Income before income taxes*	*Goodwill*	*Total assets*	*Capital expenditures*
Freight	**$ 91,732**	**$ 875**	**$ 2,263**	**$ 5,450**	**$ 12,161**	**$ 110,108**	**$ 2,996**
School bus	**7,963**	**292**	**1,230**	**352**	**20,581**	**41,501**	**216**
Other	**—**	**(613)**	**117**	**353**	**—**	**65,946**	**434**
	$ 99,695	**$ 554**	**$ 3,610**	**$ 6,155**	**$ 32,742**	**$ 217,555**	**$ 3,646**

Quarter ended March 31, 2004

	Revenue	*Net interest expense (income)*	*Amortization of property and equipment*	*Income (loss) before income taxes*	*Goodwill*	*Total assets*	*Capital expenditures*
Freight	$ 76,564	$ 1,008	$ 1,966	$ 5,564	$ 10,609	$ 107,164	$ 1,154
School bus	6,902	290	1,220	166	19,061	38,309	202
Other	—	(712)	116	(329)	—	83,365	—
	$ 83,466	$ 586	$ 3,302	$ 5,401	$ 29,670	$ 228,838	$ 1,356

6. Comparative Figures

The 2004 comparative figures have been reclassified to reflect amounts billed for fuel surcharge as revenue. The effect of the reclassification was to increase revenue and operating expenses each by $3,623,000.

7. Seasonality

Both the Fund's freight transportation and busing operations are subject to seasonal influences. Freight transportation volumes historically peak during the second and third quarter of the year. Freight shipments in the first and fourth quarters are adversely affected by winter weather conditions and plant closings during the Christmas holiday season. The Fund's school bus operations generate relatively little revenue during July and August when schools are not in session.

8. Subsequent event

On April 22, 2005, the Fund acquired all of the issued and outstanding shares of Dan McCreary Bus Lines Ltd. and Healey Bus Lines Ltd. Both companies have provided contract transportation and charter services to several school boards in the Ottawa region for over 40 years. The two operations have been combined into Contrans' existing school bus operation, Northstar Passenger Services LP. Cash consideration is estimated to be $4.3 million and is subject to final adjustments.

For further information please contact:

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