Source: **Stella-Jones Inc.**

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STELLA-JONES REPORTS FOURTH QUARTER AND YEAR-END RESULTS
Ninth consecutive year of record sales and net earnings

- **Sales of $411.1 million, up 6.8% from $384.8 million last year**
- **Net earnings of $30.1 million compared with $28.5 million last year, up 5.3%**
- **Diluted EPS of $2.37, up from $2.25 in 2008**
- **Total debt down $44.1 million compared to last year**

MONTREAL, QUEBEC – March 12, 2010 - Stella-Jones Inc. (TSX: SJ) today announced financial results for its fourth quarter and fiscal year ended December 31, 2009.

Financial highlights	**Quarters ended Dec. 31,**		**Years ended Dec. 31,**	
(in thousands of dollars, except per share data)	**2009**	**2008**	**2009**	**2008**
Sales	**65,390**	83,731	**411,119**	384,822
Gross profit	**10,614**	18,355	**76,669**	78,398
Cash flow from operations [1]	**6,698**	12,070	**40,936**	41,055
Net earnings for the period	**3,041**	6,327	**30,069**	28,547
Per share - basic ($)	**0.24**	0.50	**2.38**	2.29
Per share - diluted ($)	**0.24**	0.50	**2.37**	2.25
Weighted average shares outstanding (basic, in '000s)	**12,682**	12,562	**12,638**	12,483

[1] Before changes in non-cash working capital components.

2009 RESULTS

Sales reached $411.1 million, an increase of $26.3 million, or 6.8% from last year's sales of $384.8 million. This increase reflects a full-year's contribution, in 2009, from The Burke-Parsons-Bowlby Corporation ("BPB"), compared with nine months in 2008. This represented additional sales of $37.3 million. Organically, sales decreased approximately 7.0%, reflecting weaker demand and softer pricing for the Company's core products, mainly in the second half of 2009. When compared with the previous year, fluctuations in the value of the Canadian dollar, Stella-Jones' reporting currency, versus the U.S. dollar, increased the value of U.S. dollar denominated sales by about $17.7 million.

Railway tie sales amounted to $185.1 million, up 2.2% over last year, as a result of a full year from the BPB operations, offset by weaker industry demand in North America and softer pricing as 2009 progressed. Utility pole sales amounted to $149.7 million, an increase of 8.6% over 2008, due to higher sales of transmission poles in the U.S. and greater market penetration. Industrial lumber sales rose 35.5% to $44.8 million due to solid demand for marine applications in Eastern Canada and a full-year's contribution from the BPB operations, while sales of consumer lumber marginally declined 3.7% to $31.5 million.

Gross profit was $76.7 million or 18.6% of sales, compared with $78.4 million or 20.4% of sales last year. The decrease in gross profit, both in dollars and as a percentage of sales, essentially reflects softer pricing in most product categories resulting from lower demand. This was partly offset by greater efficiencies from the BPB integration.

Net earnings for 2009 increased 5.3% to $30.1 million or $2.37 per share, fully diluted, compared with $28.5 million or $2.25 per share, fully diluted, in 2008. Cash flow from operating activities before changes in non-cash working capital components remained essentially stable at $40.9 million.

Stella-Jones' balance sheet strengthened as 2009 progressed. As at December 31, 2009, the Company's long-term debt, including the current portion, amounted to $87.1 million, representing a ratio of total long-term debt to shareholders' equity of 0.48:1, down from 0.53:1 three months earlier and 0.66:1 at the end of 2008. In addition, a strong cash flow generation and better working capital resulted in a $25.4 million decrease in short-term bank indebtedness, which stood at $56.1 million at the end of 2009.

"Stella-Jones achieved its ninth consecutive year of sales and net earnings growth despite challenges resulting from economic conditions," said Brian McManus, President and Chief Executive Officer of Stella-Jones. "This performance speaks highly about the quality of our people and our operating assets. Enhanced efficiencies across our continental plant network helped to maintain margins at satisfactory levels, while our solid cash flow generation and better working capital enabled us to substantially reduce our short- and long-term debt."

FOURTH-QUARTER RESULTS

Sales totalled $65.4 million in the fourth quarter of 2009 compared with $83.7 million for the corresponding period in 2008. This decrease is mainly attributable to weak industry demand and soft pricing in most product categories. The stronger year-over-year value of the Canadian dollar, Stella-Jones' reporting currency, decreased the value of U.S. dollar denominated sales by approximately $2.8 million. A fire at the New Westminster, British Columbia facility on November 6, 2009 had no impact on sales. Although local operations were suspended for 12 days, no customer shipments were lost, as the Company's inventory was sufficient and wood treating operations were carried out at the Company's other regional facilities.

Railway tie sales were $22.1 million, down from $34.9 million a year earlier, reflecting lower advanced deliveries to Class 1 railway operators for their regular 2010 maintenance programs, as purchases were deferred to keep tie inventory levels down. Utility pole sales reached $31.1 million, compared with $35.4 million last year mainly due to competitive pricing. Industrial lumber sales amounted to $10.1 million, stable in comparison with $10.2 million a year earlier, as stronger sales in Eastern Canada were offset by lower sales in Western Canada and the United States. Finally, consumer lumber sales reached $2.1 million, versus $3.2 million last year.

Gross profit in the fourth quarter of 2009 totalled $10.6 million, or 16.2% of sales, compared with $18.4 million, or 21.9% of sales, a year earlier. Net earnings reached $3.0 million, or $0.24 per share, fully diluted, versus net earnings of $6.3 million, or $0.50 per share, fully diluted, last year. Cash flow from operating activities before changes in non-cash working capital components was $6.7 million, down from $12.1 million a year earlier.

"The decrease in gross profit, both in dollars and as a percentage of sales, principally reflects softer pricing in most markets, a less favourable product mix, and lower volume that negatively affected the absorption of fixed costs in this period customarily characterized by lower seasonal demand," said George Labelle, Senior Vice-President and Chief Financial Officer.

SEMI-ANNUAL DIVIDEND OF $0.18 PER SHARE

The Board of Directors declared a semi-annual dividend of $0.18 per share on the outstanding common shares of Stella-Jones, payable on May 14, 2010 to shareholders of record at the close of business on April 2, 2010.

OUTLOOK

Stella-Jones anticipates sustained demand in 2010, and gradual recovery in the Company's core markets. In the railway tie category, demand declines and pricing pressures appear to have bottomed out, while demand is holding in the utility pole market although pricing pressures continue to be experienced. Government stimulus measures may drive greater demand for the Company's products, which are integral to infrastructure in the railway and electrical transmission and distribution industries.

"We regard the synergies to be obtained from a successful integration of the proposed Tangent Rail Corporation ("Tangent") acquisition as a key driver of improved profitability going forward. At the same time, to achieve organic growth, we will be seeking new market opportunities as we realize the full potential of past acquisitions. In the year ahead, we will also stay focused on operating efficiencies, cash generation, and preserving the strength of our balance sheet. Accordingly, we are confident that 2010 will mark another significant milestone in our continental growth should the proposed Tangent acquisition close as anticipated," concluded Mr. McManus.

CONFERENCE CALL
Stella-Jones will hold a conference call to discuss these results on Friday, March 12, 2010, at 10:00 AM Eastern Time. Interested parties can join the call by dialling 647-427-7450 (Toronto or overseas) or 1-888-231-8191 (elsewhere in North America). Parties unable to call in at this time may access a tape recording of the meeting by calling 1-800-642-1687 and entering the passcode 58013948. This tape recording will be available on Friday, March 12, 2010 as of 12:00 PM Eastern Time until 11:59 PM Eastern Time on Friday, March 19, 2010.

NON-GAAP MEASURE
Cash flow from operations is a financial measure not prescribed by Canadian generally accepted accounting principles ("GAAP") and is not likely to be comparable to similar measures presented by other issuers. Management considers it to be useful information to assist knowledgeable investors in evaluating the cash generating capabilities of the Company.

ABOUT STELLA-JONES
Stella-Jones Inc. (TSX: SJ) is a leading North American producer and marketer of industrial pressure treated wood products, specializing in the production of railway ties and timbers as well as wood poles supplied to electrical utilities and telecommunications companies. The Company also provides treated consumer lumber products and customized services to lumber retailers and wholesalers for outdoor applications. Other products include marine and foundation pilings, construction timbers, highway guardrail posts and treated wood for bridges. The Company's common shares are listed on the Toronto Stock Exchange.

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HEAD OFFICE	EXCHANGE LISTINGS	INVESTOR RELATIONS
3100 de la Côte-Vertu Blvd.	The Toronto Stock Exchange	George Labelle
Suite 300	Stock Symbol: SJ	Senior Vice-President and
Saint-Laurent, Québec		Chief Financial Officer
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Fax: (514) 934-5327	Computershare Investor Services Inc.	glabelle@stella-jones.com

NOTICE

The interim unaudited consolidated financial statements of Stella-Jones Inc. for the fourth quarter ended December 31, 2009 have not been reviewed by the Company’s external auditors.

(Signed)

George Labelle
Senior Vice-President and Chief Financial Officer

Montréal, Québec
March 12, 2010

CONSOLIDATED BALANCE SHEETS
(in thousands of dollars)

as at December 31, 2009 and December 31, 2008

	2009 unaudited ($)	2008 ($)
ASSETS		
CURRENT ASSETS		
Accounts receivable	30,160	41,501
Derivative financial instruments (Note 2)	2,196	381
Inventories	212,590	223,199
Prepaid expenses	3,223	5,910
Income taxes receivable	4,726	3,778
Future income taxes	1,683	2,338
	254,578	277,107
CAPITAL ASSETS	96,885	108,763
DERIVATIVE FINANCIAL INSTRUMENTS (Note 2)	---	347
INTANGIBLE ASSETS (Note 3)	7,580	10,773
GOODWILL (Note 3)	5,494	6,367
OTHER ASSETS	4,878	3,343
FUTURE INCOME TAXES	1,380	846
	370,795	407,546
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	56,119	81,560
Accounts payable and accrued liabilities	19,152	28,694
Customer deposits	2,344	2,971
Derivative financial instruments (Note 2)	31	266
Future income taxes	869	118
Current portion of long-term debt	4,746	4,914
Current portion of asset retirement obligations	315	717
Current portion of non-competes payable	920	969
	84,496	120,209
LONG-TERM DEBT	82,334	100,845
FUTURE INCOME TAXES	16,257	16,625
ASSET RETIREMENT OBLIGATIONS	932	577
EMPLOYEE FUTURE BENEFITS	1,716	1,541
DERIVATIVE FINANCIAL INSTRUMENTS (Note 2)	1,400	1,303
NON-COMPETES PAYABLE	3,682	5,334
	190,817	246,434
SHAREHOLDERS' EQUITY		
CAPITAL STOCK	52,019	49,910
CONTRIBUTED SURPLUS	777	1,905
RETAINED EARNINGS	130,580	105,055
ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME	(3,398)	4,242
	179,978	161,112
	370,795	407,546

See accompanying Notes

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of dollars, except where specified otherwise)
(unaudited)

	three months ended Dec. 31,		twelve months ended Dec. 31,	
	2009	**2008**	**2009**	**2008**
	(#)	**(#)**	**(#)**	**(#)**
SHARE CAPITAL				
(in thousands of shares)				
Shares outstanding – beginning of period	12,681	12,561	12,565	12,341
Stock option plan	---	---	4	14
Stock option agreement	---	---	100	200
Share purchase plan	3	4	15	10
Shares outstanding – end of period	12,684	12,565	12,684	12,565
	($)	**($)**	**($)**	**($)**
Shares outstanding – beginning of period	51,918	49,849	49,910	46,023
Stock option plan	---	---	80	286
Stock option agreement	---	---	1,692	3,384
Share purchase plan	101	61	337	217
Shares outstanding – end of period	52,019	49,910	52,019	49,910
CONTRIBUTED SURPLUS				
Balance - beginning of period	697	1,829	1,905	4,045
Stock-based compensation	80	76	292	741
Exercise of stock options	---	---	(1,420)	(2,881)
Balance – end of period	777	1,905	777	1,905
RETAINED EARNINGS				
Balance - beginning of period	127,539	98,728	105,055	80,745
Net earnings for the period	3,041	6,327	30,069	28,547
Dividends on common shares	---	---	(4,544)	(4,237)
Balance – end of period	130,580	105,055	130,580	105,055
ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME				
Balance - beginning of period	(2,674)	(694)	4,242	(3,056)
Other comprehensive (loss) income	(724)	4,936	(7,640)	7,298
Balance – end of period	(3,398)	4,242	(3,398)	4,242
SHAREHOLDERS' EQUITY	179,978	161,112	179,978	161,112

See accompanying Notes

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of dollars, except per share data) *(unaudited)*	three months ended Dec. 31, 2009 ($)	2008 ($)	twelve months ended Dec. 31, 2009 ($)	2008 ($)
SALES	65,390	83,731	411,119	384,822
EXPENSES				
Cost of sales	54,776	65,376	334,450	306,424
Selling and administrative	3,257	5,379	20,444	20,346
Foreign exchange gain	(581)	(504)	(1,435)	(277)
Loss (gain) on derivative financial instruments	254	---	(2,196)	---
Amortization of capital and intangible assets	1,747	2,858	8,755	8,365
Asset impairment	833	---	833	---
	60,286	73,109	360,851	334,858
OPERATING EARNINGS	5,104	10,622	50,268	49,964
INTEREST ON LONG-TERM DEBT	1,244	2,546	6,451	6,262
OTHER INTEREST	606	651	2,025	2,472
EARNINGS BEFORE INCOME TAXES	3,254	7,425	41,792	41,230
PROVISION FOR INCOME TAXES	213	1,098	11,723	12,683
NET EARNINGS FOR THE PERIOD	3,041	6,327	30,069	28,547
NET EARNINGS PER COMMON SHARE (Note 4)	0.24	0.50	2.38	2.29
DILUTED NET EARNINGS PER COMMON SHARE (Note 4)	0.24	0.50	2.37	2.25

See accompanying Notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of dollars) *(unaudited)*	three months ended Dec. 31, 2009 ($)	2008 ($)	twelve months ended Dec. 31, 2009 ($)	2008 ($)
NET EARNINGS FOR THE PERIOD	3,041	6,327	30,069	28,547
Other comprehensive income (loss) :				
Net change in unrealized gains on translation of financial statements of self-sustaining foreign operation	(1,532)	11,136	(13,078)	15,003
Net change in unrealized losses on translation of long-term debt designated as a hedge of net investment in self-sustaining foreign operation	690	(5,724)	5,845	(6,482)
Change in gains (losses) on fair value of derivatives designated as cash flow hedges	170	(642)	(272)	(1,142)
Reclassification to net earnings of gains on cash flow hedges (Note 2)	---	(47)	(319)	(630)
Income tax (expense) recovery on change in fair value of cash flow hedges and cash flow hedges reclassed to net earnings (Note 2)	(52)	213	184	549
	(724)	4,936	(7,640)	7,298
COMPREHENSIVE INCOME	2,317	11,263	22,429	35,845

See accompanying Notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars) *(unaudited)*	**three months ended Dec. 31, 2009 ($)**	**three months ended Dec. 31, 2008 ($)**	**twelve months ended Dec. 31, 2009 ($)**	**twelve months ended Dec. 31, 2008 ($)**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net earnings for the period	3,041	6,327	30,069	28,547
Adjustments for				
Amortization of capital assets	1,268	2,648	6,872	7,052
Amortization of intangible assets	479	520	1,883	1,313
Amortization of deferred financing costs	14	22	68	57
Change in fair value of debt	101	438	850	773
Loss (gain) on disposal of capital assets	32	(3)	151	(19)
Employee future benefits	(530)	47	(156)	243
Stock-based compensation	80	77	292	741
Loss (gain) on derivative financial instruments	254	---	(2,196)	388
Asset impairment	833	---	833	---
Future income tax	800	1,712	1,880	1,712
Other	326	282	390	248
	6,698	12,070	40,936	41,055
CHANGES IN NON-CASH WORKING CAPITAL COMPONENTS				
Accounts receivable	22,802	20,142	9,652	4,135
Inventories	(3,074)	(31,495)	(1,819)	(36,996)
Prepaid expenses	1,236	(3,008)	2,335	(3,809)
Income taxes	(1,576)	(1,398)	(1,558)	(2,473)
Accounts payable and accrued liabilities	(14,949)	(3,547)	(8,777)	(7,757)
Customer deposits	1,024	2,473	(241)	2,473
Asset retirement obligations	202	64	(47)	76
	5,665	(16,769)	(455)	(44,351)
	12,363	(4,699)	40,481	(3,296)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES				
(Decrease) increase in bank indebtedness	(3,777)	12,469	(21,775)	20,560
Increase in long-term debt	---	1,075	---	46,794
Repayment of long-term debt	(5,105)	(1,595)	(9,041)	(10,838)
Proceeds from issuance of common shares	102	60	689	1,006
Non-competes payable	(418)	(318)	(1,549)	(950)
Dividend on common shares	(2,282)	(2,261)	(4,544)	(4,237)
	(11,480)	9,430	(36,220)	52,335
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES				
Decrease (increase) in other assets	22	(329)	57	(337)
Business acquisition	---	---	---	(38,220)
Purchase of capital assets	(926)	(4,157)	(4,811)	(10,392)
Assets held for sale	(47)	(272)	360	(272)
Proceeds from disposal of capital assets	68	27	133	182
	(883)	(4,731)	(4,261)	(49,039)
NET CHANGE IN CASH AND CASH EQUIVALENTS – DURING THE PERIOD	---	---	---	---
CASH AND CASH EQUIVALENTS – BEGINNING AND END OF THE PERIOD	---	---	---	---
SUPPLEMENTAL DISCLOSURE				
Interest paid	1,744	2,091	9,244	6,998
Income taxes paid	50	1,898	9,977	13,759

See accompanying Notes

(tabular information presented in thousands of dollars)
Unaudited

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The interim consolidated financial statements for the twelve months ended December 31, 2009 and 2008, are unaudited and include estimates and adjustments that the Management of Stella-Jones Inc. (the "Company") consider necessary for a fair presentation of the financial position, shareholders' equity, earnings, comprehensive income and cash flows.

The interim consolidated financial statements are reported in Canadian dollars and have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") on a basis consistent with those followed in the annual consolidated financial statements of the Company for the year ended December 31, 2008, except for new accounting policies that were adopted January 1, 2009, as described below. However, they do not include all disclosures required under GAAP for annual financial statements and should be read in conjunction with the Company's latest audited year-end consolidated financial statements and notes.

Certain comparative figures have been reclassified in order to comply with the basis of presentation adopted in the current year.

Principles of consolidation

The unaudited interim consolidated financial statements include the accounts of the Company, its wholly-owned Canadian subsidiaries, Guelph Utility Pole Company Ltd., I.P.B.-W.P.I. International Inc., Stella-Jones Canada Inc., and its wholly-owned U.S. subsidiaries, Stella-Jones U.S. Holding Corporation, Stella-Jones Corporation ("SJ Corp") and Stella-Jones U.S. Finance Corporation. On December 16, 2009, The Burke-Parsons-Bowlby Corporation ("BPB") was merged with SJ Corp and SJ Corp remained as the surviving corporation. The consolidated accounts of Stella-Jones Canada Inc. include the accounts of a 50% interest in Kanaka Creek Pole Company Limited, a joint venture which is accounted for under the proportionate consolidation method of accounting.

Changes in accounting policies

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis using rates based on the estimated useful lives of the assets. During the fourth quarter, Management reviewed and increased the useful life of certain capital assets in order to better reflect their use in time. These changes were applied prospectively from October 1st, 2009. The impact on the amortization expense for the twelve-month period ended December 31, 2009 was as follows:

	Previous useful lives	Revised useful lives	Reduction in amortization expense
Buildings	20 to 40 years	20 to 60 years	81,725
Production equipment	5 to 40 years	5 to 60 years	405,175
Rolling stock	3 to 10 years	3 to 15 years	5,100
Anti-pollution equipment	10 to 20 years	10 to 60 years	81,675
Office equipment	2 to 10 years	2 to 10 years	5,950
			579,625

NOTE 1 – (cont'd.)

The CICA issued the following accounting standard which was adopted by the Company effective January 1, 2009:

Handbook Section 3064, "Goodwill and Intangible Assets" replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Section 1000, "Financial Statement Concepts" was amended according to Section 3064. This new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit oriented companies. The Company has assessed that the impact of this new accounting standard is not significant. Additionally, the required disclosures have been included in Note 3.

Handbook Section 3862, "Financial Instruments – Disclosure" was amended to include additional disclosure and presentation requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure and presentation requirements for publicly accountable enterprises and other entities after September 30, 2009. Adoption of these amended sections has had no material impact on the Company's consolidated financial statements.

On January 20, 2009, the Emerging Issues Committee (EIC) of the Canadian Accounting Standards Board (AcSB) issued EIC Abstract-173, "Credit Risk and Fair Value of Financial Assets and Financial Liabilities", which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC Abstract -173 should be applied retrospectively without restatement of prior years to all financial assets and financial liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The Company has assessed that the impact of EIC Abstract-173 is not significant.

Impact of accounting pronouncements not yet implemented

The CICA issued the following accounting standard which will be adopted by the Company effective January 1, 2010:

Handbook Section 1582, "Business Combinations" replaces Section 1581 of the same title. The new Section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised) standard, "Business Combinations". The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company will apply this new standard effective January 1, 2010 as early adoption is permitted.

Handbook Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", which together replace Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are equivalent to the corresponding provisions of the IAS 27 (Revised) standard, "Consolidated and Separate Financial Statements". The Company will apply these new standards effective January 1, 2010 as early adoption is permitted. The adoption of these new standards will not have a significant impact on the Company's consolidated financial statements.

NOTE 2 – HEDGING TRANSACTION

On January 1, 2009, the Company ceased hedge accounting on its foreign exchange forward contracts. As these contracts were designated as cash flow hedges, their fair value incremental was recorded under "Accumulated Other Comprehensive Income" and will be recognized in earnings over the designated underlying period of foreign exchange forward contracts from March 2009 to December 2010.

(tabular information presented in thousands of dollars)

NOTE 3 – GOODWILL AND INTANGIBLE ASSETS

Goodwill was recorded as part of a purchase price allocation of a previous year business acquisition. Goodwill is not amortized and will be subject to an annual impairment test, or more frequently, if events or changes in circumstances indicate that it might be impaired. The Company conducted its annual goodwill impairment test for 2009 and 2008 and has concluded that no adjustments were required.

Intangible assets are comprised of customer relationships and non-compete agreements which are recorded at cost and amortized on a straight-line basis over their useful lives. The amortization method and estimated useful life are reviewed on an annual basis:

Customer relationships	3 to 10 years
Non-compete agreements	6 years

For the three-month period ended December 31, 2009, the amortization expense for customer relationships and the non-compete agreements was $224,130 and $254,632 respectively. For the twelve-month period ended December 31, 2009, the amortization expense for customer relationships and non-compete agreements was $789,466 and $1,093,490 respectively. As at December 31, 2009, the net book value of these assets was as follows:

	Cost $	Accumulated amortization $	Net book value $
Customer relationships	4,603	1,259	3,344
Non-compete agreements	5,980	1,744	4,236
	10,583	3,003	7,580

NOTE 4 – EARNINGS PER SHARE

The following table provides the reconciliation between net earnings per common share and diluted net earnings per common share for the three-month and twelve-month periods ended December 31:

	three months ended Dec. 31, 2009	2008	twelve months ended Dec. 31, 2009	2008
Net earnings applicable to common shares*	$3,041	$6,327	$30,069	$28,547
Weighted average number of common shares outstanding*	12,682	12,562	12,638	12,483
Effect of dilutive stock options*	25	87	66	212
Weighted average number of diluted common shares outstanding*	12,707	12,649	12,704	12,695
Net earnings per common share	$0.24	$0.50	$2.38	$2.29
Diluted net earnings per common share	$0.24	$0.50	$2.37	$2.25

* *Net earnings are presented in thousands of dollars and share information is presented in thousands.*

(tabular information presented in thousands of dollars)

NOTE 5 – EMPLOYEE FUTURE BENEFITS

The recognized cost for employee future benefits was as follows:

	three months ended Dec. 31, 2009 ($)	three months ended Dec. 31, 2008 ($)	twelve months ended Dec. 31, 2009 ($)	twelve months ended Dec. 31, 2008 ($)
Post retirement benefit program	18	58	207	256
Defined benefit pension plans	(83)	13	102	136
Contributions to multi-employer plans	67	86	294	322
Contributions to group registered retirement savings plans	229	263	1,157	1,145

NOTE 6 – SEASONALITY

The Company's operations follow a seasonal pattern, with pole, tie and industrial lumber shipments strongest in the second and third quarters to provide industrial end users with product for their summer maintenance projects. Consumer lumber sales also follow the same seasonal pattern. Inventory levels of railway ties and utility poles are typically highest in the first quarter in advance of the summer shipping season. The first and fourth quarters usually generate similar sales.

NOTE 7 – SEGMENT INFORMATION

The Company operates within one business segment, the production and sale of pressure treated wood.

NOTE 8 – COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to comply with the basis of presentation adopted in the current year.

NOTE 9 – SUBSEQUENT EVENT

On February 24, 2010 the Company announced that it had entered into an underwriting agreement with a syndicate of underwriters led by RBC Capital Markets, pursuant to which such underwriters have agreed to purchase from treasury, on an underwritten private placement basis, 2,402,000 Subscription Receipts of the Company (the "Subscription Receipts") at a price of $25.00 per Subscription Receipt for aggregate gross proceeds to the Company of $60,050,000 (the "Underwriters' Private Placement").

In addition to the Underwriters' Private Placement, the Company has received firm commitments from Stella Jones International S.A. ("SJ International") and the Solidarity Fund QFL (the "Fund") whereby such shareholders have agreed to purchase Subscription Receipts under the same terms as the Underwriters' Private Placement for gross proceeds of $15,000,000 and $5,000,000, respectively (the "Shareholders' Private Placement").

The closing date of the Underwriters' Private Placement and the Shareholders' Private Placement (collectively, the "Private Placements") is expected to occur on or about March 15, 2010. Completion of the Private Placements is subject to certain conditions, including the receipt of the approval of the Toronto Stock Exchange and all other necessary regulatory approvals.

Net proceeds from the Private Placements will be used by the Company to partially fund the proposed acquisition of Tangent Rail Corporation ("Tangent") (the "Acquisition") for which the Company entered into a non-binding letter of intent on December 14, 2009.

The Subscription Receipts will be exchangeable, without additional payment, into common shares of the Company on a one-for-one basis upon completion of the Acquisition. If the Acquisition is not completed by April 30, 2010 at the latest, then the Subscription Receipts shall be automatically terminated and cancelled and the principal amount subscribed plus accrued interest will be returned to the holders of Subscription Receipts.

An aggregate of 3,202,000 common shares could be issued upon exchange of the Subscription Receipts to be sold under the Private Placements, representing 25.2% of the number of outstanding common shares, on a non-diluted basis.

Tangent serves the railroad industry with treated wood products, mainly railway ties, through facilities located in Warrior, Alabama; Terre Haute and Winslow, Indiana; Alexandria, Louisiana and McAlisterville, Pennsylvania. It also operates two creosote manufacturing facilities in Terre Haute, Indiana and Memphis, Tennessee. Lifecycle solutions, consisting of tie pickup and tie disposal, are carried out at three facilities in Alabama, Minnesota and North Carolina.

The value of the transaction is estimated at US$165.0 million subject to post closing adjustments. The Company plans to finance the acquisition through a combination of equity and debt, subject to prevailing market conditions.

The transaction received antitrust clearance in the United States on February 4, 2010, and remains subject to customary closing conditions, including entry into a definitive purchase agreement and satisfactory due diligence. The non-binding letter of intent signed on December 14, 2009 between the Company and Tangent provides an exclusive right to negotiate and execute a definitive purchase agreement during the period leading up to April 1, 2010 (the “Termination Date”). The parties intend to close the transaction by the Termination Date.