EXECUTION COPY

SUBSCRIPTION AGREEMENT FOR THE PURCHASE OF COMMON SHARES OF STUDENT TRANSPORTATION OF AMERICA LTD.

BY SNCF PARTICIPATIONS S.A.

APRIL 14, 2008

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SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "**Agreement**") is dated as of April 14, 2008 between Student Transportation of America Ltd. (the "**Company**"), and SNCF Participations S.A. (the "**Purchaser**").

WHEREAS, subject to the terms and conditions set forth in this Agreement, the Company wishes to issue to the Purchaser, and the Purchaser wishes to purchase from the Company, certain common shares of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Purchaser agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 Defined Terms.

In addition to the terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth in this Section 1.1:

"$" means, unless otherwise indicated, Canadian dollars.

"Action" has the meaning given in Section 3.1(k).

"Affiliate" of a Person means any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the first Person.

"Base Balance Sheet" has the meaning given in Section 3.1(i).

"Basic Amount" has the meaning given in Section 4.4(a)(i).

"Board" means the board of directors of the Company.

"Board Representation Agreement" means the letter agreement between the Company and the Purchaser, substantially in the form of Exhibit A dated as of the date hereof.

"Board Statement" means the statement by the Board of the Company, in the form of Exhibit B relating to the Company's distribution and dividends policy.

"Business Day" means any day except Saturday, Sunday and any day which shall be a federal legal holiday or a day on which banking institutions in each of Toronto, Canada and Paris, France are generally not open for business.

“Canadian GAAP” means Canadian generally accepted accounting principles, as recognized by the Canadian Institute of Chartered Accountants, consistently applied and maintained on a consistent basis for the Company and its Subsidiaries throughout the period indicated.

“Closing” has the meaning given in Section 2.2.

“Closing Date” has the meaning given in Section 2.2.

“Common Shares” means the common shares of the Company (including any common shares that make up any part of an IPS Unit) as currently constituted.

“Convertible Securities” means any evidence of indebtedness, shares, Options, or other securities directly or indirectly convertible into or exercisable or exchangeable for Common Shares.

“CSAs” means the Canadian Securities Administrators.

“Disclosure Materials” has the meaning given in Section 3.1(i).

“Environmental Laws” has the meaning given in Section 3.1(w).

“Excluded Stock” means any Common Shares or Convertible Securities issued or issuable (a) upon the issuance of Convertible Securities to, or exercise of Convertible Securities by, officers, directors or employees of, or consultants to, the Company or its Subsidiaries, in each case pursuant to a bona fide incentive plan approved by the Company’s board of directors provided that such plan can not result in the issuance of more than 10% of the then-issued and outstanding Common Shares, without amendment or modification to the material terms thereof; (b) in connection with a bona fide and arm’s length transaction involving a merger or acquisition of an entity, business or assets, not principally for the purpose of obtaining cash; or (c) in connection with a securities exchange issuer bid completed within six months of the date hereof, pursuant to which the Company offers to exchange the subordinated notes that comprise part of the IPS Units for Common Shares.

“Filed CSA Documents” means any documents filed on www.sedar.com with the CSAs that are disclosed prior to the date hereof under the Company’s name.

“Hazardous Materials” has the meaning given in Section 3.1(w).

“**IPS Units**” means the income participating securities of the Company, each of which are comprised of one common share of the Company and $3.847 principal amount of 14% subordinated notes of STA ULC.

“Lien” means any lien, mortgage, pledge, charge, claim, security interest, encumbrance, right of first refusal or other restriction upon or in any property or assets (including contractual rights).

“Losses” means any and all damages, fines, penalties, deficiencies, liabilities, claims, losses (including loss of value), judgments, awards, settlements, taxes, actions, obligations and costs and expenses in connection therewith (including, without limitation, interest, court costs and fees and expenses of attorneys, accountants and other experts, or any other expenses of litigation or other Proceedings or of any default or assessment).

“Material Adverse Effect” has the meaning given in Section 3.1(b).

“Misrepresentation” has the meaning ascribed thereto in the Securities Act.

“Notice of Acceptance” has the meaning given in Section 4.4(a)(ii).

“Offer” has the meaning given in Section 4.4(a)(i).

“Offered Securities” has the meaning given in Section 4.4(a)(i).

“Options” means options, warrants, pre-emptive or similar rights, calls or commitments of any nature relating to, or securities, rights or obligations convertible into, or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any Common Shares (including IPS Units), or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional Common Shares, or securities or rights convertible into, or exercisable or exchangeable for, Common Shares.

“Person” means any individual or company, partnership, trust, incorporated or unincorporated association, joint stock, limited liability company, unlimited liability company, joint stock company, government (or an agency or subdivision thereof), stock exchange, or other entity of any kind.

“Proceeding” means any action, claim, suit, investigation or proceeding, whether commenced or threatened.

“Purchaser Common Shares” means the Common Shares in the Company to be purchased by the Purchaser pursuant to Section 2.1.

“Refused Securities” has the meaning given in Section 4.4(a)(iii).

“Registration Rights Agreement” means the agreement among the Company and the Purchaser of even date herewith regarding registration rights, substantially in the form of Exhibit C.

“Related Person” has the meaning given in Section 4.7.

“Securities Act” means the *Securities Act* (Ontario) as now in effect and as it may be amended from time to time prior to the Closing.

“Securities Laws” means the applicable securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and published interpretation notes of, the securities regulatory authorities of the provinces and territories of Canada and the applicable by-laws, rules, regulations and policies of the TSX.

"SEDAR Reports" has the meaning given in Section 3.1(i).

"STA ULC" means Student Transportation of America ULC.

"Subscription Price" means the amount to be paid by the Purchaser for the Purchaser Common Shares pursuant to Section 2.1.

"Subsequent Placement" means any instance in which the Company or any Subsidiary directly or indirectly offers, sells, grants any option to purchase, or otherwise disposes of (or announces any offer, sale, grant or any option to purchase or other disposition of) any of its or any Subsidiary's equity or equity equivalent securities, including without limitation any debt, preferred stock or other instrument or security that is, at any time during its life and under any circumstances, convertible into or exchangeable or exercisable for common stock, Common Shares or Convertible Securities.

"Subsidiaries" means all of the Company's subsidiaries (whether or not corporations), whether direct or indirect, including those currently existing or acquired, or created after the date hereof.

"Trading Day" means (a) any day on which the Common Shares are listed or quoted on the TSX, or (b) if the Common Shares are not then listed or quoted on the TSX, then any Business Day.

"Transaction Documents" means this Agreement, the Board Representation Agreement, the Board Statement and the Registration Rights Agreement and any other documents or agreements executed or delivered in connection with the transactions contemplated hereunder or thereunder.

"TSX" means the Toronto Stock Exchange.

"US GAAP" means generally accepted accounting principles in the United States of America, consistently applied and maintained on a consistent basis for the relevant Subsidiary or Subsidiaries throughout the period indicated.

ARTICLE 2
TERMS AND CONDITIONS OF SUBSCRIPTION

Section 2.1 Terms of the Subscription.

Common Shares Subscription. Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase at Closing and the Company agrees to issue to the Purchaser at Closing, 6,557,377 Common Shares (the "**Purchaser Common Shares**") at a price of $6.10 per Common Share for a gross subscription price of $39,999,999.70 (the "**Subscription Price**").

Section 2.2 Closing.

The completion of the offer, sale and issuance of the Common Shares as contemplated by this Agreement (the "**Closing**") will occur on the first Business Day following the date that all Closing conditions have been satisfied or waived in writing by the applicable party (the "**Closing Date**").

Section 2.3 Closing Deliveries.

(a) **Company Deliveries**. At the Closing, the Company shall deliver or cause to be delivered to the Purchaser the following:

(i) Share certificates representing in aggregate 6,557,377 Common Shares in the name of the Purchaser;

(ii) Receipt of all required third party approvals on terms satisfactory to the Purchaser as well as all regulatory approvals (other than the TSX) on terms satisfactory to the Purchaser;

(iii) The legal opinion of Goodmans LLP, counsel to the Company, in form and substance satisfactory to the Purchaser customary for transactions of this nature executed by such counsel and delivered to the Purchaser;

(iv) Evidence that the TSX has approved the transactions contemplated by the Transaction Documents on terms satisfactory to the Purchaser;

(v) The Board Statement;

(vi) The Board Representation Agreement duly executed by the Company;

(vii) The Registration Rights Agreement duly executed by the Company; and

(viii) Any other documents reasonably requested by the Purchaser or its counsel in connection with the Closing.

(b) **Purchaser Deliveries**. At the Closing, the Purchaser shall deliver or cause to be delivered to the following:

(i) To the Company, the Subscription Price, in Canadian dollars and in immediately available funds, by evidence of completed wire transfer to an account designated in writing by the Company for such purpose; and

(ii) Any other Transaction Document to which the Purchaser is a signatory, duly executed by the Purchaser.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company.

The Company hereby makes the following representations and warranties to the Purchaser:

(a) **Subsidiaries**. Other than the Class B Series Two Shares of Student Transportation of America Holdings, Inc., the Company owns, directly or indirectly, all of the capital stock of each Subsidiary on a fully diluted basis free and clear of any Lien other than security interests granted to lenders under the Company's credit agreement and senior note agreement as disclosed on Schedule 3.1(a), and all the issued and outstanding shares of capital stock of each Subsidiary are all validly issued and are all fully paid, non-assessable and free of pre-emptive and similar rights.

(b) **Organization and Qualification**. Each of the Company and the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own, lease and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified, licensed or registered to do business and, if applicable, is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not, individually or in the aggregate, (i) adversely affect the legality, validity or enforceability of any Transaction Document, (ii) have or result in a material adverse effect on the results of operations, assets, business or, financial condition or prospects of the Company and the Subsidiaries, taken as a whole, or (iii) adversely impair the Company or any Subsidiary's ability to perform fully on a timely basis its obligations under any of the Transaction Documents (any of (i), (ii) or (iii), a "**Material Adverse Effect**").

(c) **Authorization; Enforcement**. The Company has the requisite corporate power and authority to enter into and to perform the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents by the Company and the performance by them of the transactions contemplated hereunder and thereunder have been duly authorized by all necessary action on the part of the Company and no further consent or action is required by the Company, its Board or its shareholders. Each of the Transaction Documents has been (or upon delivery will be) duly executed by the Company and when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(d) **No Conflicts**. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of the Company's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) subject to obtaining the required approvals set forth on Schedule 3.1(e), conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) other than approval by the TSX, result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including, without limitation, any Securities Laws) and the rules and regulations of any stock exchange or self-regulatory organization to which the Company, its Common Shares or its Convertible Securities are subject, or by which any property or asset of the Company or a Subsidiary is bound or affected.

(e) **Filings, Consents and Approvals**. Except as set forth on Schedule 3.1(e), the Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other Canadian or other federal, national, state, provincial, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents.

(f) **Issuance of the Securities**. The Purchaser Common Shares are duly authorized and, when issued and paid for in accordance with this Agreement, will be, duly and validly issued, fully paid and non-assessable, free and clear of all Liens, and shall not be subject to pre-emptive rights or similar rights of shareholders. The Purchaser Common Shares, when issued and paid for in accordance with this Agreement, will be issued in compliance with applicable Securities Laws and the issuance and sale of the Purchaser Common Shares contemplated by this Agreement and payment of dividends thereon does not conflict with any rules, policies or regulations of the TSX or any Securities Laws. Upon the expiration of four months from the date of the Closing, all Purchaser Common Shares, subject to any "control person" restrictions, shall be freely tradable on the TSX in compliance with applicable laws and regulations, including all applicable Securities Laws. The Company is authorized to issue an unlimited number of Common Shares. The issuance of the Purchaser Common Shares to the Purchaser will not subject the Purchaser to any law, rule or regulation to which it is not subject prior to the Closing, or any liability or obligation of any kind in respect of or relating to the operation of the business of the Company or its Subsidiaries. The Purchaser shall be entitled to all rights accorded to the holders of Common

Shares under applicable Canadian law. The Common Shares comply with the provisions of the Business Corporations Act (Ontario). Except for private placement filings with the Ontario Securities Commission, no registration, filing or recording is necessary under the laws of Canada or any Canadian province in order to permit the valid offer, issue and sale of the Common Shares in the manner contemplated by this Agreement or to preserve or protect the validity or enforceability of the Common Shares.

(g) **Capitalization**. The number of shares and type of all authorized, issued and outstanding capital stock, Convertible Securities, and other securities of the Company (whether or not presently convertible into, or exercisable or exchangeable for, shares of capital stock of the Company) is as set forth in Schedule 3.1(g). All outstanding shares of capital stock are duly authorized, validly issued, fully paid and non-assessable and have been issued in compliance with all applicable Securities Laws and Canadian corporate laws. Except as disclosed in Schedule 3.1(g), there are no outstanding Options. Except as disclosed in Schedule 3.1(g), there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) and the issue and sale of the Purchaser Common Shares will not obligate the Company to issue Common Shares or other securities to any Person (other than the Purchaser) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under such securities. Except as disclosed in Schedule 3.1(g), no Person or group of related Persons beneficially owns, or has the right to acquire, by agreement with or by obligation binding upon the Company, beneficial ownership of in excess of 10% of the outstanding Common Shares. The Company is not a party to, and it has no knowledge of, any agreement restricting the voting or transfer of any Common Shares or, any agreement granting registration rights to any Person with respect to any of its equity or debt securities.

(h) **Taxes**. The Company and the Subsidiaries have prepared and timely filed all income tax returns and other material tax returns that are required to be filed, and have paid, or made provision in accordance with Canadian GAAP (or, in the case of certain Subsidiaries, US GAAP) for the payment of, all taxes that have or may have become due pursuant to said returns or pursuant to any assessments that have been received by the Company or the Subsidiaries. All tax returns are true and correct in all material respects. All taxes shown to be due and payable by the Company or the Subsidiaries have been paid or will be paid prior to the time they become delinquent. To the Company’s knowledge there is no material liability for any tax to be imposed upon its or any of its Subsidiaries’ properties or assets as of the date of this Agreement for which adequate provision has not been made. No tax returns of the Company have been audited, and to the Company’s knowledge, no material deficiency assessment or proposed adjustment of the Company’s or the Subsidiaries’ taxes is pending.

(i) **Filed CSA Documents; Financial Statements**. The Company is a "reporting issuer" under applicable Securities Laws and is not in default of any requirements of any applicable Securities Laws or of the requirements of the TSX; no delisting, suspension of trading in or cease trading order with respect to the Common Shares is pending or, to the knowledge of the Company, threatened. The Filed CSA Documents did not, as at the respective dates thereof, contain a Misrepresentation. No material change relating to the Company has occurred with respect to which a material change report has not been filed under Securities Laws and no such disclosure has been made on a confidential basis. The Company is up to date on all of its Canadian securities filings. The documents filed under Securities Laws comply in all material respects with the requirements of Securities Laws. The Company has filed all reports required to be filed by it under Securities Laws, for the 24 months preceding the date hereof or the Closing Date, as applicable (the foregoing materials being collectively referred to herein as the "**SEDAR Reports**" and, together with the Schedules to this Agreement, the "**Disclosure Materials**") on a timely basis or has received a valid extension of such time of filing and has filed any such SEDAR Reports prior to the expiration of any such extension. As of their respective dates, the SEDAR Reports complied in all material respects with the requirements of the Securities Laws, and none of the SEDAR Reports (or any documents filed in conjunction with or incorporated by reference therein), when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each press release disseminated by the Company during the 24 months prior to the date hereof or the Closing Date, as applicable, did not at the time of release contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company and the Subsidiaries included in the SEDAR Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Securities Laws with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with Canadian GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial (individually and in the aggregate), year-end audit adjustments and the absence of footnotes. The Company does not have has any liabilities or obligations of any nature, whether accrued, absolute, contingent, asserted, unasserted or otherwise, except liabilities or obligations (i) stated or adequately reserved against in the Company's most recent balance sheet included within the SEDAR Reports (the "**Base Balance Sheet**"), (ii) incurred as a result of or arising out of the transactions contemplated under this Agreement, or (iii) incurred in the ordinary course of business since the date of the Base Balance Sheet and not material.

(j) **Material Changes**. Since the effective date of the latest audited financial statements included within the Filed CSA Documents, except as specifically disclosed in the Filed CSA Documents, (i) there has been no event, occurrence or development that, individually or in the aggregate, has had or that could be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than liabilities incurred in the ordinary course of business consistent with past practice and liabilities not required to be reflected in the Company's financial statements pursuant to Canadian GAAP and not material, (iii) the Company has not altered its method of accounting or the identity of its auditors, (iv) except for ordinary monthly dividends not to exceed $0.05 per Common Share per month, the Company has not declared or made any dividend or distribution of cash or other property to its shareholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, and (v) the Company has not issued any equity securities to any employee, officer, director or Affiliate, except pursuant to existing Company equity compensation plans (including the Company's deferred stock unit plan for directors).

(k) **Litigation**. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, provincial, local or foreign) (collectively, an "**Action**") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Common Shares or (ii) could, if there were an unfavorable decision, individually or in the aggregate, have or result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal, provincial or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by any governmental or other instrumentality or agency involving the Company or any current or former director or officer of the Company. No material strike, work stoppage, slow down or other material labor problem exists or, to the knowledge of the Company, is threatened or imminent with respect to any of the employees of the Company or the Subsidiaries.

(l) **Compliance**. Neither the Company nor any Subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its assets or properties is bound or affected (whether or not such default or violation has been waived), (ii) is in violation of any order of any court, arbitrator or governmental body, or (iii) is or has been in violation of any statute, rule or regulation of any governmental authority, including without limitation all United States, Canadian, or other federal, state, provincial and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not, individually or in the aggregate, have, or could reasonably be expected to result in, a Material Adverse Effect.

(m) **Regulatory Permits**. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate regulatory authorities necessary and material to conduct their respective businesses, and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit.

(n) **Title to Assets**. The Company and the Subsidiaries have good and marketable title to all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for Liens as do not materially affect the value of such property and do not materially interfere with the marketability of or the use made and proposed to be made of such property by the Company and the Subsidiaries. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases and the Company and the Subsidiaries are in compliance in all material respects with such leases.

(o) **Insurance**. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(p) **Transactions With Affiliates and Employees**. Other than as disclosed in the Disclosure Materials, none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

(q) **Tax Treatment**. The Company is currently eligible for a reduced U.S. tax withholding rate of 5% on the dividends that the Company receives from its Subsidiaries located in the United States.

(r) **Solvency**. Based on the financial condition of the Company as of the Closing Date: (i) the Company's fair saleable value of its assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature; (ii) the Company's assets do not constitute unreasonably small capital to carry on its business for the current fiscal year as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, and projected capital requirements and capital availability thereof; and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its debt when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt).

(s) **Listing and Maintenance Requirements**. The Common Shares are listed and posted for trading on the TSX and the Company has not, in the two years preceding the date hereof, received notice (written or oral) from the TSX to the effect that the Company is not in compliance with the TSX's listing or maintenance requirements. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance in all material respects with all such listing and maintenance requirements. No shares of the Company's capital stock are, or at any time have been, listed or quoted on any trading market, other than the TSX.

(t) **Registration Rights**. The Company has not granted or agreed to grant to any Person (other than the Purchaser) any rights (including "demand" and/or "piggy-back" registration rights) to have any securities of the Company registered or otherwise qualified for public sale or distribution.

(u) **Application of Takeover Protections**. There is no poison pill (including any distribution under a rights agreement) that is or could become applicable to the Purchaser as a result of the Purchaser and the Company fulfilling their obligations under the Transaction Documents, including without limitation the Company's issuance of the Purchaser Common Shares and the Purchaser's ownership of the Purchaser Common Shares.

(v) **No Manipulation; Disclosure**. Neither the Company nor any of its Subsidiaries, nor any of its officers or directors nor any Person acting on its or their behalf, has taken, directly or indirectly, any action designed to cause or to result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company. As of the date of this Agreement or the Closing Date, as applicable, except for the transactions contemplated herein and related thereto, there is no material information concerning the Company or its Subsidiaries that has not been publicly disclosed by the Company. The Company confirms that neither it nor any other Person acting on its behalf has provided the Purchaser or any of their Affiliates or any of their respective agents or counsel with any information that constitutes or might constitute material, non-public information. The Company understands and confirms that the Purchaser will be entitled to rely on the foregoing representations in effecting transactions in securities of the Company. All disclosure provided to the Purchaser regarding the Company or its Subsidiaries, their business and the transactions contemplated hereby, including the Schedules to this Agreement, furnished by or on behalf of the Company are true and correct and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or information exists with respect to the Company or any of its Subsidiaries or its or their business, properties, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed.

(w) **Environmental Laws**. (i) The Company and its Subsidiaries are not in violation in any material respect of any applicable law relating to pollution or occupational health and safety, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including laws relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"), (ii) each of the Company and its Subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws sufficient to be in compliance in all material respects with their requirements, (iii) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Company or its Subsidiaries, and (iv) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company and its Subsidiaries relating to Hazardous Materials or any Environmental Laws. Each of the Company and its Subsidiaries are not the subject of any international, foreign, federal, provincial, state, municipal or private action, suit, litigation, grievance, arbitration proceeding, governmental proceeding, investigation or claim involving a demand for damages or other potential liability with respect to violations of Environmental Laws.

(x) **Acknowledgment Regarding Purchaser's Purchase of the Purchaser Common Shares**. The Company acknowledges that the Purchaser has not made any promises or commitments other than as set forth in this Agreement, including any promises or commitments to make any additional investment in the Company.

Section 3.2 Representations and Warranties of the Purchaser.

The Purchaser, hereby represents and warrants to the Company as follows:

(a) **Organization**. The Purchaser is an entity duly organized, validly existing and in good standing under the laws of the French Republic with the requisite power and authority to enter into and to perform the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations thereunder.

(b) **Authority; Enforcement**. The purchase by the Purchaser of the Purchaser Common Shares hereunder has been duly authorized by all necessary action on the part of the Purchaser. This Agreement has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms.

ARTICLE 4
OTHER AGREEMENTS OF THE PARTIES

Section 4.1 Covenants Pending Closing.

From the date of this Agreement to the time of Closing, the Company shall:

(a) conduct, and cause the Subsidiaries to conduct, their respective businesses in the ordinary course;

(b) use all commercially reasonable efforts to obtain all required consents (including TSX consent) without any term or condition adverse to the Purchaser;

(c) give all notices and make all applications to and file all material in support thereof as are required of it by all governmental regulatory agencies (including the TSX), including those whose approval to the consummation of the transactions among the parties contemplated hereby is required and, if necessary or reasonably requested by the Purchaser, attend before all such agencies to endeavor to obtain the necessary approvals (and all such applications shall be subject to prior review by, and shall be in form and substance reasonably satisfactory to, the Purchaser), and comply with all applicable securities laws and other applicable laws in connection with the transactions contemplated herein;

(d) not do or fail to do anything that would result in the representations and warranties set forth in Section 3.1 not being true and correct in all material respects at the time of Closing;

(e) provided that the conditions of the Purchaser to Closing set forth in Article 5 have been satisfied or waived, execute and deliver or arrange to execute and deliver all documents and instruments required to be executed and delivered by the Company pursuant to Section 2.3(a);

(f) effective on Closing, appoint Jean-Pierre Farandou to the Board, pursuant to the Board Representation Agreement;

(g) except as permitted under Section 4.2(b), not solicit, initiate or encourage submission of proposals from any other Person relating to the acquisition or disposition of all or any substantial part of its issued and outstanding shares or debt, or any amalgamation, merger, sale of all or substantially all of its assets, take-over bid, reorganization, recapitalization, liquidation or winding-up of, or other business combination or similar transaction, or equity, debt or convertible debt financing involving the Company or any of the Subsidiaries and any other party other than the Purchaser, unless the Board reasonably determines in good faith, after consultation with outside counsel, by a resolution duly adopted, that such failure to solicit, initiate or encourage such proposals would constitute a breach of its fiduciary duties under applicable law (and the Company shall notify the Purchaser forthwith upon becoming aware of any such proposed transaction and inform the Purchaser of all information known to the Company at that time regarding such proposal);

(h) take such actions as are within its control and use commercially reasonable efforts to cause other actions to be taken which are not within its control so as to ensure compliance with and satisfaction of all of the conditions of Closing set forth in Article 5;

(i) use its best efforts to maintain its status as a reporting issuer not in default of any requirements of the Securities Laws; and

(j) promptly notify the Purchaser upon any representation or warranty of the Company contained in this Agreement becoming untrue or incorrect in any material respect during the period commencing on the date hereof and expiring at the time of Closing, and for the purposes of this provision, each representation and warranty shall be deemed to be given at and as of all times during such period (irrespective of any language which suggests that it is only being given as at the date hereof).

Section 4.2 Exclusivity.

(a) Other than as set forth in Section 5.1(j) the Company shall not enter into any negotiations with any person or entity, or entertain any offers for, or accept any proposals for equity, convertible debt or debt financing from any other person or entity for the period commencing on the date hereof and ending on the date on which one or more of the approvals or conditions of Closing are satisfied or this agreement is terminated, except with the Purchaser’s prior written consent.

(b) The restrictions in Section 4.2(a) do not apply to other private placements of Common Shares closed within 45 days of the date hereof to a maximum aggregate value of $15,000,000.

Section 4.3 Transfer Restrictions; Transfer of Purchaser Common Shares.

(a) The Purchaser Common Shares shall be subject to a four month holding period such that, except for "control person" issues (if any), after the expiration of such four month period, the Purchaser Common Shares shall be freely-tradable on the TSX in compliance with all laws and regulations, including applicable Securities Laws. If the Purchaser Common Shares are legended, the legend shall only be such as is required by Securities Laws, and the Company shall cooperate in issuing new certificates representing Common Shares free of such legends upon the request of the Purchaser at any time after the date that is four months from the date of the Closing.

(b) **Transfer of Purchaser Common Shares**. Subject only to applicable laws, the Purchaser shall have the right, at any time, to transfer any or all of the Purchaser Common Shares to any subsidiary, related party or affiliate of the Purchaser.

Section 4.4 Subsequent Placements.

(a) **Antidilution**. From the date hereof, neither the Company nor any Subsidiary will effect any Subsequent Placement unless the Company or the relevant Subsidiary shall have first complied with this Section 4.4:

(i) The Company or the relevant Subsidiary shall deliver to the Purchaser a written notice (the "**Offer**") of any proposed or intended issuance or sale or exchange of the securities being offered (the "**Offered Securities**") in a Subsequent Placement, which Offer shall (v) identify and describe the Offered Securities, (w) describe the price and other terms upon which they are to be issued, sold or exchanged, and the number or amount of the Offered Securities to be issued, sold or exchanged, (x) have attached draft copies of any purchase agreement and other operative documents in respect of the proposed Offer (y) if known and permitted under applicable laws, identify the Persons or entities to which or with which the Offered Securities are to be offered, issued, sold or exchanged and (z) offer to issue and sell to or exchange with the Purchaser (A) in the case of the Company, a pro rata portion of the Offered Securities, such that the Purchaser may maintain the same percentage interest of the then current issued and outstanding holdings of Common Shares (either such portion, the "**Basic Amount**") and (B) in the case of any Subsidiary, a pro rata portion of the Offered Securities such that the Purchaser may acquire the same percentage interest in the equity of such Subsidiary as the Purchaser has in the then current issued and outstanding holdings of Common Shares.

(ii) To accept an Offer, in whole or in part, the Purchaser must deliver a written notice to the Company or the relevant Subsidiary prior to the end of the 10th Trading Day following the Purchaser's receipt of the Offer (not including the day on which such Offer is received by the Purchaser) setting forth the portion of the Purchaser's Basic Amount that the Purchaser elects to purchase (the "**Notice of Acceptance**").

(iii) The Company shall have 15 Trading Days from the expiration of the period set forth in Section 4.4(a)(ii) above to issue, sell or exchange all or any part of such Offered Securities as to which a Notice of Acceptance has not been given by the Purchaser (the "**Refused Securities**"), but only to the offerees described in the Offer and only upon terms and conditions (including, without limitation, prices and interest or dividend rates) that are not more favorable to the acquiring Person or Persons than those set forth in the Offer.

(iv) In the event the Company shall propose to sell less than all the Refused Securities (any such sale to be in the manner and on the terms specified in Section 4.4(a)(iii) above), then the Purchaser may, at its sole option and in its sole discretion, reduce the number or amount of the Offered Securities specified in its Notice of Acceptance to an amount that shall be not less than the number or amount of the Offered Securities that the Purchaser elected to purchase pursuant to Section 4.4(a)(ii) above multiplied by a fraction, (x) the numerator of which shall be the number or amount of Offered Securities the Company actually proposes to issue, sell or exchange (including Offered Securities to be issued or sold to the Purchaser pursuant to Section 4.4(a)(ii) above prior to such reduction), and (y) the denominator of which shall be the original amount of the Offered Securities. In the event that the Purchaser so elects to reduce the number or amount of Offered Securities specified in its Notice of Acceptance, the Company may not issue, sell or exchange more than the reduced number or amount of the Offered Securities unless and until such securities have again been offered to the Purchaser in accordance with Section 4.4(a)(i) above.

(v) Upon the closing of an issuance, sale or exchange of all or less than all of the Refused Securities, the Purchaser shall acquire from the Company, and the Company shall issue to the Purchaser, the number or amount of Offered Securities specified in the applicable Notice of Acceptance, as reduced pursuant to Section 4.4(a)(iv) above if the Purchaser has so elected, upon the terms and conditions specified in the Offer. The purchase by the Purchaser of any Offered Securities is subject in all cases to the receipt of any necessary approvals (shareholder, third party, TSX, or government) on terms satisfactory to the Purchaser and preparation, execution and delivery by the Company and the Purchaser of a purchase agreement relating to such Offered Securities reasonably satisfactory in form and substance to the Purchaser, the Company and their respective counsel. In addition, the Purchaser shall not be required to close the purchase of securities pursuant to this Section 4.4 prior to 5 Business Days after all conditions to such closing have been satisfied.

(vi) Any Offered Securities not acquired by the Purchaser or other Persons in accordance with Section 4.4(a)(iii) above may not be issued, sold or exchanged until they are again offered to the Purchaser under the procedures specified in this Agreement.

(b) **Excluded Stock**. The restrictions contained in paragraph (a) of this Section 4.4 shall not apply to Excluded Stock.

(c) **Voting Preferred Shares**. From and after the date hereof, the Company shall ensure that the Subsidiaries are prohibited, without the prior written consent of the Purchaser, from any new issuance of voting preferred shares or non-voting dividend paying preferred shares of its Subsidiaries (except for share issuances pursuant to executive compensation plans to an aggregate maximum of 10% of the outstanding shares of the applicable class on the date hereof).

Section 4.5 Securities Laws Disclosure; Publicity.

The Company shall on the date of execution hereof, issue a press release acceptable to the Purchaser disclosing all material terms of the transactions contemplated hereby. On or prior to the Closing Date, the Company shall file final Transaction Documents (to the extent required) with the TSX, describing the terms of the transactions contemplated by the Transaction Documents. The Company shall timely file any filings and notices required by applicable law with respect to the transactions contemplated hereby and provide copies of such filings and notices to the Purchaser promptly after filing. The Company shall, at least two (2) Trading Days prior to the filing or dissemination of any disclosure required by this paragraph, provide a copy thereof to the Purchaser for the Purchaser's review as soon as possible and in any event providing the Purchaser with a reasonable period of time during which to review and comment thereon. The Company shall consult with the Purchaser in issuing any press releases or otherwise making public statements or filings and other communications with any regulatory agency or trading market with respect to the transactions contemplated hereby, and shall not issue any such press release or otherwise make any such public statement, filing or other communication without the prior consent of the Purchaser, except if such disclosure is required by law, in which case the Company shall promptly provide the Purchaser with prior notice of such public statement, filing or other communication. The Company shall not publicly disclose the name of the Purchaser, or include the name of the Purchaser in any filing with any regulatory agency or the TSX, without the prior written consent of the Purchaser, except to the extent such disclosure is required by Canadian law or the TSX regulations, in which case the Company shall provide the Purchaser with reasonable prior notice of such disclosure.

Section 4.6 Use of Proceeds.

The Company will use all proceeds from the sale of the Purchaser Common Shares to repay the Company's credit growth facility and/or to fund growth opportunities, including acquisitions and new contract bids or conversions.

Section 4.7 Indemnification.

If the Purchaser or any of its Affiliates or any officer, director, partner, controlling person, employee or agent of the Purchaser or any of its Affiliates (each, including the Purchaser and its Affiliates, a "**Related Person**") becomes involved in any capacity in any Proceeding brought by or against any Person in connection with or as a result of the transactions contemplated by the Transaction Documents, the Company will indemnify and hold harmless such Related Person for such Related Person's reasonable legal and other expenses, including the costs of any investigation, preparation and travel, and for any Losses incurred in connection therewith, as such expenses or Losses are incurred, except to the extent such Losses are caused by the breach of this Agreement or by the gross negligence or willful misconduct of such Related Person. In addition, the Company shall indemnify and hold harmless each Related Person from and against any and all Losses, as incurred, arising out of or relating to any breach by the Company of any of the representations, warranties or covenants made by the Company in this Agreement or any other Transaction Document, or any allegation by a third party that, if true, would constitute such a breach. The indemnification obligations of the Company under this paragraph shall be in addition to any liability that the Company may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Purchaser and any such Related Persons. The Company also agrees that the Related Persons shall not have any liability to the Company or any Person asserting claims on behalf of or in right of the Company in connection with or as a result of the transactions contemplated by the Transaction Documents, except the Purchaser to the extent that any losses, claims, damages, liabilities or expenses incurred by the Company result from the breach of this Agreement or by the gross negligence or willful misconduct of the Purchaser in connection with such transactions. If the Company breaches its obligations under any Transaction Document, then, in addition to any other liabilities the Company may have under any Transaction Document or applicable law, the Company shall promptly pay or reimburse the Purchaser on demand for all costs of collection and enforcement (including reasonable attorneys fees and expenses). The Company specifically agrees to reimburse the Purchaser on demand for all costs of enforcing the indemnification obligations in this paragraph.

Section 4.8 No Impairment.

At all times after the date hereof, the Company will not take or permit any action, or cause or permit any Subsidiary to take or permit any action that has an adverse effect on the rights of the Purchaser under any of the Transaction Documents.

Section 4.9 Consultation on Fundamental Changes.

In addition to any other rights provided by law or set forth herein, from and after the date of this Agreement and for so long as the Purchaser owns at least 10% of the then-issued and outstanding Common Shares, the Company shall not announce or enter into any agreement (with a Person or series of Persons in related transactions) without first consulting with the Purchaser within two days following an interest in and at least 15 Business Days prior to concluding any such agreement or series of related transactions, regarding:

(a) any merger, arrangement, amalgamation or consolidation of the Company or any of its Subsidiaries with or into another Person (other than inter-company mergers completed for the purposes of year-end administrative matters); or

(b) any sale of a substantial part of the Company's or the Subsidiaries assets, taken as a whole, in one or a series or related transactions; or

(c) any issuance of Common Shares representing 10% or more of the then-issued and outstanding Common Shares, whether such issuance is from treasury, by means of an exchange offer, or otherwise by a single purchaser or Affiliates or other Persons acting in concert with such purchaser; or

(d) any plan by the Company to dispose of a significant portion of the assets of the Company or any of its Subsidiaries, taken as a whole; or

(e) any change to the nature of the Company's business (or that of its Subsidiaries), taken as a whole, to any business which is fundamentally distinct and separate from the business currently conducted by the Company or its Subsidiaries; or

(f) cause or permit any Subsidiary of the Company directly or indirectly to take any actions described in clauses (a) through (e) above.

ARTICLE 5
CONDITIONS

Section 5.1 Conditions Precedent to the Obligations of the Purchaser.

The obligation of the Purchaser to purchase the Purchaser Common Shares at the Closing is subject to the satisfaction by the Company or the waiver by the Purchaser, at or before the Closing, of each of the following conditions:

(a) **Representations and Warranties**. The representations and warranties of the Company contained herein shall be true and correct as of the date when made and as of the Closing Date as though made on and as of such date;

(b) **Performance**. The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by it at or prior to the Closing including, without limitation, Section 2.3(a);

(c) **No Injunction**. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents;

(d) **Approvals**. All required approvals given in connection with the transactions contemplated by the Transaction Documents including without limitation, those listed on Schedule 3.1(e) shall be valid and in effect as of the date of the Closing, in each case, on terms satisfactory to the Purchaser;

(e) **Purchaser Board Approval**. The board of directors of the Purchaser shall have approved the transactions contemplated by the Transaction Documents.

(f) **No Suspensions of Trading in Common Shares; Listing**. The Common Shares (i) shall be listed on the TSX, and (ii) shall not have been suspended by a Canadian securities regulator or the TSX from trading on the TSX nor shall suspension by a Canadian securities regulator or the TSX have been threatened either (A) in writing by a Canadian securities regulator or the TSX, or (B) by falling below the minimum listing maintenance requirements of the TSX;

(g) **Board Representative.** Jean-Pierre Farandou shall have been appointed to the Board pursuant to the Board Representation Agreement;

(h) **Board Statement.** The Company shall have issued the Board Statement to the Purchaser;

(i) **No Material Adverse Effect**. Since the date of execution of this Agreement, no event or series of events shall have occurred, which individually or in the aggregate, reasonably could be expected to have or result in a Material Adverse Effect; and

(j) **Additional Subscription**. A single Person reasonably acceptable to the Purchaser shall have closed on a subscription with the Company for not less than $10,000,000.

Section 5.2 Conditions Precedent to the Obligations of the Company.

The obligation of the Company to issue the Purchased Common Shares is subject to the satisfaction by the Purchaser or waiver by the Company, at or before the Closing, of each of the following conditions:

(a) **Representations and Warranties**. The representations and warranties of the Purchaser contained herein shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made on and as of such date;

(b) **Performance**. The Purchaser shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the

Purchaser at or prior to the Closing including, without limitation, under Section 2.3(b);

(c) **No Injunction**. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents; and

(d) **Approvals**. All required approvals, including that of the TSX, shall be valid and in effect as of the date of the Closing.

ARTICLE 6
MISCELLANEOUS

Section 6.1 Termination.

(a) **Termination by Company**. The Company may terminate this Agreement if Closing has not occurred by April 22, 2008, provided that such failure to close is not within the control of the Company.

(b) **Termination by the Purchaser**. The Purchaser may terminate this Agreement if Closing has not occurred by April 22, 2008 provided that such failure to close is not within the control of the Purchaser.

Section 6.2 Entire Agreement.

The Transaction Documents, together with the Exhibits and Schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules. At or after the Closing, and without further consideration, the Company will execute and deliver to the Purchaser such further documents as may be reasonably requested in order to give practical effect to the intention of the parties under the Transaction Documents.

Section 6.3 Notices.

Any notice, direction or other communication to be given under this Agreement or any Transaction Documents shall be in writing and given by delivering it or sending it by facsimile addressed:

to the Company at: Student Transportation of America, Ltd.
3349 Highway 138
Building B, Suite D
Wall, NJ 07719
United States of America

Attention: Denis J. Gallagher
Telephone: +1 732 280 4200
Facsimile: +1 732 280 4213

to the Purchaser at: SNCF Participations, S.A.
34, rue du Commandant Mouchotte
75699 Paris Cedex 14
France
Attention: Dominique Thillaud
Telephone: +33 (0)1 53 25 79 69
Facsimile: + 33 (0)1 53 25 84 75

Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, or (ii) if transmitted by facsimile or email, on the Business Day following the date of transmission. Any party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such party at its changed address.

Section 6.4 Brokers.

The Company shall indemnify and save harmless the Purchaser from and against any Losses whatsoever for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Company.

Section 6.5 Amendments; Waivers.

No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchaser or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

Section 6.6 Construction.

The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

Section 6.7 Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchaser. The Purchaser may assign its rights under this Agreement or any other Transaction Document, including to any Person to whom such Purchaser assigns or transfers any Purchaser Common Shares.

Section 6.8 No Third-Party Beneficiaries.

This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except that each Related Person is an intended third party beneficiary of Section 4.7 and may enforce the provisions of such Section directly against the Company.

Section 6.9 Survival.

Other than as provided herein, the representations, warranties, agreements and covenants contained herein shall survive the Closing and the delivery of the Purchaser Common Shares as applicable and shall not merge on Closing. The parties hereby waive any limitation periods under applicable laws to the maximum extent permitted by law.

Section 6.10 Execution.

This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

Section 6.11 Severability.

If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefore, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

Section 6.12 Remedies.

In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Purchaser and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and each hereby agrees to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

Section 6.13 Governing Law; Submission to Jurisdiction.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario (excluding conflict of laws, rules) and the federal laws of Canada applicable therein.

(a) **Submission to Jurisdiction**. With respect to any suit, action, or proceeding relating to this Agreement or any other Transaction Document, each party hereto irrevocably:

(i) submits to the non-exclusive jurisdiction of the courts of the Province of Ontario located in Toronto and the appellate courts thereof;

(ii) waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient forum and further waives the right to object that such court does not have jurisdiction over such party;

(iii) agrees that service of process in any such action or proceeding may be given in compliance with the requirements of the Hague Convention dated November 15, 1965 with respect to service of process;

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law; and

(v) waives, to the maximum extent permitted by law, any right it may have to trial by jury in any judicial proceeding in any way arising out of, related to or connected with any Transaction Document.

IN WITNESS WHEREOF, the parties hereto have caused this Subscription Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

STUDENT TRANSPORTATION OF AMERICA LTD.

By: “*Denis Gallagher*”______________________
Name: Denis J. Gallagher
Title: Chairman and Chief Executive officer

SNCF PARTICIPATIONS S.A.

By: *"Dominique Thillaud"* __________________
Name: Dominique Thillaud
Title: Directeur Général

EXHIBIT A
FORM OF BOARD REPRESENTATION AGREEMENT

[COMPANY LETTERHEAD]

April [●], 2008

SNCF Participations S.A.
34, rue du Commandant Mouchotte
75699 Paris Cedex 14
France
Attention: Dominique Thillaud

Dear Sirs:

This letter is to confirm our understanding regarding the representation of SNCF Participations S.A. ("**SNCF P**") on the board of directors (the "**Board**") of Student Transportation of America Ltd. ("**STA**").

Pursuant to a Subscription Agreement (the "**Subscription Agreement**"), SNCF P intends to purchase approximately 6,557,377 Common Shares of STA. Terms used but not defined herein have the meaning given to such terms in the Subscription Agreement.

For so long as SNCF P or any of SNCF P's subsidiaries, associates, or related parties holds at least 10% of the then-issued and outstanding Common Shares of STA, SNCF P shall be entitled to propose a representative of Société Nationale de Chemins de fer Français to the nominating committee of the Board. The first Nominee is Jean-Pierre Farandou (the "**Initial Nominee**").

The Board shall appoint the Initial Nominee to the Board on or prior to the Closing Date. The appointment of the Initial Nominee shall be a condition precedent to the obligation of SNCF P to purchase the Purchaser Common Shares.

STA and the Board shall, at STA's next annual meeting, support the Initial Nominee (and, if applicable, at the next and at each subsequent annual meeting, any subsequent nominee) (each, a "**Subsequent Nominee**") for approval as a director by the shareholders with the same effort and degree of endorsement given to the other directors proposed to the shareholders as Board members by STA. STA's support obligation requires STA to solicit proxies from its shareholders for SNCF P's nominees and to cause management proxies to be voted in favor of such nominees except for such proxies as contain a specific contrary direction. If for any reason the nominee of SNCF P is not elected, and STA's Board is legally entitled to add another director (whether as a result of a vacancy or otherwise), then STA's Board shall appoint a nominee of SNCF P to its Board at the earliest possible time.

If any Nominee ceases to be employed at any time by SNCF P, such Nominee shall immediately resign from the Board and SNCF P shall nominate, with the prior approval of STA, such approval not to be unreasonably withheld, delayed or conditioned, a Subsequent Nominee, who shall be appointed to the Board promptly. Such Subsequent Nominee shall be proposed to the shareholders as a director in the same manner as set forth above.

SNCF P shall be entitled to change the Nominee from time to time with the prior approval of STA, such approval not to be unreasonably withheld, delayed or conditioned. STA shall support and cooperate in effecting any such change.

If the above is in accordance with your understanding, please acknowledge by signing below.

Sincerely yours,

STUDENT TRANSPORTATION OF AMERICA LTD.

By: ______________________________
Name: Denis J. Gallagher
Title: Chairman and Chief Executive Officer

Acknowledged and Agreed:

SNCF PARTICIPATIONS S.A.

By: ______________________________
Name: Dominique Thillaud
Title: Directeur Général

EXHIBIT B

FORM OF BOARD STATEMENT

[LETTERHEAD OF STA]

April [●], 2008

SNCF Participations S.A.
34, rue du Commandant Mouchotte
75699 Paris Cedex 14
France

Attention: Dominique Thillaud

Re: Dividend Policy

On behalf of the Board of Directors (the "**Board**") of Student Transportation of America Ltd. ("**STA**") I can confirm that the Board has adopted a policy to distribute approximately 85% of its available cash, subject to applicable law and the terms of STA's Amended and Restated Credit Agreement dated as of [●], following:

(a) Satisfaction of its debt service or other obligations if any, under credit facilities or other agreements with third parties;

(b) Satisfaction of interest and expense obligations, including any applicable taxes;

(c) Making any redemptions in respect of any preferred shares; and

(d) Retaining reasonable working capital or other reserves as may be considered appropriate by the Board.

While dividend payments are not mandatory or guaranteed, and the Board may in its discretion amend or repeal its dividend policies regarding the Common Shares of STA, the Board does not, as of the date hereof, anticipate a departure from the Board's recent practices regarding distribution of dividends and the amount thereof.

Sincerely yours,

____

Name:
Title:

EXHIBIT C

FORM OF REGISTRATION RIGHTS AGREEMENT

STUDENT TRANSPORTATION OF AMERICA LTD.

UNDERTAKING REGARDING REGISTRATION RIGHTS

To: SNCF PARTICIPATIONS S.A. (the "**Investor**")
34, rue du Commandant Mouchotte
75699 Paris Cedex 14
France
Attention: Dominique Thillaud

For good and valuable consideration, Student Transportation of America Ltd. ("**STA**") agrees that if and whenever the Investor wishes to sell any securities of STA in Canada (coupled with a U.S. private placement, if requested), STA shall, upon request of the Investor made not more than twice per year (which STA may defer for up to 90 days for bona fide reasons not more than once per year), prepare and/or file in co-operation with the Investor a prospectus and such other documents, and shall take such commercially reasonable actions as may be required, in order to effect a public offering (including, without limitation, a shelf or at the money offering) and sale of such securities in Canada in accordance with all applicable Canadian federal and provincial laws (and U.S. private placement rules, if requested). In addition, if STA is filing a prospectus or registration statement in Canada and/or the U.S. with respect to the distribution of its own securities, it shall offer the Investor the opportunity to participate therein as to up to 25% thereof (unless its underwriters reasonably advise STA that marketing factors require limiting the number of shares to be underwritten, in which case, any "cut back" shall first be applied to the Investor's portion).

In connection with the above, STA shall:

(1) advise the Investor of all communications with all relevant governmental authorities pertaining thereto;

(2) make reasonably available for inspection by the Investor or any underwriter or agent participating in any such offering, and any attorney, accountant or other agent retained by the Investor or any such underwriter or agent, all relevant financial and other records, corporate documents and properties of STA and its subsidiaries;

(3) cause STA's officers, directors and employees to supply all relevant information reasonably requested by the Investor or any such underwriter or agent or any such attorney, accountant or agent as is customary for similar due diligence examinations, and to reasonably cooperate in road shows, conference calls and investor meetings related to the marketing of the proposed sale by the Investor;

(4) make covenants, representations and warranties to the Investor and/or such underwriter or agent, in form, substance and scope customary for primary underwritten offerings (including without limitation confirmation of its then current distribution policy);

(5) file any and all business acquisition reports (and related financial statements) related to acquisitions;

(6) obtain opinions of counsel to STA (which are in form, scope and substance customary for primary underwritten offerings and offerings and satisfactory to the Investor and the managing underwriters or agents, acting reasonably), addressed to the Investor and any underwriters or agents;

(7) obtain "cold comfort" letters from the auditors of STA, addressed to the Investor, the board of directors of STA and the underwriters or agents, if any, in form, substance and scope customary for primary underwritten offerings;

(8) enter into a customary cross-indemnity agreement with the Investor and provide an indemnity to the underwriters or agents, if any, in form, substance and scope customary for primary underwritten offerings (whereby the Investor would only be responsible for information concerning it and provided by it for use in the prospectus or registration statement); and

(9) take such other commercially reasonable action as may be necessary or desirable to effect the foregoing.

All reasonable out-of-pocket costs and expenses of STA or the Investor in such connection (including, without limitation, relating to legal fees and disbursements, audit fees, mineral and related report fees, filing fees, applicable fees and printing costs) shall be borne by the Investor in the case of a demand offering. In circumstances where the Investor is offering its shares pursuant to a prospectus by way of a "piggy-back" of STA's offering of its own securities, the Investor shall be responsible for its proportionate share of all reasonable out-of-pocket costs and expenses relating thereto.

These obligations of STA hereunder shall not apply at any time at which the Investor and parties acting jointly or in concert with it, or otherwise forming a combination with it, hold in aggregate less than 10% of all classes of outstanding securities and the Investor has no reasonable basis to believe that it is, at the relevant time, a control person or the equivalent under applicable Canadian provincial securities laws.

Dated: April [●], 2008

STUDENT TRANSPORTATION OF AMERICA LTD.

By: ______________________________

Name: Denis J. Gallagher
Title: Chairman and Chief Executive Officer

Schedule 3.1(a)

Liens

Pursuant to a Second Amended and Restated Credit Agreement dated as of December 14, 2006, as amended (the "Credit Agreement") and the security documents entered into in connection therewith, the Company, as guarantor under the Credit Agreement, has granted to Harris N.A, as agent for the benefit of the secured creditors contemplated therein, a lien on, and security interest in, all shares of the capital stock and/or securities of each Subsidiary held by the Company and all partnership or other equity interests of each Subsidiary held by the Company, whether now held or hereafter acquired.

Schedule 3.1(e)

Filings, Consents and Approvals

1. Listing approval from the TSX.

Schedule 3.1(g)

Capitalization

Authorized, Issued and Outstanding Securities

The authorized capital of the Company consists of an unlimited number of no par value common shares and preferred shares.

As of the date hereof, there are 31,623,463 common shares issued and outstanding, 11,145,561 of which comprise part of the IPS Units, and there are no preferred shares issued and outstanding.

Options

There are no Options outstanding in the capital of the Company.

Existing Anti-dilution Provisions

There are no anti-dilution or price adjustment provisions contained in any security issued by the Company that are currently issued and outstanding.

Significant Shareholders

The following Persons or group of related Persons beneficially own, or has the right to acquire beneficial ownership of, in excess of 10% of the outstanding Common Shares of the Company:

- Caisse de dépôt et placement du Québec
- Sentry Select