

A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purposes of the sale of securities. Information contained in this amended and restated preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the United States Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Student Transportation Inc. at 3349 Highway 138, Building B, Suite D, Wall, New Jersey 07719, telephone 732-280-4200, and are also available electronically at www.sedar.com.

**AMENDED AND RESTATED PRELIMINARY SHORT FORM PROSPECTUS
AMENDING AND RESTATING THE PRELIMINARY SHORT FORM PROSPECTUS
DATED FEBRUARY 27, 2012**

New Issue

February 28, 2012



STUDENT TRANSPORTATION INC.

**C\$6.85
10,950,000 Common Shares**

This short form prospectus qualifies the distribution (the “Offering”) of 10,950,000 common shares (“Common Shares”) of Student Transportation Inc. (the “Issuer”). The Issuer will utilize the proceeds from the sale of the Common Shares to repay indebtedness under the Issuer’s credit facilities and for general corporate purposes. The Issuer’s registered head office is located at 160 Saunders Road, Unit 6, Barrie, Ontario, L4N 9A4.

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the “TSX”) and on the NASDAQ Global Select Market (the “NASDAQ”) under the symbol “STB”. On February 27, 2012, the last trading day prior to the public announcement of the terms of this Offering, the closing price of the Common Shares on the TSX was C\$7.08 per Common Share and on the NASDAQ was US\$7.09 per Common Share. The terms of the Offering were determined by negotiation between the Issuer and BMO Nesbitt Burns Inc., Raymond James Ltd., National Bank Financial Inc., Scotia Capital Inc., Stifel Nicolaus Canada, Inc. and CIBC World Markets Inc. (collectively, the “Underwriters”).

Price: C\$6.85 per Common Share

	Price to the Public⁽¹⁾	Underwriters’ Fee	Proceeds to Issuer⁽²⁾
Per Common Share	\$6.85	\$0.3425	\$6.5075
Total ⁽³⁾	\$75,007,500	\$3,750,375	\$71,257,125

(continued on next page)

Notes:

- (1) The price of the Common Shares has been determined by negotiation between the Issuer and the Underwriters.
- (2) Before deducting the expenses of the Offering which are estimated to be approximately \$756,100.
- (3) The Issuer has granted the Underwriters an option (the “**Over-Allotment Option**”), exercisable for a period of up to 30 days following the closing of the Offering, to purchase up to an additional 1,642,500 Common Shares at the initial Offering price. If the Over-Allotment Option is exercised in full, the total Price to the Public, the Underwriters’ Fee and the Proceeds to the Issuer will be \$86,258,625.00, \$4,312,931.25 and \$81,945,693.75, respectively. A purchaser who acquires Common Shares forming part of the Over-Allotment Option acquires those Common Shares under this short form prospectus, regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Please see “Plan of Distribution”.

The following table sets out the number of Common Shares that are issuable by the Issuer to the Underwriters pursuant to the Over-Allotment Option.

<u>Underwriters’ Position</u>	<u>Maximum Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	1,642,500 Common Shares	30 days following the closing of the Offering	\$6.85 per Common Share

The Issuer has applied to list the securities distributed under this preliminary short form prospectus on the TSX and has notified the NASDAQ as to the additional shares to be listed. Listing on the TSX will be subject to the Issuer fulfilling all the listing requirements of the TSX.

An investment in the Common Shares involves a high degree of risk. An investment in the Common Shares should be considered speculative due to various factors, including the nature of the Issuer’s business. An investment in the Common Shares should only be made by persons who can afford the total loss of their investment. See “Special Note Regarding Forward-Looking Information” and “Risk Factors”.

This offering is made by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by Canada and the United States, to prepare this prospectus in accordance with the disclosure requirements of Canada. Prospective investors should be aware that such requirements are different from those of the United States. Certain financial statements incorporated herein have been prepared in accordance with Canadian GAAP (as defined herein), and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein.

The enforcement by investors of civil liabilities under the federal securities laws may be affected adversely by the fact that the Issuer is incorporated or organized under the laws of Canada, that some or all of its officers and directors may be residents of Canada, that some or all of the underwriters or experts named in the registration statement may be residents of Canada, and that all or a substantial portion of the assets of the Issuer and said persons may be located outside the United States.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Issuer and accepted by the Underwriters in accordance with the conditions contained in the agreement dated February 28, 2012 between the Issuer and the Underwriters in respect of the Offering (the “**Underwriting Agreement**”) referred to under “Plan of Distribution” and subject to approval of certain legal matters on behalf of the Issuer by Goodmans LLP, with respect to Canadian legal matters, and by Thompson Coburn LLP and Hodgson Russ LLP, with respect to US legal matters, and on behalf of the Underwriters by Torys LLP with respect to Canadian and US legal matters. The Common Shares are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of receipt of the short form prospectus.

A Canadian chartered bank affiliate of each of BMO Nesbitt Burns Inc., Scotia Capital Inc. and CIBC World Markets Inc. and a US chartered bank affiliate of Raymond James Ltd. are lenders to affiliates of the Issuer under existing

credit facilities. Consequently, the Issuer may be considered a connected issuer of BMO Nesbitt Burns Inc., Raymond James Ltd., Scotia Capital Inc. and CIBC World Markets Inc. under applicable securities laws in certain Canadian provinces and territories. See “Relationship between Issuer and Underwriters”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. See “Plan of Distribution”.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Common Shares will be issued in registered form to The CDS Clearing and Depository Services Inc. (“CDS”) and The Depository Trust Company (“DTC”) or their respective nominees as registered global securities and will be deposited with CDS or DTC, as applicable, on the date of issue of the Common Shares, which is expected to occur on or about March 19, 2012. Holders of Common Shares will not be entitled to receive physical certificates representing their ownership. See “Plan of Distribution”.

The Underwriters may offer the Common Shares at lower prices than stated above. See “Plan of Distribution”.

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Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Issuer has not authorized anyone to provide different information. If an investor is provided with different or inconsistent information, he or she should not rely on it. The Issuer is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Prospective investors should assume that the information appearing in this short form prospectus is accurate as of the date on the front cover of this short form prospectus only, regardless of the time of delivery of this short form prospectus or of any sale of the Common Shares.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Issuer, and Torys LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations promulgated thereunder (the “**Regulations**”), provided that the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act, which currently includes the TSX and the NASDAQ, the Common Shares would be, if issued on the date hereof, qualified investments under the Tax Act and the Regulations for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (“**TFSAs**”).

Notwithstanding the foregoing, if the Common Shares are a “prohibited investment” for the purposes of a TFSA, an RRSP or a RRIF, the holder of such TFSA or the annuitant of such RRSP or RRIF, as the case may be, will be subject to penalty taxes as set out in the Tax Act. Provided that the holder of a TFSA, or the annuitant of an RRSP or RRIF, as the case may be, deals at arm’s length with the Issuer and does not hold a “significant interest” (within the meaning of the Tax Act) in the Issuer or any person or partnership with which the Issuer does not deal at arm’s length, the Common Shares will not be a “prohibited investment” for such TFSA, RRSP or RRIF for the purposes of the Tax Act. Holders of a TFSA and annuitants of an RRSP or RRIF should consult their own tax advisors as to whether Common Shares will be a “prohibited investment” in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada and with the United States Securities and Exchange Commission (the “SEC”). Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Student Transportation Inc., at 3349 Highway 138, Building B, Suite D, Wall, New Jersey 07719, telephone 732-280-4200. In addition, copies of the documents incorporated by reference herein may be obtained from the securities commissions or similar authorities in Canada through the internet at www.sedar.com.

The following documents, filed with the securities commissions or similar authorities in the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) annual information form of the Issuer dated September 28, 2011 (the “**AIF**”);
- (b) management information circular of the Issuer dated September 28, 2011 distributed in connection with the annual and special meeting of shareholders held on November 10, 2011;
- (c) audited consolidated financial statements of the Issuer for the financial years ended June 30, 2011 and 2010, together with the notes thereto and the auditors’ report thereon;
- (d) management’s discussion and analysis of financial condition and results of operations of the Issuer for the financial years ended June 30, 2011 and 2010;
- (e) unaudited consolidated interim financial statements of the Issuer for the three- and six-month periods ended December 31, 2011 and 2010, together with the notes thereto;
- (f) management’s discussion and analysis of financial condition and results of operations of the Issuer for the three- and six-month periods ended December 31, 2011 and 2010; and
- (g) the business acquisition report of the Issuer dated January 30, 2012 filed in connection with the acquisition of Dairyland Bus, Inc., Dairyland-Hamilton, Inc., Lakeland Area Bus Service, Inc. and Lakeside Buses of Wisconsin, Inc. (the “**BAR**”).

Any material change reports (excluding confidential reports), business acquisition reports, interim financial statements, annual financial statements and the auditors’ report thereon, management’s discussion and analysis of financial condition and results of operations in respect of the periods covered by such interim or annual financial statements, and management information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* of the Canadian Securities Administrators to be incorporated by reference herein) filed by the Issuer with the securities commissions or similar authorities in the provinces and territories of Canada subsequent to the date of this short form

prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this short form prospectus.

To the extent that any document or information incorporated by reference into this prospectus is included in a report that is filed with the SEC by the Issuer on Forms 40-F, 20-F, 10-K, 10-Q, 8-K or 6-K (or any respective successor form), such document or information shall also be deemed to be incorporated by reference as an exhibit to the registration statement on Form F-10 relating to the securities of which this prospectus is a part.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

AVAILABLE INFORMATION

This prospectus is part of the registration statement on Form F-10 relating to the Common Shares that we filed with the SEC. This prospectus does not contain all of the information set forth in such registration statement, certain items of which are contained in the exhibits to the registration statement as permitted or required by the rules and regulations of the SEC. Items of information omitted from this prospectus but contained in the registration statement are available on the SEC's website at www.sec.gov.

In addition to our continuous disclosure obligations under Canadian securities laws, we are subject to the informational requirements of the United States *Securities Exchange Act of 1934*, as amended (the "Exchange Act"), and, in accordance therewith, file reports and other information with the SEC. Under a multijurisdictional disclosure system adopted by the United States and Canada, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. Such reports and other information concerning us can be inspected and copied, for a fee, at the public reference facilities maintained by the SEC at: 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at www.sec.gov that contains these materials.

MEANING OF CERTAIN REFERENCES

The Issuer, an Ontario corporation, is the issuer of the Common Shares. Unless otherwise stated or the context otherwise requires, references in this short form prospectus to the "Issuer" refer to Student Transportation Inc., and references in this short form prospectus to "the Company", "we" or "us" refer to the combination of the Issuer and all of its direct and indirect subsidiaries.

Throughout this short form prospectus, unless otherwise indicated, all references to "Canadian GAAP" are to accounting principles generally accepted in Canada and all references to "US GAAP" are to accounting principles generally accepted in the United States. The audited annual financial statements of the Issuer incorporated by reference into this short form prospectus have been prepared in accordance with Canadian GAAP and the unaudited interim financial statements of the Issuer and the BAR incorporated by reference into this short form prospectus have been prepared in accordance with US GAAP.

Unless expressly provided to the contrary, all monetary amounts in this short form prospectus refer to Canadian dollars. All references to "US\$" are to United States dollars.

EXCHANGE RATES

The following table reflects (i) the low and high rates of exchange for one United States dollar, expressed in Canadian dollars ("C\$"), during the periods noted, (ii) the rates of exchange at the end of such periods and (iii) the average of such exchange rates during such periods, based on the Bank of Canada noon spot rate of exchange.

	Six months ended		12 months ended	
	December 31, 2011	December 31, 2010	June 30, 2011	June 30, 2010
Low for the period	\$0.9449	\$0.9946	\$0.9486	\$0.9961
High for the period.....	\$1.0604	\$1.0660	\$1.0660	\$1.1655
Rate at the end of the period.....	\$1.0170	\$0.9946	\$0.9643	\$1.0606
Average noon spot rate for the period	\$1.0016	\$1.0260	\$1.0013	\$1.0555

Source: Bank of Canada

On February 27, 2012, the Bank of Canada noon spot rate of exchange was US\$1.00 = \$0.9983.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus, including each of the documents incorporated by reference herein, may contain forward-looking information within the meaning of applicable Canadian securities laws about the Issuer including its business operations, strategy and future financial condition and results of operations. The purpose of forward-looking information is to provide the reader with information about management's expectations and plans for the applicable period. Readers are cautioned that such information may not be appropriate for other purposes. Such information is based on the expectations of management of the Company and estimates about the markets in which the Company operates and management's beliefs and assumptions regarding these markets. In some cases, forward-looking information may be identified by words such as "anticipate", "believe", "could", "expect", "plan", "seek", "may", "intend", "will" and similar expressions. This information is subject to important risks and uncertainties, which are difficult to predict, and assumptions which may prove to be inaccurate. Some of the risk factors which could cause results or events to differ materially from expectations include but are not limited to: the ability to control certain operating expenses; significant capital expenditure requirements; dependence on certain key personnel; substantial competition in the school bus transportation industry and increased consolidation within the industry; a greater number of the Company's employees may join unions; risks in connection with its acquisition strategies; the Company's ability to achieve its business objectives depends on many factors, many of which are beyond its control; rising insurance costs; current and new governmental laws and regulations; lack of insurance for certain losses; environmental requirements; seasonality of the school bus transportation industry; inability to maintain letters of credit or performance bonds required by transportation contracts; termination of customer contracts due to factors beyond its control; its oil and gas operations; its transition to US GAAP; its status as a "foreign private issuer" (as such term is defined in Rule 405 under the United States *Securities Act of 1933*, as amended); potential future loss of foreign private issuer status; financial reporting obligations of being a public company in the US; current economic and financial market volatility; the dependence on Student Transportation of America Holdings, Inc. ("**STA Holdings**") and Parkview Transit Inc. ("**Parkview Transit**") for all cash available for distributions; the fact that a significant amount of the Company's cash is distributed; potential failure to receive dividends from STA Holdings or Parkview Transit provided for in the dividend policy of the board of directors of STA Holdings and Parkview Transit, respectively, or any dividends at all; fluctuations in the exchange rate; the Company's substantial consolidated indebtedness and changes in the Issuer's creditworthiness; the restrictive covenants of the senior credit facility between the Company and a syndicate of financial institutions dated as of December 14, 2006 and most recently amended and restated on February 4, 2011 in the form of a secured credit facility in the approximate amount of US\$140 million (including a US\$95 million loan facility and a \$45 million loan facility), for working capital, capital expenditure and growth expenditure borrowings, or any successor senior credit facility, as the same may be amended, supplemented or restated from time to time (the "**Credit Facility**"), the senior note agreement dated as of December 14, 2006, as most recently amended and extended on November 10, 2011, between the Company and two Canadian insurance companies in the form of a US\$35 million senior secured facility, as the same may be amended, supplemented or restated from time to time (the "**Senior Secured Note Purchase Agreement**"), the indenture dated as of October 26, 2009 between the Issuer and Computershare Trust Company of Canada, as trustee, as the same may be amended, supplemented or restated from time to time (the "**7.5% Debenture Indenture**"), the indenture dated as of June 21, 2010 between the Issuer and Computershare Trust Company of Canada, as trustee, as the same may be amended, supplemented or restated from time to time (the "**6.75% Debenture Indenture**") and the indenture dated as of June 7, 2011 between the Issuer and Computershare Trust Company of Canada, as trustee, as the same may be amended, supplemented or restated from time to time (the "**6.25% Debenture Indenture**" and, together with the 7.5% Debenture Indenture and the 6.75% Debenture Indenture, the "**Indentures**"); future sales of Common Shares; continuation of investment eligibility as qualified investments; certain US tax considerations may discourage third parties from pursuing a tender offer or other change of control transaction; the limited active public market for the Common

Shares and limited liquidity; the volatility of the market price for the Common Shares; the Company's interest deductions on the 14% subordinated notes of Student Transportation of America ULC ("STA ULC") that were due December 21, 2016 are likely "dual consolidated losses" for US federal income tax purposes and may result in disallowance of interest deductions if certain "triggering events" occur and the application of US federal income tax corporate "inversion" rules is uncertain. See "Risk Factors".

Some of these risk factors are largely beyond the control of the Company. In addition, a number of assumptions may be made in providing forward-looking information in this short form prospectus, including, but not limited to, certain Canadian economic assumptions, market assumptions, operational and financial assumptions, and assumptions about transactions, including that the Offering will be completed. Should any risk factor affect the Company in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Unless otherwise indicated, forward-looking information does not take into account the effect that transactions or non-recurring or other special items announced or occurring after the date of the forward-looking information may have on the business of the Company. All of the forward-looking information reflected in this short form prospectus and the documents incorporated herein are qualified by these cautionary statements. There can be no assurance that the results or developments anticipated by the Issuer will be realized or, even if substantially realized, that they will have the expected consequences for the Issuer. Except as may be required by Canadian and United States securities laws, the Issuer disclaims any intention and assumes no obligation to update or revise any forward-looking information, even if new information becomes available, as a result of future events or for any other reason. Readers should not place undue reliance on any forward-looking information.

THE ISSUER AND THE COMPANY

The Issuer is a corporation established under the laws of Ontario. The Issuer owns all of the Class A common shares of STA Holdings, representing a 98.7% voting interest, and 100% of the issued and outstanding common shares of Parkview Transit, a corporation formed by amalgamation under the laws of Ontario. STA ULC, an unlimited liability company organized under the laws of Nova Scotia, owns all of the preferred shares of STA Holdings. STA Holdings owns all of the issued and outstanding shares of Student Transportation of America, Inc. and all of the issued and outstanding common shares of STA ULC. The registered head office of the Issuer is located at 160 Saunders Road, Unit 6, Barrie, Ontario L4N 9A4.

The Company is the third largest provider of school bus transportation services in North America, conducting operations through wholly-owned operating subsidiaries. The Company has become a leading school bus transportation company, aggregating operations through the consolidation of existing providers, targeted bid-ins and conversion of in-house operations in the fragmented industry. Based on industry sources, educational institutions in North America spend approximately US\$23 billion annually on school bus transportation. The Company currently provides school bus transportation services in Ontario, Canada and the following US states: California, Connecticut, Florida, Illinois, Maine, Minnesota, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and Wisconsin.

The Company's services include home-to-school busing, special needs transportation and extracurricular and charter trips for school and other groups. The Company's primary service of transporting students to and from school (referred to as "home-to-school" busing) comprises approximately 86% of revenue. Included in home-to-school busing is the transportation of students with special needs, or special education transportation. Special education transportation typically requires the transportation of students to destinations outside their home district and usually is performed with smaller monitored vehicles. Extracurricular transportation typically accounts for 6% of revenue. The Company also provides charter services for athletic events, field trips, summer camp routes and other non-school related charter services, and receives revenue associated with the oil and gas portfolio of assets acquired in connection with the acquisition of Canadex Resources Limited. These services and revenues account for approximately 8% of revenue. By successfully executing a business strategy that emphasizes safe, reliable, cost-efficient service, the Company has experienced strong and consistent growth in revenue, margins and earnings before interest, taxes, depreciation, amortization and lease rental expense. Approximately 86% of our revenue is contracted with an average term of three to eight years. Our growth through strategic acquisitions, targeted bid-in and conversion opportunities and, more recently, management services contracts, has successfully leveraged management strength and created operating efficiencies.

STA Holdings is a corporation established under the laws of Delaware with its registered head office at 3349 Highway 138, Building B, Suite D, Wall, New Jersey.

RECENT DEVELOPMENTS

The following is a summary of the significant developments in the operations and affairs of the Issuer which have occurred since June 30, 2011 and which have not been described elsewhere in this short form prospectus or in the documents incorporated by reference herein.

On July 1, 2011, the Company adopted US GAAP as its accounting principle, changing from Canadian GAAP.

On October 14, 2011 the Company acquired School Transportation Services LLC, located in Passaic County, New Jersey for approximately US\$4.5 million consisting of US\$4.1 million in cash and US\$0.4 million in deferred payments.

On November 10, 2011, the Company entered into an amendment agreement with respect to its Senior Secured Note Purchase Agreement. The amendment, among other things, extended the maturity dates of the US\$35 million of notes issued pursuant to the Senior Secured Note Purchase Agreement to November 10, 2016, and reduced the interest rate of the notes to 4.246%.

On November 15, 2011, the Company closed its acquisition of all of the outstanding common stock of Dairyland Buses, Inc., Dairyland-Hamilton Inc., Lakeland Area Bus Service, Inc., and Lakeside Buses of Wisconsin, located in Waukesha, Wisconsin. Earnings of the acquired company are included in the Company's results of operations from the acquisition date. The aggregate purchase price of this acquisition was US\$47 million. The purchase price consisted of US\$47 million in cash.

The Company closed four additional acquisitions during the six months ended December 31, 2011. On July 13, 2011, the Company acquired certain assets of Schumacher Bus Lines, located in Schumacher, Ontario, Canada. On August 4, 2011, the Company acquired certain assets and contracts of S&K Transportation Inc, located in Listowel, Ontario, Canada. On August 26, 2011, the Company purchased all the outstanding stock of A&B Bus, Co. located in California. On December 20, 2011, the

Company acquired certain assets and contracts of Safe Start Transportation of New Jersey, LLC, located in Toms River, New Jersey. The aggregate purchase price of these acquisitions was US\$3.8 million. The purchase price of these acquisitions consisted of US\$3.6 million in cash and approximately US\$0.2 million in contingent consideration, which relates to contract renewal and certain revenue targets being achieved.

On November 21, 2011, Robert Reilly resigned as a director of the Issuer.

CONSOLIDATED CAPITALIZATION OF THE ISSUER

There have been no material changes in the Issuer's share or loan capital, on a consolidated basis, since December 31, 2011. The following table sets forth the consolidated capitalization of the Issuer as at the dates indicated before and after completion of the Offering. This table should be read in conjunction with the financial statements of the Issuer (including the notes thereto) incorporated by reference into this short-form prospectus.

Designation	Authorized	As at December 31, 2011 before giving effect to the Offering	As at December 31, 2011 after giving effect to the Offering
Long-Term Debt ⁽¹⁾⁽²⁾	Unlimited	US\$146,345,000	US\$77,022,000
Convertible Debentures ⁽²⁾	Unlimited	US\$132,492,000	US\$132,492,000
Shareholders' Equity:			
Common Shares	Unlimited	62,647,362	73,597,362 ⁽³⁾

(1) Excludes the convertible debentures issued under the Indentures.

(2) Based on an exchange rate of C\$1.0170 for US\$1.00 as at December 31, 2011.

(3) If the Over-Allotment Option is exercised in full, the total number of Common Shares will be 75,239,862.

In accordance with the terms of a subscription agreement dated April 18, 2008 between the Issuer and SNCF Participations S.A. ("SNCF"), the Issuer has provided SNCF with (i) notice of the Offering, and (ii) the opportunity to concurrently acquire, by way of a private placement at the offer price per Common Share under the Offering, such number of Common Shares so that SNCF may maintain its current ownership percentage of the Issuer. SNCF has informed the Issuer that, in lieu of exercising the pre-emptive rights to acquire Common Shares as described above, SNCF intends to purchase a number of Common Shares in the Offering sufficient to maintain its percentage interest in the Issuer. Assuming SNCF makes such purchases, SNCF would purchase in the Offering approximately 1,650,000 Common Shares assuming no exercise of the Over-Allotment Option, and approximately 1,898,000 Common Shares assuming full exercise of the Over-Allotment Option.

USE OF PROCEEDS

The estimated net proceeds to be received by the Issuer from the Offering is \$70,501,025 (assuming no exercise of the Over-Allotment Option), after the Underwriters' Fee and expenses of the Offering (estimated to be \$756,100). The net proceeds from the Offering will be used, directly and indirectly, to repay indebtedness under the Issuer's credit facilities, which will provide additional borrowing capacity to fund the Issuer's continued growth strategy, including through acquisition, bid-in and conversion opportunities, and for general corporate purposes. The indebtedness to be repaid was incurred in the last two years for growth purposes.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Issuer has agreed to issue and sell and the Underwriters have agreed to purchase on the closing date, being on or around March 19, 2012 or any other date as may be agreed upon by the Issuer and the Underwriters, but in any event not later than April 9, 2012, subject to the conditions stipulated in the Underwriting Agreement, all but not less than all of the 10,950,000 Common Shares offered hereby at a price of \$6.85 per Common Share for total gross consideration of \$75,007,500, payable in cash against delivery by the Issuer of certificates evidencing the Common Shares. The offering price of the Common Shares was determined by negotiation between the Issuer and the Underwriters. The Underwriting Agreement provides that the Issuer will pay the Underwriters' fee of \$0.3425 per Common Share issued and sold by the Issuer, for an aggregate fee payable by the Issuer of \$3,750,375, in consideration for their services in connection with the Offering.

The Offering is being made concurrently in all of the provinces and territories of Canada, and in the United States through the Underwriters' United States broker-dealer affiliates pursuant to the multijurisdictional disclosure system implemented by securities regulatory authorities in Canada and the United States. Subject to applicable law, the Underwriters may offer the Common Shares outside Canada and the United States. The Common Shares allocated to Raymond James Ltd. may be sold through Raymond James & Associates, Inc. and the Common Shares allocated to Stifel Nicolaus Canada, Inc. may be sold through Stifel, Nicolaus & Company, Incorporated.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Common Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase the Common Shares. The Underwriters are, however, obligated to take up and pay for all Common Shares if any securities are purchased under the Underwriting Agreement.

The Issuer has granted the Underwriters the Over-Allotment Option, exercisable for a period of up to 30 days following the closing of the Offering, to purchase up to an additional 1,642,500 Common Shares at the initial Offering price. If the Over-Allotment Option is exercised in full, the total Price to the Public, the Underwriters' Fee and the Proceeds to the Issuer will be \$86,258,625.00, \$4,312,931.25, and \$81,945,693.75, respectively. A purchaser who acquires Common Shares forming part of the Over-Allotment Option acquires those Common Shares under this short form prospectus, regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. This short form prospectus qualifies the grant of the Over-Allotment and the issuance of the Common Shares on the exercise of the Over-Allotment Option.

Other than pursuant to certain exceptions (including, without limitation, the satisfaction of currently outstanding instruments and contractual commitments), the Issuer has agreed not to offer or issue, or enter into an agreement to offer or issue, Common Shares or any securities convertible or exchangeable for Common Shares, for a period of 90 days subsequent to the closing of the Offering, without the prior consent of the Underwriters, such consent not to be unreasonably withheld.

The Underwriters propose to offer the Common Shares to the public initially at the Offering price and in the principal amount, respectively, specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Common Shares at the Offering price and in the principal amount specified on the cover page, the Offering price for the Common Shares may be decreased and may be further changed from time to time to amounts not greater than those set forth on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Common Shares is less than the amount paid by the Underwriters to the Issuer.

Pursuant to the rules and policy statements of certain Canadian securities regulators, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. Such exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws in connection with the Offering, the Underwriters may over-allot Common Shares or effect transactions intended to stabilize or maintain the market price of the Common Shares at a higher level than that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time during the Offering.

Under the Underwriting Agreement, the Issuer has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, employees and agents against certain liabilities.

The Common Shares are issued in "book-entry only" form and must be purchased or transferred through a participant in the CDS or DTC depository service (a "CDS or DTC Participant"). The Issuer will cause a global certificate or certificates representing any Common Shares delivered to, and registered in the name of, CDS, or DTC or their nominee. All rights of holders of Common Shares must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or DTC or the CDS or DTC Participant through which the holder of Common Shares holds such securities. Each person who acquires Common Shares will receive only a customer confirmation of purchase from the Underwriter or registered dealer from or through which the Common Shares are acquired in accordance with the practices and procedures of that Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS and DTC are responsible for establishing and

maintaining book-entry accounts for its CDS or DTC Participants, as applicable, having interests in the Common Shares. See “Description of Common Shares”.

The Issuer expects to deliver the Common Shares against payment for the Common Shares on or about March 19, 2012, which will be the fifth business day following the date of the initial sale of the Common Shares by the Underwriters. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade Common Shares on the date of sale to them or the next 4 succeeding business days will be required, by virtue of the fact that the Common Shares initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement.

The Issuer has applied to list the securities distributed under this preliminary short form prospectus on the TSX and has notified the NASDAQ as to the additional shares to be listed. Listing on the TSX will be subject to the Issuer fulfilling all the listing requirements of the TSX.

Because at least five percent of the net proceeds of the Offering, not including underwriting compensation, will be used to reduce or to retire the balance of the Credit Facility, which was extended by, among others, affiliates of BMO Nesbitt Burns Inc., Raymond James Ltd., Scotia Capital Inc. and CIBC World Markets Inc., such underwriters are deemed to have a “conflict of interest” under Rule 5121 of the Financial Industry Regulatory Authority, Inc. (“Rule 5121”). See “Relationship Between Issuer and Underwriters”. Accordingly, the Offering will be made in compliance with the applicable provisions of Rule 5121. Under Rule 5121, the appointment of a “qualified independent underwriter” is not necessary in connection with the Offering, because the Offering is of a class of securities having a “bona fide public market” (as defined in Rule 5121). The US broker-dealer affiliates of BMO Nesbitt Burns Inc., Raymond James Ltd., Scotia Capital Inc. and CIBC World Markets Inc. will not confirm sales to any accounts over which it exercises discretionary authority without first receiving a written consent from those accounts.

DESCRIPTION OF COMMON SHARES

General

The Issuer is authorized to issue an unlimited number of Common Shares. The Common Shares are not redeemable or convertible. Each Common Share carries the right to receive notice of and one vote at a meeting of shareholders; the right to participate in any distribution of the assets of the Issuer on liquidation, dissolution or winding up; and the right to receive dividends if, as and when declared by the board of directors of the Issuer. As of the close of business on February 27, 2012, there were 62,993,017 Common Shares outstanding. The Common Shares are listed and posted for trading on the TSX and the NASDAQ under the symbol “STB”.

PRIOR SALES

The following table summarizes details of the Common Shares issued by the Issuer pursuant to its dividend reinvestment plan during the 12-month period before the date of this short form prospectus.

<u>Date</u>	<u>Price per Common Share (\$)</u>	<u>Number of Common Shares</u>
March 15, 2011	6.370281	84,381
April 15, 2011	6.672145	78,192
May 15, 2011	6.468639	79,323
June 15, 2011	6.016425	85,177
July 15, 2011	6.168812	82,866
August 15, 2011	5.853271	91,838
September 15, 2011	6.105568	88,712
October 15, 2011	5.499027	125,915

Date	Price per Common Share (\$)	Number of Common Shares
November 15, 2011	5.545100	126,207
December 15, 2011	6.153389	112,058
January 15, 2012	6.475041	106,445
February 15, 2012	6.762161	102,602

During the previous twelve months, holders of the Issuer's 7.5% convertible debentures exercised their conversion rights under the 7.5% Debenture Indenture and converted approximately \$12,938,000 aggregate principal amount of convertible debentures into 2,512,216 Common Shares at a conversion price of \$5.15 per Common Share.

PRICE RANGE AND TRADING VOLUME

The following table shows the monthly range of high and low prices per Common Share and total monthly volumes traded on the TSX during the 12-month period before the date of this short form prospectus.

Month	High	Low	Volume
February 2011	\$7.09	\$6.32	3,009,171
March 2011	\$7.04	\$6.38	2,445,579
April 2011	\$7.00	\$6.80	1,391,851
May 2011	\$6.90	\$6.55	1,767,739
June 2011	\$6.74	\$5.80	2,437,387
July 2011	\$6.44	\$6.11	1,512,203
August 2011	\$6.78	\$5.33	3,312,548
September 2011	\$6.92	\$5.91	2,682,879
October 2011	\$6.15	\$5.12	2,547,397
November 2011	\$6.61	\$5.54	3,069,007
December 2011	\$6.69	\$6.20	1,402,715
January 2012	\$6.89	\$6.52	1,454,471
February 1, 2012 – February 27, 2012	\$7.45	\$6.77	1,647,424

On February 27, 2012 being the last day on which the Common Shares traded prior to the public announcement of the terms of the Offering, the closing price of the Common Shares on the TSX was \$7.08.

The following table shows the monthly range of high and low prices per Common Share and total monthly volumes traded on the NASDAQ since September 2011, being the first month on which the Common Shares were listed on the NASDAQ.

Month	High	Low	Volume
September 2011	US\$7.44	US\$5.67	599,815

Month	High	Low	Volume
October 2011	US\$6.13	US\$4.82	390,187
November 2011	US\$6.37	US\$5.44	467,555
December 2011	US\$6.58	US\$6.09	266,449
January 2012	US\$6.87	US\$6.36	245,450
February 1, 2012 – February 27, 2012	US\$7.50	US\$6.76	320,467

On February 27, 2012 being the last day on which the Common Shares traded prior to the public announcement of the terms of the Offering, the closing price of the Common Shares on the NASDAQ was US\$7.09.

DIVIDEND POLICY

The Offering is expected to close on or about March 19, 2012. If the Offering closes on March 19, 2012, purchasers of Common Shares under the Offering will not be entitled to the monthly dividend, if declared in the discretion of the Issuer's board of directors, of \$0.04636833 per Common Share payable on or about March 15, 2012 to holders of record on February 29, 2012. If the Offering closes on March 19, 2012, purchasers of Common Shares who hold their Common Shares of record on March 30, 2012 will be entitled to the monthly dividend, if declared in the discretion of the Issuer's board of directors, of \$0.04636833 per Common Share payable on or about April 16, 2012.

RELATIONSHIP BETWEEN ISSUER AND UNDERWRITERS

A Canadian chartered bank affiliate of each of BMO Nesbitt Burns Inc., Scotia Capital Inc. and CIBC World Markets Inc. and a US chartered bank affiliate of Raymond James Ltd. are lenders to affiliates of the Issuer under the Credit Facility. Consequently, the Issuer may be considered a connected issuer of each of BMO Nesbitt Burns Inc., Raymond James Ltd., Scotia Capital Inc. and CIBC World Markets Inc. under applicable securities laws in certain Canadian provinces and territories.

As at February 27, 2012, approximately US\$105,892,069 was outstanding under the Credit Facility. As at the date hereof, the Issuer is in compliance with all material terms of the agreement governing the Credit Facility and none of the lenders under the Credit Facility has waived any breach by the Issuer thereunder since its execution. The Issuer has granted a general security over all of its assets to the lenders under the Credit Facility. Neither the financial position of the Issuer nor the value of the security under the Credit Facility has changed substantially since the indebtedness under the Credit Facility was incurred. All or a portion of the net proceeds of this Offering will be used to repay a portion of indebtedness to these lenders outstanding under the Credit Facility. See "Use of Proceeds".

The decision to distribute the Common Shares offered hereunder and the determination of the terms of the distribution were made through negotiations primarily between the Issuer and BMO Nesbitt Burns Inc. on its own behalf and on behalf of the other Underwriters. The lenders under the Credit Facility did not have any involvement in such decision or determination, but have been advised of the issuance and terms thereof. As a consequence of this issuance, each of BMO Nesbitt Burns Inc., Raymond James Ltd., Scotia Capital Inc. and CIBC World Markets Inc. will receive their respective share of the Underwriters' fee.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the Issuer, and Torys LLP, counsel to the Underwriters, the following summary describes, as of the date hereof, the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder who acquires Common Shares pursuant to this Offering and who, for the purposes of the Tax Act and at all relevant times, beneficially owns Common Shares as capital property, and deals at arm's length with, and is not affiliated with, the Issuer (a "**Holder**"). The Common Shares generally will be considered to be capital property to a Holder unless either the Holder holds (or will hold) such Common Shares in the course of carrying on a business of trading and dealing in securities, or the Holder has acquired (or will acquire) such Common Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to: (a) a Holder that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules; (b) a Holder, an interest in which would be a “tax shelter investment” as defined in the Tax Act; (c) a Holder that is a “specified financial institution” as defined in the Tax Act; or (d) a Holder that has elected to report its “Canadian tax results”, as defined in the Tax Act, in a currency other than Canadian currency. Any such Holder to which this summary does not apply should consult its own tax advisor with respect to an investment in Common Shares.

This summary is based upon the provisions of the Tax Act and the Regulations in force on the date hereof and counsel’s understanding of the current administrative and assessing policies and practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act and the Regulations which have been publicly announced by or on behalf of the Minister prior to the date hereof (the “**Tax Proposals**”). No assurance can be given that the Tax Proposals will be enacted as currently proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account, or anticipate any changes in law, whether by legislative, regulatory or judicial action or decision, nor does it address any provincial, territorial or foreign income tax considerations.

This summary is of a general nature only and should not be construed to be, nor is it intended to be, legal or tax advice or representations to any particular Holder. Accordingly, Holders should consult their own tax advisors for advice with respect to the income tax consequences to them having regard to their particular circumstances.

Residents of Canada

The following discussion applies to Holders who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, are residents of Canada (“**Resident Holders**”). Certain Resident Holders whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, be entitled to have such Common Shares and every other “Canadian security” (as defined in the Tax Act) owned by such Resident Holders in the taxation year of the election and all subsequent taxation years deemed to be capital property by making an irrevocable election pursuant to subsection 39(4) of the Tax Act. Resident Holders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable having regard to their particular circumstances.

Dividends on Common Shares

Dividends received or deemed to be received on the Common Shares by a Resident Holder who is an individual will be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividend designated as an “eligible dividend” in accordance with the provisions of the Tax Act. There may be limitations on the Issuer’s ability to designate all dividends on the Common Shares as “eligible dividends”.

Dividends received or deemed to be received on Common Shares by a Resident Holder that is a corporation will be included in computing the corporation’s income and generally will also be deductible in computing its taxable income. A Resident Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, may be liable under Part IV of the Tax Act to pay a refundable tax at a rate of 33 1/3% on dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing the Resident Holder’s taxable income.

Dispositions of Common Shares

A disposition, or a deemed disposition, of a Common Share (other than to the Issuer, unless purchased by the Issuer in the open market in the manner in which shares are normally purchased by any member of the public in the open market) by a Resident Holder will generally give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share to the Resident Holder. For this purpose, the adjusted cost base to a Resident Holder of Common Shares will be determined at any time by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at that time. Such capital gain (or capital loss) will be subject to the treatment described below under “Taxation of Capital Gains and Capital Losses”.

Refundable Tax

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax at a rate of 6 ⅔% on certain investment income, including taxable capital gains (as defined below), but excluding dividends or deemed dividends deductible in computing taxable income.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a taxable capital gain) realized by a Resident Holder for a taxation year must be included in the Resident Holder’s income in the year. A Resident Holder is required to deduct one-half of any capital loss (an “allowable capital loss”) realized in the year from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains for that year may be carried back and deducted in any of the three preceding taxation years, or in any subsequent year, from net taxable capital gains realized in such years (but not against other income) to the extent and under the circumstances described in the Tax Act.

If the Resident Holder is a corporation, any such capital loss realized on the disposition of a Common Share may in certain circumstances be reduced by the amount of any dividends which have been received or which are deemed to have been received on the Common Share to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly through a partnership or a trust. A Resident Holder to whom these rules may be relevant should consult with their own tax advisor.

Alternative Minimum Tax

Individuals, including certain trusts, are subject to an alternative minimum tax. Generally dividends received or deemed to be received on the Common Shares and capital gains realized on the disposition of Common Shares may increase a Resident Holder’s liability for alternative minimum tax. Resident Holders should consult with their own tax advisors with respect to the potential application of the alternative minimum tax.

Non-Resident Holders

The following discussion applies to Holders who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, are not (and are not deemed to be) resident in Canada and will not use or hold (and will not be deemed to use or hold) the Common Shares in, or in the course of, carrying on a business or part of a business in Canada (“**Non-Resident Holders**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere; such insurers should consult their own tax advisors.

Dividends on Common Shares

Canadian withholding tax at a rate of 25% (subject to reduction under the provisions of any applicable income tax treaty or convention) will be payable on dividends on Common Shares paid or credited, or deemed to be paid or credited, to a Non-Resident Holder. The rate of withholding tax applicable to a dividend paid on Common Shares to a Non-Resident Holder who is a resident of the United States for purposes of the Canada-United States Income Tax Convention (1980) (the “**Convention**”), beneficially owns the dividend and qualifies for full benefits under the Convention generally will be reduced to 15%. Not all persons who are residents of the United States for purposes of the Convention will qualify for full benefits under the Convention. A Non-Resident Holder who is a resident of the United States is advised to consult its tax advisor in this regard. The rate of withholding tax on dividends may also be reduced under certain other bilateral income tax treaties or conventions to which Canada is a signatory.

Dispositions of Common Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of Common Shares unless the Common Shares constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, the Commons Shares will not be taxable Canadian property to a Non-Resident Holder at a particular time, provided that (1) the Common Shares are listed at that time on a “designated stock exchange” (as defined in the Tax Act and which currently includes the TSX and the NASDAQ); and (2) at no time during the 60-month period that ends at the particular time (a) one or any combination of the Non-Resident Holder and persons with whom the Non-Resident Holder did not deal at arm’s length, held 25% or more of the shares of any class of the share capital of the Issuer; and (b) more than 50% of the fair market value of such shares was derived, directly or indirectly, from one or any combination of: (i) real or immovable properties situated in Canada; (ii) “Canadian resource properties” (as defined in the Tax Act); (iii) “timber resource properties” (as defined in the Tax Act); or (iv) options in respect of, interests in, or for civil law rights in, any of the foregoing property, whether or not the property exists. Common Shares may also be deemed to constitute taxable Canadian property to a Non-Resident Holder in certain circumstances specified under the Tax Act.

If the Common Shares are considered to be, or are deemed to be, taxable Canadian property to a Non-Resident Holder, the tax consequences of realizing a capital gain on the disposition of such Common Shares as described above under the heading “Residents of Canada- Taxation of Capital Gains and Capital Losses” generally will apply, subject to the Non-Resident Holder being entitled to relief under the provisions of an applicable income tax treaty or convention. **Non-Resident Holders whose Common Shares are taxable Canadian property should consult with their own tax advisors for advice having regard to their particular circumstances.**

CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain material United States federal income tax considerations, under current US law, generally applicable to a US Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of Common Shares acquired pursuant to this Offering. This summary does not address all potentially relevant US federal income tax matters and it does not address consequences to persons subject to special provisions of US federal income tax law, such as those described below as excluded from the definition of a US Holder. United States alternative minimum tax considerations are not addressed in this summary. In addition, this summary does not cover any state, local or foreign tax consequences, nor any US federal gift, estate or generation-skipping transfer tax consequences.

The following summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations, published Internal Revenue Service (the “IRS”) rulings, published administrative positions of the IRS, and court decisions that are currently applicable, any of which could be materially and adversely changed, possibly on a retroactive basis, at any time (including, without limitation, United States rates of taxation). This summary does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. Prospective purchasers of Common Shares should note that no rulings have been or will be sought from the IRS, nor will any opinions of counsel be obtained, with respect to any of the US federal income tax matters discussed in this summary. There is no assurance that the IRS will not successfully challenge the conclusions reached herein.

This summary is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of Common Shares and no opinion or representation with respect to the United States federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of Common Shares should consult their own tax advisors about the United States federal (income and non-income), state, local, and foreign tax consequences of purchasing, owning and disposing of Common Shares.

CIRCULAR 230 DISCLOSURE

ANY STATEMENT MADE HEREIN REGARDING ANY US FEDERAL TAX ISSUE IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR PURPOSES OF AVOIDING ANY PENALTIES. ANY SUCH STATEMENT HEREIN IS WRITTEN IN CONNECTION WITH THE MARKETING OR PROMOTION OF THE TRANSACTION TO WHICH THE STATEMENT RELATES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

US Holders

As used herein, a “US Holder” means a holder of Common Shares, who is: a citizen, or an individual resident (as defined under United States tax laws), of the United States; a corporation created or organized in or under the laws of the United States

or of any political subdivision thereof; an estate the income of which is taxable in the United States irrespective of source; or a trust if (a) a court within the United States is able to exercise primary supervision over the trust's administration and one or more United States persons have the authority to control all of its substantial decisions or (b) the trust was in existence on August 20, 1996 and has properly elected to continue to be treated as a United States person.

This summary does not address the US federal income tax considerations applicable to US Holders that are subject to special provisions under the Code, including, but not limited to, the following: (a) US Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) US Holders that are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) US Holders that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) US Holders that have a "functional currency" other than the US dollar; (e) US Holders that own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) US Holders that acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) US Holders that hold Common Shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); or (h) US Holders that own or have owned (directly, indirectly, or by attribution) 10% or more of the total combined voting power of the outstanding shares of the Issuer. This summary also does not address the US federal income tax considerations applicable to US Holders who are: (a) US tax expatriates or former long-term residents of the US; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Tax Act; (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold Common Shares in connection with carrying on a business in Canada; (d) persons whose Common Shares constitute "taxable Canadian property" under the Tax Act; or (e) persons that have a permanent establishment in Canada for the purposes of the Canada-US Tax Convention. US Holders that are subject to special provisions under the Code, including, but not limited to, US Holders described immediately above, should consult their own tax advisor regarding the US federal, US federal alternative minimum, US federal estate and gift, US state and local, and foreign tax consequences relating to the acquisition, ownership and disposition of Common Shares.

If an entity or arrangement that is classified as a partnership (or other "pass-through" entity) for US federal income tax purposes holds Common Shares, the US federal income tax consequences to such entity and the partners (or other owners) of such entity generally will depend on the activities of the entity and the status of such partners (or owners). This summary does not address the tax consequences to any such owner. Partners (or other owners) of entities or arrangements that are classified as partnerships or as "pass-through" entities for US federal income tax purposes should consult their own tax advisors regarding the US federal income tax consequences arising from and relating to the acquisition, ownership, and disposition of Common Shares.

Anti-Deferral Provisions Assumed Not to Apply

The Issuer is not expected to be (and the remainder of this summary assumes, without opining, that the Issuer is not) a controlled foreign corporation ("CFC") or a passive foreign investment company ("PFIC") for US federal income tax purposes. **If the Issuer is or becomes a CFC or PFIC, the tax consequences summarized herein could be materially and adversely different.**

Distributions on Common Shares

The gross amount of any distribution (including non-cash property) paid by the Issuer (including any Canadian taxes withheld therefrom) with respect to Common Shares generally should be included in the gross income of a US Holder as a dividend to the extent such distribution is paid out of current or accumulated earnings and profits of the Issuer, as determined under United States federal income tax principles. To the extent that the amount of any distribution exceeds the Issuer's current and accumulated earnings and profits for a taxable year, the distribution first will be treated as a tax-free return of capital to the extent of the US Holder's adjusted tax basis in the Common Shares and to the extent that such distribution exceeds the Holder's adjusted tax basis in the Common Shares, will be taxed as a capital gain (see "Capital Gains and Losses" below). Dividends received by non-corporate US Holders may be subject to United States federal income tax at lower rates (generally 15%) than other types of ordinary income if received on or before December 31, 2012 if certain conditions are met. These conditions include the Issuer not being classified as a PFIC, the Issuer being within the definition of a "qualified foreign corporation", the US Holder's satisfaction of a holding period requirement, and the US Holder not treating the distribution as "investment income" for purposes of the investment interest deduction rules. In the case of US Holders that are corporations, such dividends generally will not be eligible for the dividends received deduction.

Dispositions of Common Shares

Gain or loss, if any, realized by a US Holder on the sale or other disposition of Common Shares generally will be subject to United States federal income taxation as a capital gain or loss in an amount equal to the difference between the US Holder's adjusted tax basis in the Common Shares and the amount realized on the disposition. (See "Capital Gains and Losses" below).

Capital Gains and Losses

A capital gain or loss may be realized with respect to a disposition of Common Shares, as described above. The amount of the capital gain or loss will be equal to the difference between the US Holder's adjusted tax basis in the Common Shares and the amount realized on the transaction. Net capital gains (i.e. capital gains in excess of capital losses) recognized by a non-corporate US Holder (including an individual) on capital assets that have been held for more than one year will generally be subject to a maximum United States federal income tax rate of 15%, through 2012. Deductions for capital losses are subject to certain limitations.

Foreign Tax Credit

A US Holder who pays (or has withheld from distributions) Canadian income tax with respect to the Common Shares may be entitled to either a deduction or a tax credit for such foreign tax paid or withheld, at the option of the US Holder. Generally, it will be more advantageous to claim a credit because a credit reduces United States federal income tax on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign taxes paid by (or withheld from) the US Holder during that year.

There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the US Holder's United States income tax liability that the US Holder's foreign source income bears to his, her or its worldwide taxable income. This limitation is designed to prevent foreign tax credits from offsetting United States source income. In determining this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process.

In addition, this limitation is calculated separately with respect to specific "baskets" of income. Foreign taxes assigned to a particular class of income generally cannot offset United States tax on income assigned to another class. Unused foreign tax credits can generally be carried back one year and carried forward ten years. **US Holders should consult their own tax advisors concerning the ability to utilize foreign tax credits.**

Currency Fluctuations

For United States federal income tax purposes, the amount received by a US Holder as payment with respect to a distribution on, or disposition of, Common Shares, if paid in Canadian dollars, will generally be the US dollar value of the payment at the date of the payment, regardless of whether the payment is later converted into US dollars. In such case, the US Holder may recognize ordinary income or loss as a result of currency fluctuations between the date on which the payment is made and the date the payment is converted into US dollars.

Information Reporting and Backup Withholding

Payments made within the US or by a US payor or US middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of, Common Shares will generally be subject to information reporting and backup withholding tax, at the rate of 28% (increasing to 31% for payments made after December 31, 2012), if a US Holder (a) fails to furnish such US Holder's correct US taxpayer identification number (generally on Form W-9), (b) is notified by the IRS that such US Holder has previously failed to properly report interest and dividend income, or (c) fails to certify, under penalty of perjury, that such US Holder has furnished its correct US taxpayer identification number that the IRS has not notified such US Holder that it is subject to backup withholding tax, and that such US Holder is a US person. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the US backup withholding tax rules will be allowed as a credit against a US Holder's US federal income tax liability, if any, or will be refunded, if such US Holder furnishes required information to the IRS in a timely manner. **Each US Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.**

In addition, US Holders should be aware that the *Hiring Incentives to Restore Employment (HIRE) Act of 2010*, enacted March 18, 2010 (the “**HIRE Act**”), imposes reporting requirements on certain US persons with respect to the holding of certain specified foreign financial assets, including stock of foreign issuers which is not held in an account, if the aggregate value of all specified foreign financial assets exceed certain minimum values, which vary depending on the US person’s residency and filing status (e.g., a US individual living in the US and not filing a joint tax return would be required to comply with these new reporting requirements if the total value of his or her specified foreign financial assets for the year is either \$50,000 on the last day of the tax year or \$75,000 at any time during the tax year). The reporting requirements are effective for individuals beginning with the 2011 tax year and are met by filing Form 8938. The reporting requirements may also apply to certain US entities for taxable years beginning after December 31, 2011. **US Holders should consult their own tax advisors regarding the requirements of filing information returns under these rules.**

Recent Legislative Developments

For tax years beginning after December 31, 2012, certain US Holders that are individuals, estates or trusts whose income exceeds certain thresholds will be required to pay an additional 3.8% tax on “net investment income”, which includes, among other things, dividends and net gain from the sale or other disposition of property (other than property held in a trade or business). In addition, the Issuer may require US Holders to provide certain tax and reporting information necessary for the Issuer to comply with new reporting obligations enacted under the HIRE Act known as FATCA. If a US Holder does not provide such information, the US Holder will generally be subject to US withholding tax on certain payments made by the Issuer after January 1, 2014 in accordance with this new legislation. **US Holders are urged to consult with their own tax advisors regarding the effect, if any, of these legislative developments on their ownership and disposition of the Common Shares.**

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Goodmans LLP, with respect to Canadian legal matters and by Thompson Coburn LLP and Hodgson Russ LLP, with respect to US legal matters, on behalf of the Issuer, and by Torys LLP, with respect to Canadian and US legal matters, on behalf of the Underwriters. No person or company whose profession or business gives authority to a statement made by such person or company and who is named in this short form prospectus or in a document that is specifically incorporated by reference into this short form prospectus as having prepared or certified a part of this short form prospectus has received or shall receive a direct or indirect interest in the property of the Issuer or of any associate or affiliate of the Issuer. As at the date hereof, the partners and associates of each of the foregoing firms beneficially own, directly or indirectly, less than one percent of the securities of the Issuer and its associates and affiliates. In addition, none of the aforementioned persons or companies, nor any director, partner, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a trustee, officer or employee of the Issuer or of any associates or affiliates of the Issuer.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Issuer are Ernst & Young LLP, Certified Public Accountants, MetroPark, 99 Wood Avenue South, P.O. Box 751, Iselin, New Jersey 08830-0471.

The transfer agent and registrar for the Common Shares is Computershare Investors Services Inc. at its principal office in Toronto, Ontario.

RISK FACTORS

An investment in the Common Shares involves a high degree of risk. An investment in the Common Shares should be considered speculative due to various factors. An investment in the Common Shares should only be made by persons who can afford the total loss of their investment. Prospective investors should consider carefully all of the information set out in this short form prospectus and in the documents incorporated by reference and the risks attaching to an investment in the Issuer, including, in particular, the specific factors set out under “Risk Factors” at pages 40 to 52 of the AIF, before making any investment decision. All statements regarding the Issuer’s business should be viewed in light of these risk factors. Investors should consider carefully whether investment in the Common Shares is suitable for them in the light of the information in this short form prospectus and in the documents incorporated by reference and their personal circumstances. Such information does not purport to be an exhaustive list. If any of the identified risks were to materialize, the Issuer’s business, financial position, results and/or future operations may be materially adversely affected. Additional risks and uncertainties not presently known to the Issuer, or which the Issuer currently deems immaterial, may also have an adverse effect upon the Issuer. There

can be no certainty that the Issuer will be able to implement successfully the strategy set out in this short form prospectus and in the documents incorporated by reference. No representation is or can be made as to the future performance of the Issuer and there can be no assurance that the Issuer will achieve its objectives. Investors should consult their own professional advisors to assess the tax, legal and other aspects of an investment in Common Shares.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been filed with the SEC as part of the registration statement of which this short form prospectus forms a part: (i) the documents listed in the second paragraph under “Documents Incorporated by Reference”; (ii) the consent of Ernst & Young LLP, Independent Registered Chartered Accountants; (iii) the consent of Plante & Moran, PLLC with respect to the financial statements contained in the BAR; (iv) the consent of Goodmans LLP; (v) the consent of Torys LLP; (vi) the reconciliation of the Company’s audited consolidated financial statements to US GAAP for the twelve-month period ended June 30, 2011; and (vii) powers of attorney from directors and officers of the Issuer.

STATUTORY AND CONTRACTUAL RIGHTS OF RESCISSION AND STATUTORY RIGHTS OF WITHDRAWAL

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right generally may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some provinces and territories, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

ENFORCEMENT OF CERTAIN CIVIL LIABILITIES

The Issuer is incorporated under the laws of Canada and its principal place of business is in Canada. Most of the Company’s directors, and some of the experts named in this Prospectus, are residents of Canada, and all or a substantial portion of their assets and the Issuer’s assets, and a portion of the Company’s assets, are located outside the United States. The Company has appointed an agent for service of process in the United States but it may be difficult for holders of Common Stock who reside in the United States to effect service within the United States upon the Issuer or those directors, officers and experts who are not residents of the United States. Investors should not assume that a Canadian court would enforce a judgement of a United States court obtained in an action against the Company or such other persons predicated on the civil liability provisions of the United States federal securities laws or the securities or “blue sky” laws of any state within the United States or would enforce, in original actions, liabilities against the Company or such persons predicated on the United States federal securities laws or any such state securities or “blue sky” laws.

The Company filed with the SEC, concurrently with its registration statement on Form F-10, an appointment of agent for service of process on Form F-X. Under the Form F-X, the Company appointed Patrick J. Walker (the Chief Financial Officer of the Company) as its agent for service of process in the United States in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving the Company in a United States court arising out of or relating to or concerning an offering of securities under this Prospectus.

AUDITORS' CONSENT

We have read the short form prospectus of Student Transportation Inc. dated ●, 2012 relating to the issue and sale of common shares. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above mentioned prospectus of our report dated September 22, 2011 to the shareholders of Student Transportation Inc. on the consolidated balance sheets of Student Transportation Inc. as at June 30, 2011 and June 30, 2010 and the consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for each of the years in the two-year period ended June 30, 2011.

MetroPark, New Jersey
●, 2012

Ernst & Young LLP
Certified Public Accountants

We have read the short form prospectus of Student Transportation Inc. dated ●, 2012 relating to the issue and sale of common shares. We have complied with auditing standards generally accepted in the United States of America for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above mentioned prospectus of our report dated January 27, 2012 to the stockholder, Dairyland Group, on the combined balance sheet of Dairyland Buses, Inc., Dairyland-Hamilton, Inc., Lakeland Area Bus Service, Inc., and Lakeside Buses of Wisconsin, Inc. as at April 30, 2011 and the related combined statements of operations, stockholder's deficit, and cash flows for the year then ended.

Chicago, Illinois
●, 2012

Plante & Moran, PLLC
Certified Public Accountants

CERTIFICATE OF THE ISSUER

Dated: February 28, 2012

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

STUDENT TRANSPORTATION INC.

By: (Signed) DENIS J. GALLAGHER
Chief Executive Officer

By: (Signed) PATRICK J. WALKER
Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) DAVID SCOPELLITI
Director

By: (Signed) GEORGE J. ROSSI
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: February 28, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BMO NESBITT BURNS INC.

By: (Signed) GLENN GATCLIFFE

RAYMOND JAMES LTD.

By: (Signed) JEREMY RAKUSIN

NATIONAL BANK FINANCIAL INC.

By: (Signed) MITCHELL GILBERT

SCOTIA CAPITAL INC.

By: (Signed) CHRIS BLACKWELL

STIFEL NICOLAUS CANADA, INC.

By: (Signed) AMY FREEDMAN

CIBC WORLD MARKETS INC.

By: (Signed) MICHAEL COCHRANE