

Third Quarter Highlights

- Sales of \$181.8 million, up from \$161.3 million in Q3 2010
- Operating income of \$25.6 million, or 14.1% of sales, versus \$19.7 million, or 12.4% of sales, in Q3 2010
- 33.2% increase in net income to \$16.6 million
- Diluted EPS of \$1.03 per share, up from \$0.78 last year

A Word from the President

Stella-Jones continues to benefit from robust investment in the North American rail and electrical utility infrastructure, which led to another strong financial performance in the third quarter. A greater geographical reach and a more extensive breadth of products and services have further enhanced Stella-Jones' market position and driven sales growth. More importantly, additional efficiencies from increased throughput provided additional thrust to operating profitability.

Sales reached \$181.8 million, an increase of \$20.5 million, or 12.7% over last year's third-quarter sales of \$161.3 million. The conversion effect from fluctuations in the value of the Canadian dollar, Stella-Jones' reporting currency, versus the U.S. dollar, decreased the value of U.S. dollar denominated sales by about \$10.2 million when compared with the previous year. Excluding this conversion effect, sales increased approximately 19.0%, as demand remained robust for the Company's core railway tie and utility pole product categories.

Operating income was \$25.6 million or 14.1% of sales, compared with \$19.7 million or 12.4% of sales last year. The increase as a percentage of sales mainly stems from a product mix more heavily weighted towards utility poles and greater efficiencies throughout our plant network. Net income for the period reached \$16.6 million or \$1.03 per share, fully diluted, up 33.2% from \$12.4 million or \$0.78 per share, fully diluted, in 2010.

Brian McManus
President and CEO
November 11, 2011

Financial Highlights

(in millions of Canadian dollars, except per share data)	3 months ended Sept. 30 (unaudited)		9 months ended Sept. 30 (unaudited)	
	2011	2010	2011	2010
Sales	181.8	161.3	492.6	428.0
Operating income	25.6	19.7	67.6	41.5
Net income for the period	16.6	12.4	42.3	23.8
Per share – basic (\$)	1.04	0.78	2.66	1.60
Per share – diluted (\$)	1.03	0.78	2.65	1.60
Cash flow from operations*	27.8	23.5	74.9	54.9
Weighted-average shares out. (basic, in '000s)	15,950	15,901	15,943	14,840

* Before changes in non-cash working capital components and interest and income tax paid.

Recent Event

On October 11, 2011, the Company announced that it had signed a non-binding letter of intent to acquire Thompson Industries, Inc. ("Thompson"), a provider of treated wood products to the railroad industry. The letter of intent contemplates a total purchase price of approximately US\$41.0 million. The transaction, if finalized, is expected to close by December 2011 and is subject to customary closing conditions, including entry into a definitive purchase agreement and satisfactory due diligence. Stella-Jones plans to finance the acquisition through existing credit facilities. Founded in 1981, Thompson produces treated wood products, mainly railway ties and timbers, at a facility located in Russellville, Arkansas. Thompson's sales for its fiscal year ended September 30, 2011 are expected to reach approximately US\$49.0 million.

5-Year Financial Review

(in millions of Canadian dollars, except per share data)	Trail. 12 months ¹	2010 ¹	2009 ²	2008 ²	2007 ²
Sales	625.7	561.0	411.1	384.8	269.7
Operating Income	86.8	60.7	50.3	50.0	44.1
Operating Margin	13.9%	10.8%	12.2%	13.0%	16.3%
Net Income for the Period	53.0	34.4	30.1	28.5	25.7
Per Common Share – Diluted	3.31	2.26	2.37	2.25	2.03

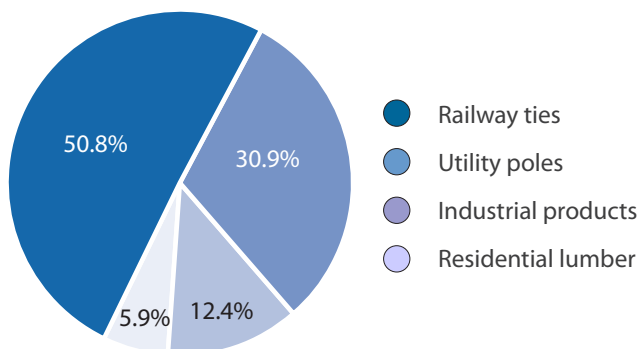
¹ According to International Financial Reporting Standards (IFRS)

² According to previous Canadian generally accepted accounting principles (GAAP)

Outlook

Despite recent volatility in the macro-economic environment, the Company expects demand for its core products to remain solid in the fourth quarter of 2011. In the short-term, Management's priority is to complete the due diligence and, if satisfactory, proceed with the closing of the proposed acquisition of Thompson. If successful, this network expansion would further enhance Stella-Jones' product and service offering to the North American railroad industry. As fundamentals remain solid in its core product categories, the Company will proactively assess prospective business opportunities to maintain its market momentum.

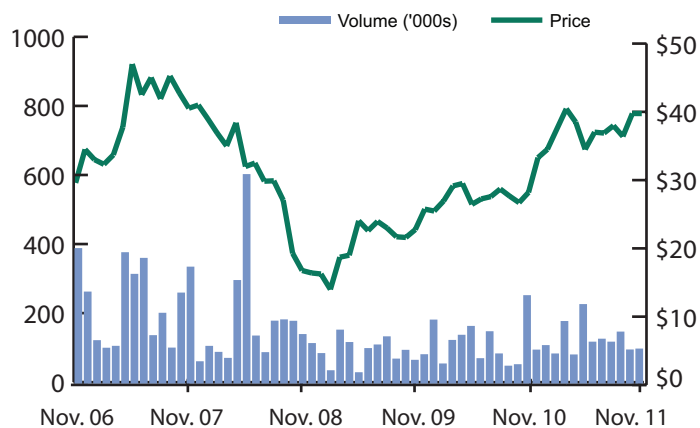
Product Categories (in % of Q3 sales)



Profile

Stella-Jones Inc. (TSX: SJ) is a leading producer and marketer of pressure treated wood products. The Company supplies North America's railroad operators with railway ties, timbers and recycling services; and the continent's electrical utilities and telecommunications companies with utility poles. Stella-Jones also provides industrial products and services for construction and marine applications, as well as residential lumber to retailers and wholesalers for outdoor applications. The Company's common shares are listed on the Toronto Stock Exchange.

Stock Performance



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RBC Capital Markets
Laurentian Bank Securities

STOCK INFORMATION

Toronto Stock Exchange Symbol: SJ
Price as of November 10, 2011: \$39.75
High/Low: \$42.74 - \$25.23
(52 weeks ended November 10, 2011)
Number of Shares Outstanding:
(November 10, 2011): 15,953,043