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**Student Transportation Inc.
Closes C\$85 Million Offering of Debentures**

BARRIE, Ontario (August 16, 2016) - Student Transportation Inc. (TSX:STB) (Nasdaq:STB) (“STI” or the “Company”) announced today that it has closed its offering of 5.25% convertible unsecured subordinated debentures due September 30, 2021 (the “Debentures”) at a price of \$1,000 per debenture for total gross proceeds of C\$85 million.

The offering of Debentures was completed on a bought deal basis and was underwritten by a syndicate of underwriters led by National Bank Financial Inc., BMO Nesbitt Burns Inc. and Scotia Capital Inc., and including Raymond James Ltd. and TD Securities Inc.

As previously announced, the Company intends to use the net proceeds from the offering to initially repay indebtedness under the Company’s credit facilities and for general corporate purposes. The majority of the proceeds of the offering will ultimately be used to fund the redemption of the Company’s 6.25% US convertible subordinated debentures maturing on June 30, 2018. The two transactions, once completed, will have minimal impact on the Company’s total net debt.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Profile

Founded in 1997, Student Transportation Inc. (STI) is North America's largest independent and most trusted provider of school bus transportation solutions, operating more than 13,500 vehicles. STI’s family of local companies delivers safe, reliable and cost-effective transportation, management, logistics and technology solutions to a wide range of customers throughout the U.S. and Canada. Services are delivered by drivers, dispatchers, maintenance technicians, terminal managers, information technology professionals and others, who are caring members of their local communities. For more information, please visit www.RideSTBus.com.

Forward-Looking Statements

Certain statements contained herein constitute "forward-looking statements", including statements pertaining to closing of the Offering and the anticipated timing thereof and the anticipated use of proceeds of the Offering. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, the failure or delay in satisfying any of the conditions to the completion of the Offering. In addition, there may be circumstances that are not known to the Company at this time where the use of the net proceeds of the Offering for purposes other than those currently intended is advisable or in the best interests of the Company. Additional information on these and other factors that could affect Student Transportations' operations, financial results or dividend payments are included in Student Transportations' annual information form and other reports on file with Canadian securities regulatory authorities which can be accessed through the SEDAR website at www.sedar.com, the SEC's EDGAR website at www.sec.gov, or through the Company's website at www.ridestbus.com. STI assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason, other than as required by applicable securities laws. In the event STI does update any forward-looking statement, no inference should be made that it will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

CONTACT INFORMATION:

Student Transportation Inc.

Doug Coupe

Director of Communications & Investor Relations

(843) 884-2720

Email: dcoupe@ridesSTA.com