



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of Stella-Jones Inc. (the "Corporation") will be held at Hotel Omni Mont-Royal, 1050 Sherbrooke Street West, Montréal, Québec, Canada, on Thursday, April 29, 2015, at 10:00 a.m. (Montréal time), for the purposes of:

1. receiving the management report and the consolidated financial statements of the Corporation for the financial year ended December 31, 2014, as well as the independent auditor's report thereon;
2. electing directors;
3. appointing auditors and authorizing the directors to fix their remuneration; and
4. transacting such other business as may properly be brought before the meeting.

By Order of the Board,

A handwritten signature in black ink, appearing to read 'ME', is written over a horizontal line.

MARLA EICHENBAUM

Vice-President, General Counsel and Secretary

Montréal, Québec, March 20, 2015

Any shareholder who expects to be unable to attend the meeting in person is urged to complete and sign the enclosed form of proxy and return it in the postage-paid envelope provided for that purpose.

To be valid, proxies must be received at the office of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, no later than April 27, 2015, at 5 o'clock p.m. (Montréal time).

STELLA-JONES INC.
3100 de la Côte-Vertu Blvd., Suite 300,
Saint-Laurent, Québec
H4R 2J8

MANAGEMENT PROXY CIRCULAR

1. SOLICITATION OF PROXIES

This circular is furnished in connection with the solicitation by the management of Stella-Jones Inc. (the "Corporation") of proxies for use at the annual meeting of shareholders of the Corporation (the "Meeting") to be held on Wednesday, April 29, 2015, at the time and place and for the purposes mentioned in the notice of meeting and at any and all adjournments thereof.

Except as otherwise indicated, the information contained herein is given as at March 20, 2015.

The solicitation is made primarily by mail; however, officers and employees of the Corporation may solicit proxies directly, but without additional compensation. The Corporation may also reimburse brokers and other persons who hold common shares in their names, or in the names of nominees, for the costs they incur in forwarding the proxy documents to principals and obtaining their proxies. The cost of the solicitation is borne by the Corporation. This cost is expected to be nominal.

2. APPOINTMENT OF PROXYHOLDERS

The persons named as proxyholders in the accompanying form of proxy are directors or officers of the Corporation. A shareholder has the right to appoint as proxyholder a person other than the persons whose names are printed as proxyholders in the accompanying form of proxy by inserting the name of his/her chosen proxyholder in the blank space provided for that purpose in the form of proxy. In either case, the completed proxy shall be delivered at the office of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, no later than April 27, 2015, at 5 o'clock p.m. (Montréal time). A person acting as proxyholder need not be a shareholder of the Corporation.

3. (i) REVOCATION OF PROXIES

A shareholder giving a proxy may revoke the proxy by depositing an instrument in writing executed by the shareholder or by his/her attorney authorized in writing or, if the shareholder is a corporation, by an instrument in writing executed by an officer or attorney thereof duly authorized, at the Secretary's office of the Corporation, 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec, H4R 2J8, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of such Meeting, on the day of the Meeting or any adjournment thereof; or in any other manner permitted by law.

(ii) NOTICE-AND-ACCESS

The Corporation has elected not to send proxy-related materials to registered holders or beneficial holders using notice-and-access procedures.

(iii) PROXY-RELATED MATERIALS – NON-OBJECTING BENEFICIAL OWNERS

The Corporation is sending proxy-related materials directly to non-objecting beneficial owners under Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer.

(iv) PAYMENT TO DELIVER MATERIALS TO OBJECTING BENEFICIAL OWNERS

The Corporation has agreed to pay for intermediaries to deliver to objecting beneficial owners under Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer, the proxy-related materials and Form 54-101F7 – Request for Voting Instructions Made by Intermediary.

4. VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The shares of the Corporation giving the right to vote at the Meeting are the common shares. Each common share carries the right to one vote. As at March 20, 2015, 68,977,408 common shares were outstanding.

The holders of common shares whose names appear on the list of shareholders prepared at the close of business, Montreal time, on March 18, 2015 (the "Record Date") will be entitled to vote at the Meeting and any adjournment thereof, if present or represented by proxy thereat.

To the knowledge of the directors and officers of the Corporation, Stella Jones International S.A. ("SJ International") is the sole person or company who beneficially owns or exercises control or direction over shares carrying 10% or more of the voting rights attached to the shares of the Corporation. SJ International is controlled by James Jones & Sons Limited ("JJS") and Stella International S.A. ("Stella International"). SJ International holds, directly or indirectly, 26,572,836 common shares representing approximately 38.5% of the common shares outstanding of the Corporation.

5. BUSINESS OF THE MEETING

Presentation of the Audited Consolidated Financial Statements and the Independent Auditor's Report

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2014 and the independent auditor's report thereon are contained in the annual report of the Corporation, copies of which are being mailed to shareholders of the Corporation.

Election of Directors

The articles of the Corporation provide that the Board of Directors shall consist of no fewer than one and no more than ten directors. The directors are elected annually. All directors hold office until the earlier of their resignation or the close of the Corporation's next annual general meeting of shareholders at which directors are elected, unless a director ceases to hold office or his or her office is vacated due to death, removal or other cause. It is proposed by the management of the Corporation that nine directors be elected for the current year.

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying form of proxy will vote for the election of the nominees whose names are hereinafter set forth.

The management of the Corporation does not contemplate that any of the nominees will be unable, or for any reason refuse, to serve as a director but, if that should occur for any reason prior to the election, the persons named in the accompanying form of proxy will have the right to vote for another nominee in their discretion unless the shareholder has specified otherwise.

The following table sets forth the name and place of residence of all the nominees as directors, their offices held with the Corporation, the date upon which they became directors of the Corporation, their present principal occupation(s), as well as the number of common shares of the Corporation beneficially owned by the nominee or subject to his/her control or direction as at March 20, 2015. Statements contained in this table with respect to each nominee are based upon information obtained from the person concerned. Note that the Board of Directors does not have an executive committee.

Name and Place of Residence	Office Held with the Corporation	Director Since	Principal Occupation(s)	Number of Common Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised
TOM A. BRUCE JONES, CBE ⁽¹⁾ Glasgow, Scotland	Chairman of the Board and Director	July 1993	Chairman of the Board, James Jones & Sons Limited (British forest products company)	- ⁽²⁾
GEORGE J. BUNZE, CPA, CMA ⁽³⁾⁽⁴⁾⁽⁵⁾ Québec, Canada	Director	May 2001	Vice-Chairman and Director, Kruger Inc. (manufacturer of paper, tissue, wood products, energy (hydro/wind) and wine and spirits products)	77,500 ⁽⁵⁾
GIANNI CHIARVA ⁽⁴⁾ Milan, Italy	Vice-Chairman of the Board and Director	July 1993	Chairman, SJ International; Chairman, Fabbri Group, Italy (machines and films for food packaging sector)	- ⁽⁶⁾
BRIAN MCMANUS Québec, Canada	President, CEO and Director	June 2001	President and CEO, Stella-Jones Inc.	7,356
NYCOL PAGEAU-GOYETTE ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁷⁾ Québec, Canada	Director	July 1993	President, Pageau Goyette et associés limitée (management services firm); Chairperson, Sorinco Inc. (waste management company)	18,400
SIMON PELLETIER ⁽³⁾ Québec, Canada	Director	May 2012	Senior Vice-President, Global Sales and Marketing, Metso, Service Business Area (manufacturer of mineral processing and construction equipment)	3,000
DANIEL PICOTTE ⁽¹⁾ Québec, Canada	Director	July 1993	Partner, Fasken Martineau DuMoulin LLP (law firm)	20,000
James A. Manzi, Jr. Florida, U.S.A.	-	-	Retired attorney	0
MARY WEBSTER ⁽¹⁾ Minnesota, U.S.A.	Director	May 2007	Corporate Director	8,800

(1) Member of the Environmental, Health and Safety Committee.

(2) Mrs. Stina Bruce Jones, wife of Mr. Tom A. Bruce Jones, owns approximately 71,332 common shares of the Corporation and Mr. Tom A. Bruce Jones owns, directly or indirectly, approximately 32.0% of the voting shares of JJS which holds 49.0% of the shares of SJ International, which in turn, holds 26,572,836 or approximately 38.5% of the common shares of the Corporation. Mr. Tom A. Bruce Jones holds directly, an additional 30,000 common shares of the Corporation.

(3) Member of the Audit Committee.

(4) Member of the Remuneration Committee.

(5) Mrs. Kathleen Bunze, wife of Mr. George J. Bunze, owns an additional 1,000 shares of the Corporation.

(6) Mr. Gianni Chiarva, together with his associates, exercises control or direction, directly or indirectly, over all of the voting shares of Stella International, which holds 51.0% of the shares of SJ International, which in turn, holds 26,572,836 or approximately 38.5% of the common shares of the Corporation. Mr. Gianni Chiarva holds directly, an additional 30,000 common shares of the Corporation.

(7) Lead Director.

Majority Voting Policy

On March 21, 2013, the Board of Directors of the Corporation adopted a policy (“Majority Voting Policy”) whereby in an uncontested election of directors, any nominee for whom the number of votes “withheld” exceeds the number of votes “for” his or her election, must tender his or her resignation to the Board of Directors immediately after the annual meeting of shareholders.

The Majority Voting Policy was amended on March 13, 2014 to require the Board to accept the resignation absent exceptional circumstances. Within 90 days of the annual meeting of shareholders, the Board shall announce by way of news release, whether it has accepted or rejected the director’s resignation and the reasons for its decision, which must be fully stated in the event the Board determines not to accept the resignation. A director who tenders his or her resignation pursuant to the majority voting policy shall not participate in any meetings of the Board of Directors or Committees at which his or her resignation is being deliberated.

The Majority Voting Policy, as amended, further provides that the Corporation shall issue a news release disclosing voting results in a manner that provides the reader with insight into the level of support received by each director.

Appointment of Auditors

At the Meeting, shareholders will be called upon to appoint the auditors to serve until the close of the next annual meeting of the Corporation and to authorize the directors to fix the remuneration of the auditors so appointed.

It is proposed by management of the Corporation that PricewaterhouseCoopers LLP be reappointed as auditors of the Corporation and that the directors of the Corporation be authorized to fix their remuneration. PricewaterhouseCoopers LLP have acted as auditors of the Corporation since May 7, 2008. They also served as the Corporation’s auditors from the time of the Corporation’s incorporation until May 4, 2005.

Except where authority to vote on the election of auditors is withheld, the persons named in the accompanying form of proxy will vote for the appointment of PricewaterhouseCoopers LLP as the Corporation’s auditors.

6. STATEMENT OF EXECUTIVE COMPENSATION

6.1. COMPENSATION DISCUSSION AND ANALYSIS

a) Role of Executive Compensation:

The Corporation's compensation policies are drawn up to recognize and reward individual performance as well as offer a competitive level of compensation. The compensation of the Named Executive Officers (as defined in Section 6.3 hereunder) and of the other senior executives of the Corporation is proposed to the Remuneration Committee by the President and Chief Executive Officer (“CEO”) of the Corporation, and reviewed by the Remuneration Committee which then recommends approval or modification thereof to the Board of Directors. The Board of Directors considers the Committee’s recommendations and finalizes decisions relating to the compensation of Named Executive Officers and senior executives.

The overall compensation awarded to the Corporation's executive officers is designed to attract, motivate and retain those individuals who are key to maximizing the overall performance of the Corporation while enhancing shareholder value. It is designed to reward and encourage teamwork among senior executives and promote the common goal of overall financial and operating performance, both short- and long-term, of the Corporation. The Corporation does not use any specific benchmarking in determining compensation of executive officers.

b) Remuneration Committee:

The Remuneration Committee was formed in March 1994 and meets three times a year and more often, if required. It is the responsibility of the Remuneration Committee to make recommendations to assist the Board of Directors on any matter regarding remuneration, including, without limiting the generality of the foregoing: (i) establishing general compensation policies pertaining to wages, bonuses and any other form of compensation for all employees of the Corporation; (ii) evaluating the performance of the President and CEO and senior executives of the Corporation; (iii) determining the remuneration of the President and CEO, senior executives and directors of the Corporation; (iv) granting stock options and/or restricted stock units ("RSU's") under the Corporation's Long-Term Incentive Plan ("LTIP") in conformity with, among others, the Corporation's Stock Option Plan; (v) recommending to the Board, bonuses to employees of the Corporation; (vi) recommending incentive compensation plans and equity-based plans; and (vii) developing long-range plans and policies for management succession, retention, recruiting, developing and motivating personnel. The Remuneration Committee is also responsible for reviewing the executive compensation disclosure in the Corporation's management proxy circular and any offering document before their public release.

The members of the Remuneration Committee, their experience relevant to their responsibilities in executive compensation and their status as independent or non-independent are provided below:

- Gianni Chiarva (Chairman of the Remuneration Committee) – Non-independent:
 - Vice-Chairman of the Corporation since 1994
 - Chairman of the Corporation's Remuneration Committee since 1994
 - Chairman, SJ International
 - Chairman of Gruppo Fabbri Vignola SpA
 - Member of the Board of Directors of Stella SpA

- George Bunze - Independent:
 - Director and member of the Corporation's Remuneration Committee since 2001
 - Chairman of the Corporation's Audit Committee since 2002
 - Chief Financial Officer of Kruger Inc. ("Kruger") from 1982 to 2003
 - Director of Kruger since 1988 and Vice-Chairman since 1997
 - Member of the Executive Committee of Kruger since 1994
 - Chairman of Krugers' Informal Advisory Committee since 2005
 - Chairman of the Audit Committee as well as member of the Nominating and Governance Committee of Intertape Polymer since 2008
 - Member of FM Global's Advisory Committee of the Board of Directors since 2011

- Nycol Pageau-Goyette - Independent:

- Lead director of the Corporation
- Member of the Corporation's Remuneration Committee since 1994
- Member of the Corporation's Environmental, Health and Safety Committee since 1996
- Member of the Corporation's Audit Committee since 2007
- Founder and President of Pageau-Goyette et associés (management services firm) since 1977
- Co-founder and Chairperson of Sorinco Inc. (waste management firm) since 2001
- Chairperson of the Board of Directors of Maisonneuve-Rosemont Hospital since 2013
- Director and Chairperson of the Audit Committee, Maisonneuve Rosemont Hospital since 2012

Based on the above, the Board is confident that the combined experience and skills of the members of the Remuneration Committee enables the Committee to make appropriate decisions regarding the suitability of compensation policies, programs and practices.

c) External Advisors:

In prior years, the Committee has retained outside advisors, to assist it in carrying out its responsibilities.

During the years ended December 31, 2014 and December 31, 2013, the Corporation did not engage any compensation consultants. Consequently, total compensation advisory fees paid to compensation advisors for the years 2014 and 2013 were as follows:

Type of Fee	2014	2013
Executive Compensation Related Fees	\$0	\$0
All Other Fees	\$0	\$0

d) Components of Overall Executive Compensation

The compensation program for the Named Executive Officers and of the other senior executives essentially consists of the following components: base salary, short-term incentive compensation offering the possibility of earning annual bonuses, long-term incentives comprising stock options (see "Stock Option Plan for Directors, Officers and Employees"), RSU's, retirement savings plans, pension benefits and perquisites.

(i) *Base salary:*

Base salary takes into account sustained performance, the level of responsibility, the complexity of the duties and experience, and correspondingly, positioning the salary within the salary range for that position within the organization.

(ii) *Short-term incentive compensation:*

Comprised of the Corporation's profit sharing plan ("Profit Sharing Plan"), short-term incentive compensation is designed to reward Named Executive Officers (and other salaried employees) when the Corporation's financial performance targets are attained and provide recognition to those individuals whose performance objectives are met or exceeded.

Under the Profit Sharing Plan, the Corporation distributes to employees, a percentage of earnings before interest and taxes ("EBIT") so long as the Corporation attains a positive net income ("Positive Net Income Threshold"), which is calculated at the Corporation's year end and determined according to the Corporation's annual audited consolidated financial statements. The maximum amount which may be available for distribution to employees ("Profit Sharing Pool") is 4.5% of the Corporation's EBIT.

The potential profit sharing amount allocated to each employee ("Potential Profit Sharing Amount") is calculated by multiplying the portion of the Profit Sharing Pool available to the employee's designated group ("Group"), by the employee's base salary, divided by the total salaries for the Group. The Potential Profit Sharing Amount may be increased in the circumstances set out in paragraph (c) below.

The actual award for each employee is calculated as follows:

- a) The first half of the Potential Profit Sharing Amount is allocated on condition that the Positive Net Income Threshold is attained;
- b) The second half of the Potential Profit Sharing Amount, or a portion thereof, is allocated following consultation with each employee's supervisor, and is based on each employee's performance over the course of the preceding year, taking into account each individual's contribution towards the overall execution of the Corporation's business strategy and the goals within each person's defined role. No specific weight is assigned to any quantitative criteria;
- c) In the event that only a portion of the Potential Profit Sharing Amount is allocated to one or more employees of a Group, then such unallocated amount(s) will be added to the Profit Sharing Pool of the Group, which may result in an increase to the Potential Profit Sharing Amount for the remaining Group's employees.

The annual bonus of the Corporation's CEO, which falls outside of the Profit Sharing Plan, is based on the attainment of objectives mutually agreed upon by Mr. McManus and the Corporation's Board of Directors. These objectives include the attainment of the overall financial results forecast in the Corporation's annual budget, as presented to and approved by the Board of Directors, as well as the assessment made by the Remuneration Committee of his achievements in meeting various strategic and qualitative targets set by the Board of Directors. Chief among these are the overall business development of the Corporation, identification and development of appropriate acquisition targets, the successful integration of previous acquisitions and the fostering of relationships with critical customers and suppliers. Actual financial performance and financial performance versus budget would represent approximately 50% of the weighting assigned to the total compensation awarded the President and CEO, with the balance dependent upon the assessment of the qualitative and strategic criteria.

The annual bonus of the Corporation's Senior Vice-President and Chief Financial Officer, which falls outside of the Profit Sharing Plan as well, is based on the attainment of objectives mutually agreed upon by the Senior Vice-President and Chief Financial Officer and the President and CEO. These objectives include the attainment of the overall financial results forecast in the Corporation's annual budget, the management of the integration of the accounting and financial functions of new acquisitions, and overseeing the Corporation's progress and compliance with respect to disclosure and internal controls matters, as well as new accounting standards and their implementation.

(iii) *Long-term incentive plans:*

Long-term incentive plans, mainly in the form of stock options and RSU's, are granted to encourage the pursuit of value-creating opportunities for the Corporation while allowing grantees to participate in the appreciation of share value over an extended period of time, thus assisting in the retention of key talent. Stock options and RSU's are approved by the Board of Directors, based on the recommendation of the Remuneration Committee after considering the recommendation of the President and CEO. When determining whether and how many new stock option grants are to be made, consideration is given to total options outstanding under the Corporation's Stock Option Plan. Grants awarded to the President and CEO are proposed and approved without his input.

On December 10, 2009, with the objectives of retaining the CEO, the executive management team and key management, as well as to manage dilution and reward operational performance, the Corporation's Board of Directors, upon recommendation of the Remuneration Committee, adopted a LTIP for the Corporation. The LTIP is comprised of a combination of stock options ("LTIP Options") and RSU's. The grant date of the initial LTIP options and RSU's was December 18, 2009.

The LTIP Options vest at 20% per annum in the case of the executive management team (individuals comprising the key management group are not granted LTIP Options) and in the case of the Corporation's President and CEO, the LTIP Options are subject to 100% cliff vesting on the fifth anniversary of the grant date. In all cases, the LTIP Options have a term of seven years and their exercise price is determined pursuant to the provisions of the Corporation's stock option plan for directors, officers and employees, as more fully set out in Section 8 herein. Additional LTIP Options may be issued annually at the Board's sole discretion. Previous grants are not taken into account when considering new grants. LTIP Options were not granted during the year ended December 31, 2014. LTIP Options were considered by the Board of Directors at its meeting held on March 12, 2015 and no LTIP Options were granted.

The number of RSU's granted is based on a percentage of the executive's salary, divided by the average trading price of the Company's common shares on the Toronto Stock Exchange ("TSX") for the five days immediately preceding the grant date ("Executive RSU Calculation"). In the case of the President and CEO, the number of RSU's granted is a fixed number recommended by the Remuneration Committee. Additional RSU's may be issued annually, conditional upon the Company attaining a minimum 12.5% return on capital employed ("ROCE Threshold"). The number of additional RSU's which may be issued to the executive management team and key management (with the exception of the President and CEO) on the anniversary dates will continue to be calculated based on the Executive RSU Calculation. Consequently, previous grant amounts are not taken into account when considering new grants. The Company reached its ROCE Threshold for the year ended December 31, 2013 and 42,146 LTIP RSU's were granted to executive and key management (excluding the President and CEO) on March 17, 2014.

Additionally, the Company granted 400,000⁽¹⁾ LTIP RSU's to the Corporation's President and CEO on May 6, 2013 with a vesting date of May 6, 2016, subject to additional terms and conditions relating to resignation, disability, death etc. It was agreed that no further RSU's would be granted to the President and CEO prior and up to May 6, 2018. As the Company again reached its ROCE Threshold for the year ended December 31, 2014, LTIP RSU's were considered by the Board of Directors at its meeting of March 12, 2015 and 33,371 LTIP RSU units were granted with an effective grant date of March 16, 2015.

The RSU's are a full-value phantom share payable in cash on the third anniversary of their issue, provided the executive is still in the employ of the Company. The amount to be paid is determined by multiplying the number of RSU's by the six-month average trading price of the Corporation's common shares on the TSX immediately preceding the anniversary date.

Neither of the Corporation's Remuneration Committee nor its Named Executive Officers play a proactive role in amending the Corporation's equity incentive plans under which option-based awards are granted. Modifications to these incentive plans are generally proposed to the Board of Directors by the Vice-President, General Counsel and Secretary of the Corporation in order to ensure continued compliance of the Corporation's equity plans with legal requirements.

(iv) *Retirement Savings Plans:*

The purpose of the Corporation's retirement savings plans (both defined contribution plans) for its U.S.-based and Canadian-based employees (together, the "Retirement Savings Plan") is to encourage Named Executive Officers and other eligible employees to save for retirement and at the same time, share in the profits of the Corporation. Eligible participation occurs following three (3) months of continuous service with the Corporation. The Retirement Savings Plan is comprised of an employee contribution component and a Corporation contribution component.

In the case of Named Executive Officers and other salaried employees, employee contributions are up to four percent (4.0%) of basic salary ("Basic Contribution"). A supplementary contribution of up to six percent (6.0%) of basic salary may be added, for a maximum total employee contribution of up to ten percent (10.0%) of basic salary. In the case of U.S.-based employees, the maximum total employee contribution ("U.S. Basic Contribution") is set yearly by the government of the United States. For 2014, the statutory limit was US\$17,500 per individual, with an additional catch-up contribution of US\$5,500 permitted annually for plan participants who are, or will turn 50 years of age during the calendar year (for a total of US\$23,000 for such individuals). The employee component is placed into the Corporation's group registered retirement savings plan ("RRSP") in the case of Canadian employees and into a safe harbor 401(k) plan in the case of U.S.-based employees.

Under the Corporation's matching contribution component, which is paid out of the Corporation's profits, the Corporation contributes, during a plan year, an amount equal to one hundred and fifty percent (150%) of an individual's Basic Contribution or U.S. Basic Contribution, as the case may be, up to a maximum of six percent (6.0%) of an employee's basic salary. The Corporation's matching contribution is placed, in the case of Canadian-based employees, into a deferred profit sharing plan ("DPSP"), and in the case of U.S.-based employees, into a safe harbor 401(k) plan, which, in both cases, are held in trust by a trustee appointed by the Corporation. The Corporation's matching contribution vests over a period of two years.

(1) As adjusted following the Corporation's October 25, 2013 4-for-1 share split by way of share dividend.

(v) *Pension Benefits:*

The Corporation provides retirement benefits in the form of pensions for certain of the Corporation's salaried employees. In the case of the Corporation's executive officers, these benefits are to former employees of Bell Pole Company, whose assets were purchased by a wholly owned subsidiary of the Corporation in July 2006 and are through pension plans registered under the Income Tax Act and Regulations (the "Income Tax Act"). Two executive officers accrue benefits under defined benefit arrangements in which total retirement income is equal to the formula under the salaried employees registered plan without regard to the maximum annual retirement income prescribed under the Income Tax Act. The Corporation provides such pensions through a pension plan registered under the Income Tax Act and an unregistered pension promise for such executive officers.

(vi) *Perquisites:*

Leased vehicles are provided by the Corporation to the Named Executive Officers as their primary means of transportation in conjunction with their duties. Each individual is fully responsible for the tax liabilities associated with their personal use of these vehicles.

Relocation assistance is provided for out of state or province to province moves. Among the expenses covered are travel expenses for the Named Executive Officer and his or her family, moving costs and temporary hotel accommodation for the Named Executive Officer and family, as required during the home-hunting phase prior to final relocation. Transaction fees associated with the sale of the former and purchase of the new primary residence may also be reimbursed.

Cell phones, smart phones, laptop computers and tablets are provided in a manner appropriate and consistent with the duties and responsibilities of Named Executive Officers. These items are and remain the property of the Corporation.

The Remuneration Committee believes that these components collectively provide a fair and competitive structure and an appropriate relationship between executive compensation level, the Corporation's financial performance and shareholder value.

e) *Risk Analysis*

The Board and Remuneration Committee are satisfied that the Corporation's compensation practices and incentive plans, which provide rewards for achievement of overall company-wide objectives while recognizing individual contributions, do not encourage any Named Executive Officer or other employee to take inappropriate or excessive risks. There have been no risks identified from the Corporation's compensation policies or plans that are reasonably likely to have a material adverse effect on the Corporation.

Specifically, the LTIP RSU's and the Profit Sharing Plan bonuses are both conditional upon the attainment of stated corporate-wide thresholds. The LTIP has a 12.5% ROCE Threshold for RSU grants. The ROCE Threshold is a financial threshold that reflects the performance of the Corporation as a whole. The Profit Sharing Plan's Positive Net Income Threshold reflects the Corporation's overall performance as well. Concurrently, these promote an environment that encourages employees to work together for the overall success of the Corporation. While the Board of Directors does have discretion to award LTIP RSU's in the event that the Corporation does not meet its ROCE Threshold, the Board did not exercise this discretion when the Corporation did not meet this target for the year ended December 31, 2010.

With respect to the LTIP Stock Options, they are at the complete discretion of the Board of Directors. As the grant of these stock options is not conditional upon reaching specific targets, they do not promote risk taking by executives to meet any triggering thresholds.

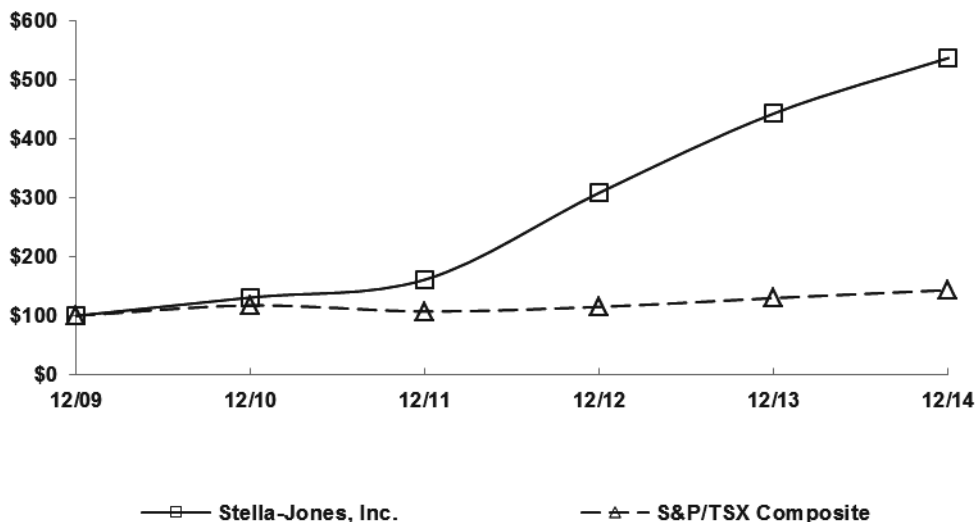
Overall, the compensation expense to executive officers does not represent a significant portion of the Corporation's revenue. In the case of the Profit Sharing Plan, the maximum profit sharing amount for distribution is 4.5% of the Corporation's EBIT. The Board does not have discretion under the Profit Sharing Plan to award bonuses when the Positive Net Income Threshold is not met.

The Company does not plan on making any significant changes to its compensation policies during the upcoming financial year. Finally, the Corporation has no stated policy regarding whether directors or Named Executive Officers are permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted or held by them.

6.2. PERFORMANCE GRAPH

The following graph illustrates the comparison between the cumulative total shareholder return over a five year period on a \$100 investment in the Corporation's common shares and the cumulative total return of the S&P/TSX Composite Index of the TSX for the same period.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Stella-Jones, Inc., and the S&P/TSX Composite Index



*\$100 invested on 12/31/09 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Copyright© 2015 S&P, a division of The McGraw-Hill Companies Inc. All rights reserved.

	2009 Dec. 31	2010 Dec. 31	2011 Dec. 31	2012 Dec. 31	2013 Dec. 31	2014 Dec. 31
Stella-Jones Inc.	\$100.00	\$131.03	\$161.45	\$308.95	\$443.22	\$537.34
S&P/TSX Composite Index	\$100.00	\$117.61	\$107.36	\$115.08	\$130.03	\$143.75

The trend shown by the performance graph set forth above represents an increase in the cumulative total shareholder return from December 31, 2009 until the period ended December 31, 2014. Over the same five-year period, the total salary and bonuses received by the Named Executive Officers, in the aggregate, increased by approximately 89.0%, compared to the 437.3% increase in cumulative shareholder return.

6.3 SUMMARY COMPENSATION TABLE

Compensation of Named Executive Officers – Summary Compensation Table

The Summary Compensation Table sets forth compensation information for the CEO, the Chief Financial Officer as well as the three next most highly compensated executive officers of the Corporation (the "Named Executive Officers") whose total compensation exceeded \$150,000 during the year ended December 31, 2014. Information is provided for the three most recently completed financial years.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Brian McManus President and CEO	Dec. 31, 2014	493,269	-	-	900,000 ⁽¹⁾	-	-	12,465 ⁽²⁾	1,405,734
	Dec. 31, 2013	460,000	-	-	900,000 ⁽¹⁾	-	-	12,135 ⁽²⁾	1,372,135
	Dec. 31, 2012	450,000	8,018,506 ⁽³⁾	-	750,000 ⁽¹⁾	-	-	11,910 ⁽²⁾	9,230,416
Éric Vachon Senior Vice-President and CFO	Dec. 31, 2014	311,538	68,491 ⁽⁴⁾	-	200,000 ⁽⁵⁾	-	-	12,465 ⁽²⁾	592,494
	Dec. 31, 2013	285,000	68,419 ⁽⁴⁾	-	175,000 ⁽⁶⁾	-	-	12,135 ⁽²⁾	540,554
	Dec. 31, 2012	185,700	87,925 ⁽⁴⁾	-	137,500 ⁽⁷⁾	-	-	11,088 ⁽²⁾	422,213
Douglas Fox Senior Vice-President, Engineering and Operations, Stella-Jones Corporation	Dec. 31, 2014	384,573 ⁽⁸⁾	-	-	206,820 ⁽⁹⁾	-	-	13,447 ⁽²⁾	604,840
	Dec. 31, 2013	345,670 ⁽⁸⁾	75,582 ⁽⁴⁾	-	191,448 ⁽¹⁰⁾	-	-	16,273 ⁽²⁾	628,973
	Dec. 31, 2012	253,700 ⁽⁸⁾	100,303 ⁽⁴⁾	-	164,159 ⁽¹¹⁾	-	-	14,923 ⁽²⁾	533,085
Ian Jones Senior Vice-President, Stella-Jones Canada Inc. and McFarland Cascade Holdings, Inc.	Dec. 31, 2014	344,250	74,319 ⁽⁴⁾	-	225,000 ⁽¹²⁾	-	98,000 ⁽¹⁴⁾	- ⁽¹⁵⁾	741,569
	Dec. 31, 2013	325,000	75,582 ⁽⁴⁾	-	185,000 ⁽¹³⁾	-	907,000 ⁽¹⁴⁾	- ⁽¹⁵⁾	1,492,582
	Dec. 31, 2012	211,448	100,303 ⁽⁴⁾	-	170,000 ⁽⁶⁾	-	37,000 ⁽¹⁴⁾	- ⁽¹⁵⁾	518,751
Michael Sylvester Vice-President, Operations, Stella-Jones Corporation	Dec. 31, 2014	365,664 ⁽¹⁶⁾	92,898 ⁽⁴⁾	-	145,013 ⁽⁹⁾	-	-	4,220 ⁽²⁾	607,795
	Dec. 31, 2013	276,536 ⁽¹⁶⁾	48,387 ⁽⁴⁾	-	146,245 ⁽¹⁰⁾	-	-	15,475 ⁽²⁾	486,643
	Dec. 31, 2012	200,437 ⁽¹⁶⁾	64,151 ⁽⁴⁾	-	126,850 ⁽¹¹⁾	-	-	12,026 ⁽²⁾	403,464

- (1) Mr. McManus' May 2014 bonus of \$900,000 was in recognition of performance rendered between June 1, 2013 and May 31, 2014. Mr. McManus' May 2013 bonus of \$900,000 was in recognition of performance rendered between June 1, 2012 and May 31, 2013. Mr. McManus' June 2012 bonus of \$750,000 was in recognition of performance rendered between June 1, 2011 and May 31, 2012. Any bonus for the twelve-month period beginning June 1, 2014 will be approved by the Board of Directors in April, 2015. Mr. McManus' bonuses fall outside the Corporation's Profit Sharing Plan.
- (2) In the case of Mr. McManus and Mr. Vachon, this amount represents the employer DPSP contributions for the years indicated (Canadian retirement savings plan). In the case of Mr. Fox and Mr. Sylvester, this amount represents the 401(k) employer contributions which were paid in U.S. dollars and, in the case of Mr. Fox, amounted to US\$15,600 in 2014, US\$15,300 in 2013 and US\$15,000 in 2012. In the case of Mr. Sylvester, these amounts were US\$4,896 in 2014, US\$14,550 in 2013 and US\$12,088 in 2012. The value of all other perquisites, property and other personal benefits for the Named Executive Officer is not equal or greater than \$50,000, nor equal or greater than 10.0% of the Named Executive Officer's total salary for the year. Please refer to footnote 8 for exchange rates used to translate the aforementioned U.S. dollar amounts to Canadian dollar amounts for the purposes of this Summary Compensation Table.
- (3) On May 1, 2013, the Board of Directors resolved to grant Brian McManus 400,000 RSU's, having an effective grant date of May 6, 2013, which value has been determined in accordance with the Black-Scholes methodology.
- (4) On March 12, 2015, the Board of Directors resolved to grant RSU's to these Named Executive Officers for the year ended December 31, 2014 with a grant date of March 16, 2015. On March 13, 2014, the Board of Directors resolved to grant RSU's to these Named Executive Officers for the year ended December 31, 2013 with a grant date of March 17, 2014. On March 21, 2013, the Board of Directors resolved to grant RSU's to these Named Executive Officers for the year ended December 31, 2012, with a grant date of March 25, 2013. RSU's values have been determined in accordance with the Black Scholes methodology.
- (5) This amount was paid in March, 2015 for services rendered during the year ended December 31, 2014. As Senior Vice-President and Chief Financial Officer, Mr. Vachon's bonus falls outside of the Corporation's Profit Sharing Plan.
- (6) This amount was paid in March 2014 for services rendered during the year ended December 31, 2013. As Senior Vice-President and Chief Financial Officer, Mr. Vachon's bonus falls outside the Corporation's Profit Sharing Plan beginning the year ended December 31, 2013.
- (7) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2013 for services rendered during the year ended December 31, 2012.

- (8) Mr. Fox's base salary is paid in U.S. dollars and amounted to US\$331,500 in 2014, US\$325,000 in 2013 and US\$255,000 in 2012. The Bank of Canada closing exchange rates at year-end ("Exchange Rates") were used to translate U.S. dollars to Canadian dollars for the purposes of the Summary Compensation Table. These Exchange Rates were as follows: for 2014 – 1.1601; for 2013 - 1.0636 and for 2012 - 0.9949. The Canadian dollar amounts were determined by multiplying the U.S. dollar amounts by the Exchange Rates.
- (9) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2015 for services rendered during the year ended December 2014. This amount was paid in US dollars and amounted to US\$178,278 for Mr. Fox and US\$125,000 for Mr. Sylvester.
- (10) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2014 for services rendered during the year ended December 2013. This amount was paid in U.S. dollars and amounted to US\$180,000 for Mr. Fox and US\$137,500 for Mr. Sylvester.
- (11) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2013 for services rendered during the year ended December 31, 2012. This amount was paid in U.S. dollars and amounted to US\$165,000 for Mr. Fox and US\$127,500 for Mr. Sylvester.
- (12) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2015 for services rendered during the year ended December 31, 2014.
- (13) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2014 for services rendered during the year ended December 31, 2013.
- (14) The Pension value reported is the annual Compensation Change in Accrued Obligation as outlined in Section 6.6 under "Pension Plan Benefits – Defined Benefit Plan".
- (15) The value of perquisites, property and other personal benefits of the Named Executive Officer is not equal or greater than \$50,000 nor equal or greater than 10.0% of the Named Executive Officer's total salary for the year.
- (16) Mr. Sylvester's base salary is paid in U.S. dollars and amounted to US\$315,200 in 2014, US\$260,000 in 2013 and US\$201,464 in 2012.

6.4 INCENTIVE PLAN AWARDS – OPTION-BASED AND SHARE-BASED AWARDS

The table below sets forth information relating to option-based and share-based awards outstanding at the end of the financial year ended December 31, 2014.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Brian McManus	-	-	-	-	40,000 ⁽¹⁾	1,242,800 ⁽²⁾	- ⁽³⁾
	-	-	-	-	400,000 ⁽⁴⁾	12,428,000 ⁽²⁾	- ⁽³⁾
Éric Vachon	-	-	-	-	3,124 ⁽¹⁾	97,063 ⁽²⁾	- ⁽³⁾
	-	-	-	-	3,580 ⁽⁴⁾	111,231 ⁽²⁾	- ⁽³⁾
Douglas Fox	16,000 ⁽⁵⁾	6.01	Dec. 18, 2016	427,680 ⁽⁶⁾	6,100 ⁽¹⁾	189,527 ⁽²⁾	- ⁽³⁾
	60,000 ⁽⁷⁾	9.90	Aug. 20, 2017	1,370,400 ⁽⁶⁾	4,084 ⁽⁴⁾	126,890 ⁽²⁾	- ⁽³⁾
Ian Jones	-	-	-	-	3,808 ⁽¹⁾	118,315 ⁽²⁾	- ⁽³⁾
	-	-	-	-	4,084 ⁽⁴⁾	126,890 ⁽²⁾	- ⁽³⁾
Michael Sylvester	-	-	-	-	3,856 ⁽¹⁾	119,806 ⁽²⁾	- ⁽³⁾
	-	-	-	-	2,612 ⁽⁴⁾	81,155 ⁽²⁾	- ⁽³⁾

(1) RSU's granted on March 19, 2012. Vested on March 19, 2015.

(2) Calculated by multiplying the number of RSU's by \$31.07, being the six-month average trading price of the Corporation's shares on the TSX immediately preceding December 31, 2014., assuming December 31, 2014 was the single payout date.

(3) Share-based awards did not vest during the financial year ended December 31, 2014.

(4) RSU's granted effective March 25, 2013 (in the case of Brian McManus, granted effective May 6, 2013). These RSU's vest on March 25, 2016 and May 6, 2016, respectively.

(5) Stock options granted on December 18, 2009 further to the Corporation's LTIP and pursuant to the Corporation's Stock Option Plan. Exercise price of \$6.01 per share based on the close of the Corporation's shares on the Toronto Stock Exchange ("TSX") on the last trading day immediately preceding the date of the grant. Up to 20.0% of the options may be exercised within the first year following the date of the grant of options ("Grant Date") and an additional 20.0% of total options granted become exercisable thereafter on each anniversary of the Grant Date.

(6) Calculated based on the difference between the closing price of the Corporation's common shares on the TSX on the last day of trading in 2014 (\$32.74) and the exercise price.

(7) Stock options granted on August 20, 2007, pursuant to the Corporation's Stock Option Plan. Exercise price of \$9.90 per share based on the close of the Corporation's shares on the TSX on the last trading day immediately preceding the date of the grant. Up to 20.0% of the options may be exercised within the first year following the Grant Date and an additional 20.0% of total options granted become exercisable on each anniversary of the Grant Date thereafter.

6.5 INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table sets out the value of incentive plan awards vested or earned during the year ended December 31, 2014.

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
	\$	\$	\$
Brian McManus	2,198,400 ⁽¹⁾	— ⁽²⁾	900,000 ⁽³⁾
Éric Vachon	- ⁽⁴⁾	— ⁽²⁾	200,000 ⁽⁵⁾
Douglas Fox	- ⁽⁴⁾	— ⁽²⁾	206,820 ⁽⁵⁾⁽⁶⁾⁽⁷⁾
Ian Jones	- ⁽⁴⁾	— ⁽²⁾	225,000 ⁽⁵⁾
Michael Sylvester	- ⁽⁴⁾	— ⁽²⁾	145,013 ⁽⁵⁾⁽⁷⁾⁽⁸⁾

- (1) Represents the dollar value of the options that vested during the year and exercised on the vesting date. Based on the difference between the closing price of the Corporation's common shares on the TSX on the vesting date and the exercise price.
- (2) No share-based awards vested during the year ended December 31, 2014.
- (3) Brian McManus' May 2014 bonus of \$900,000 was in recognition of his performance rendered between June 1, 2013 and May 31, 2014. Any bonus for the twelve-month period beginning June 1, 2014 will be approved by the Board of Directors at a meeting scheduled for April 28, 2015.
- (4) No option-based awards vested during the year for the Named Executive Officer.
- (5) Represents bonus amounts received under the Corporation's Profit Sharing Plan in 2015 in recognition of both financial performance targets attained by the Corporation and performance rendered by the individual during the year ended December 31, 2014.
- (6) Douglas Fox's non-equity incentive plan compensation was paid in U.S. dollars and amounted to US\$178,278.
- (7) The Canadian dollar amounts for Mr. Fox and Mr. Sylvester were determined by multiplying the U.S. dollar amounts by 1.1601, being the Bank of Canada's closing exchange rate at year end.
- (8) Michael Sylvester's non-equity incentive plan compensation was paid in U.S. dollars and amounted to US\$125,000.

6.6 PENSION PLAN BENEFITS – DEFINED BENEFIT PLAN

The Corporation provides retirement benefits in the form of pensions for certain of the Corporation's salaried employees through pension plans registered under the Income Tax Act. One Named Executive Officer accrues benefits under a defined benefit arrangement in which total retirement income is equal to the formula under the salaried employees registered plan without regard to the maximum annual retirement income prescribed under the Income Tax Act. The Named Executive Officer who participates in this arrangement is Mr. Ian Jones. The Corporation provides such pensions through a pension plan registered under the Income Tax Act and an unregistered pension promise for the Named Executive Officer. Together, these arrangements are to provide the annual retirement income that commences at retirement age for Mr. Jones.

The plans are non-contributory. Mr. Jones' annual retirement income is equal to 1.20% of final average earnings up to the average Yearly Maximum Pensionable Earnings, plus 1.90% of final average earnings in excess of the average Yearly Maximum Pensionable Earnings for each year of service. Final average earnings are the annual average of the highest five calendar years out of the last ten years immediately preceding the date of determination.

Mr. Jones will receive, to the extent permitted, a portion of his annual retirement income payable from the registered plan that will be limited to the maximum under the Income Tax Act. This maximum is currently \$2,818.89 multiplied by years of credited service for employees retiring in 2015.

Mr. Jones will also receive a promised supplemental pension, to the extent required, which provides for the payment of a supplementary retirement income such that the total retirement income is equal to the formula described above without limitation to the maximum annual retirement income prescribed under the Income Tax Act. One other employee is promised this supplemental pension.

The value of this pension arrangement is funded to the extent allowed for the plan as registered under the Income Tax Act.

Under this pension arrangement, employees can retire as early as age 55. The annual retirement income is reduced by one quarter of one percent (0.25%) for each month by which the retirement date precedes the normal retirement date. As such, for an employee who retires early and prior to his normal retirement date, his annual pension would be equal to the accrued pension discussed above at the date of such retirement date, multiplied by the percentage factor determined in accordance with the following table:

Age at Pension Commencement Date	Percentage of Accrued Pension
65	100%
64	97%
63	94%
62	91%
61	88%
60	85%
59	82%
58	79%
57	76%
56	73%
55	70%

The following table sets out information for the plans for the Named Executive Officer in regards to his annual pension benefit, including his supplemental pension promise:

Name	Number of years of credited service at year-end	Annual benefits payable ⁽¹⁾		Accrued obligation at start of year ⁽²⁾	Compensatory change ⁽³⁾	Non-compensatory change ⁽⁴⁾	Accrued obligation at year-end ⁽²⁾
		At year-end	At age 65				
	#	\$	\$	\$	\$	\$	\$
Ian Jones	30.5	136,000	189,000	1,909,000	98,000	516,000	2,523,000

(1) Based on final average earnings at December 31, 2014.

(2) The Accrued Obligation is the value of the projected pension benefit, for service earned to that date, based on the same actuarial methods and assumptions used to determine the year-end pension liabilities and pension plan expense as disclosed in the Corporation's Annual Report. These methods and assumptions are in accordance with generally accepted accounting principles are not identical to those used by other companies and, as a result, may not be directly comparable across companies. These amounts may change over time due to factors such as changes in assumptions and salary levels.

(3) Includes current year service cost net of employee contributions and changes due to actual earnings differing from assumed levels.

(4) Includes actual employee contributions, interest on the beginning of year Accrued Obligation, and impact of any changes in actuarial assumptions.

6.7 PENSION PLAN BENEFITS – DEFINED CONTRIBUTION PLANS

The Corporation's contribution for each of the Named Executive Officers who participate in the defined contributions plans is set out in the "All other compensation" column of the Summary Compensation Table provided in Section 6.3. For further information on the Corporation's defined contribution plans, please refer to Section 6.1 paragraph (iv) "Retirement Savings Plans", of the Compensation Discussion and Analysis.

6.8 TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL BENEFITS

The Corporation has entered into certain employment agreements, stock option agreements, provides a profit sharing plan and has granted RSU's, certain of which provide termination and change of control benefits to Named Executive Officers.

Mr. McManus' employment contract stipulates that upon termination of his employment by the Corporation for reasons other than cause, illness, permanent incapacity, death or resignation, he is entitled to receive an amount equal to 6 months' salary plus one month for each year of continuous service up to a maximum of 24 months' salary plus a bonus payment based on the annual bonus paid for the immediately preceding financial year, prorated in accordance with the number of months of service during the financial year in which his employment is terminated. If Mr. McManus' employment is terminated for reasons of death, illness or permanent incapacity, he (or his estate in the case of death) shall be entitled to three (3) months' salary and a bonus payment based on the annual bonus paid for the immediately preceding fiscal year prorated in accordance with the number of months of service during the fiscal year in which his employment is terminated. In the event that Mr. McManus' employment is terminated due to a change of control, Mr. McManus will be entitled to receive an amount equal to 24 months' salary plus a bonus payment based on the annual bonus paid for the immediately preceding financial year.

In the event of termination without cause, one Named Executive Officer's employment contract provides for a payment based on 6 months' salary plus one month for each year of continuous service up to a maximum of 12 months. The contract also calls for a bonus payment based on the individual's previous year's bonus, prorated in accordance with the number of months of service in the fiscal year during which employment is terminated. Group insurance and auto insurance expenses are paid for 6 months or until other employment is secured, whichever is earlier.

Another Named Executive Officer's employment contract provides for one year of base salary and health benefits in the event of termination without cause, plus a bonus payment based on the annual bonus paid for the prior year, prorated in accordance with months of service completed during the financial year in which termination occurred.

Under the Corporation's Profit Sharing Plan, in the event that a Named Executive Officer's employment terminates prior to the bonus payment date due to resignation or termination, the Named Executive Officer will not be eligible for a bonus. In the event that the Named Executive Officer's employment with the Corporation terminates for reason's other than resignation or termination (e.g. retirement or sick leave), then the Named Executive Officer will be eligible for the potential bonus, prorated for the portion of the year during which he or she worked for the Corporation.

The Corporation's retirement savings program for Canadian-based employees provides for distribution of group registered retirement savings plan benefits to all employees at the earlier of termination of employment or the latest date permitted under the Income Tax Act for maturity retirement savings plans. Distribution of deferred profit sharing plan benefits occur no later than the earlier of the end of the year in which the participant attains the age of sixty-nine (69), and ninety (90) days after the earliest of retirement, onset of disability, termination of service and death.

The Corporation's 401(k) plan for U.S. employees provides for distribution of all account balances upon termination of service with the Corporation (vested amounts only if prior to Normal Retirement Age), or upon the normal retirement age of sixty-five (65) ("Normal Retirement Age"). However, employees who reach the Normal Retirement Age and who continue to work are not required to take distributions until they terminate employment, and no later than 70.5 years of age. Distribution of amounts attributable to the employee contribution portion are permitted before termination of employment in the following circumstances: (i) the attainment of the age of 59.5; (ii) upon becoming disabled under the terms of the plan; (iii) in the event of a financial hardship as such term is defined in the plan; or (iv) by a qualified member of the reserves further to a "Qualified Reservist Distribution", a such term is defined in the plan.

None of the Corporation's retirement plans provide Named Executive Officers with additional enhancements, early vesting or other benefits in the event of a change of control.

The Corporation's Stock Option Plan (and therefore, all LTIP Options) provides that in the event the Corporation proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the shares of the Corporation or any part thereof shall be made to all holders of shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Optionee holding options under this Plan, to permit the exercise of all such options within the 20-day period next following the date of such notice. Additionally, under the Corporation's Long-Term Incentive Plan, unvested LTIP RSU's shall vest and be payable immediately upon a change of control or a going private transaction.

The following table provides a reasonable estimate of the potential payments upon termination of employment or a change of control of the Corporation for the Named Executive Officers, in accordance with the narrative description of "termination of employment and change of control benefits" provided above.

Name	Termination Value ^{(1) (2) (3) (4) (5)} \$
Brian McManus	15,557,338
Éric Vachon	408,294
Douglas Fox	2,321,317
Ian Jones	470,205
Michael Sylvester	653,633

- (1) The termination value assumes that the applicable triggering event took place on the last business day of the Corporation's completed financial year.
- (2) The triggering event under the Profit Sharing Plan is assumed to be an event other than resignation or termination (eg. retirement or sick leave).
- (3) The severances calculated on the basis of salary for the President assumes that the triggering event is a change of control. The severances calculated for other Named Executive Officers assume that the triggering event is termination without cause.
- (4) The triggering event under the Named Executive Officer's stock options and RSU's is assumed to be a change of control.
- (5) This table does not include payments under the Retirement Savings Plan and pension plan.

7. DIRECTOR COMPENSATION

7.1 Director Compensation Table

The Director Compensation table below sets forth all amounts of compensation provided to the directors of the Corporation for its most recently completed financial year.

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Tom A. Bruce Jones	200,000 ⁽¹⁾	-	-	-	-	-	200,000
George J. Bunze	105,000 ⁽²⁾	-	-	-	-	-	105,000
Gianni Chiarva	200,000 ⁽¹⁾	-	-	-	-	-	200,000
Brian McManus	- ⁽³⁾	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾	- ⁽⁴⁾
Nycol Pageau-Goyette	90,000	-	-	-	-	-	90,000
Simon Pelletier	90,000	-	-	-	-	-	90,000
Daniel Picotte	90,000	-	-	-	-	-	90,000
John Barrie Shineton	90,000	-	-	-	-	-	90,000
Mary Webster	90,000	-	-	-	-	-	90,000

- (1) The Chairman and Vice-Chairman have each permanently waived their director and committee fees. The amount provided is an annual payment for services as Chairman and Vice-Chairman, respectively.
- (2) Of this amount, \$15,000 represents fees received as Chairman of the Audit Committee.
- (3) Fees are not paid to directors who are employees of the Corporation.
- (4) See Section 6.3, Summary Compensation Table of Named Executive Officers.

7.2 Compensation of Directors – Narrative Discussion

Directors of the Corporation receive a flat annual fee of \$90,000 in two semi-annual payments of \$45,000. An annual fee of \$15,000 is paid to the Chairman of the Audit Committee in two instalments of \$7,500. Annual fees are not paid to the chairpersons of the Environmental, Health & Safety and Remuneration Committees. Per meeting fees are not paid to Board and committee members.

The annual Chairman and Vice-Chairman fees of \$200,000 per individual are paid in two semi-annual instalments of \$100,000 to each individual. Directors who are employees of the Corporation are not entitled to director and committee fees. The Chairman and Vice-Chairman have permanently waived their entitlement to director and committee fees.

An amount of \$555,000¹ was paid by the Corporation to the members of the Board and committees of the Board during 2014. The details of this amount are set-out below.

Total *annual* fees paid to Board members for Board meetings for the year ended December 31, 2014 amounted to \$540,000. This amount represents the annual fee of \$90,000 paid to six of the Corporation's nine directors. The remaining three directors, being the Chairman, Vice-Chairman and President and CEO, do not receive any annual or per meeting director or committee fees.

¹ This amount does not include the \$200,000 in annual Chairman and Vice-Chairman fees paid during 2014 to each of Mr. Tom A. Bruce Jones and Mr. Gianni Chiarva.

Annual fees paid to Board members in their role as committee chairpersons amounted to \$15,000 in 2013. This amount was paid solely to the Chairman of the Audit Committee. As per the Corporation's policy, no per meeting fees were paid during the year.

An annual fee of \$200,000 was paid to each of the Chairman of the Board and the Vice-Chairman of the Board of Directors for services rendered in 2014 in such capacities.

Fasken Martineau DuMoulin LLP, a law firm of which director Daniel Picotte is a partner, invoices the Corporation on an ongoing basis for non-director legal services provided by Mr. Picotte and other lawyers at the firm.

7.3 Outstanding Option-Based Awards and Share-Based Awards

The following table shows all option-based and share-based awards outstanding to each Director at December 31, 2014⁽¹⁾:

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in the Money Options	Number of Shares or Units of Shares that have not vested	Market or Payout Value of Share-based Awards that have not vested	Market or Payout Value of Vested Share-based Awards not paid out or distributed
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Tom A. Bruce Jones	30,000	4.88	July 5, 2016	835,800 ⁽¹⁾	-	-	-
George J. Bunze	-	-	-	-	-	-	-
Gianni Chiarva	30,000	4.88	July 5, 2016	835,800 ⁽¹⁾	-	-	-
Brian McManus	_(2)	_(2)	_(2)	_(2)	_(2)	_(2)	_(2)
Nycol Pageau-Goyette	18,000	4.88	July 5, 2016	501,480 ⁽¹⁾	-	-	-
Simon Pelletier	30,000	22.13	May 7, 2023	318,300 ⁽¹⁾	-	-	-
Daniel Picotte	30,000	4.88	July 5, 2016	835,800 ⁽¹⁾	-	-	-
John Barrie Shineton	-	-	-	-	-	-	-
Mary Webster	30,000	9.90	August 20, 2017	685,200 ⁽¹⁾	-	-	-

(1) Calculated by multiplying the number of options by the difference between the closing price of the Corporation's Common Shares on the TSX on the last day of trading in 2014 (\$32.74) and the option exercise price.

(2) See table at Section 6.4 entitled "Incentive Plan Awards – Option-Based and Share-Based Awards" for information regarding this director.

8. SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets out information regarding compensation plans under which securities of the Corporation are authorized for issuance, as of the Corporation's most recently completed financial year end.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans "excluding securities reflected in column (a)" (c)
Equity compensation plans approved by security holders ⁽¹⁾	328,706 ⁽²⁾	\$8.00	1,505,938 ⁽³⁾
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	328,706	\$8.00	1,505,938

⁽¹⁾ For specifics of the Corporation's Stock Option Plan and the Employee Share Purchase Plans, see "Stock Option Plan for Directors, Officers and Employees" and "Employee Share Purchase Plans".

⁽²⁾ This number represents the 328,706 options which were outstanding under the Corporation's Stock Option Plan at year end.

⁽³⁾ This number comprises the 1,312,588 securities that are not yet granted and therefore available for future issuance under the Stock Option Plan for Directors, Officers and Employees and the remaining 193,350 shares available under the Employee Share Purchase Plans.

Stock Option Plan for Directors, Officers and Employees

The Corporation has a stock option plan for directors, officers and employees (the "Stock Option Plan") under which the Board of Directors or a committee appointed for such purpose may from time to time grant to directors, officers or employees of the Corporation and its subsidiaries, options to acquire common shares, in such numbers, for such terms and at such exercise prices as are determined by the Board or such committee. The purpose of the Stock Option Plan is to secure for the Corporation and its shareholders the benefits of incentives inherent in share ownership by directors, officers and employees of the Corporation and its subsidiaries.

Under the Stock Option Plan, the exercise price of an option shall not be lower than the closing price of the common shares of the Corporation on the TSX on the last trading day preceding the granting of the option and the term of the option may not exceed ten years. Historically, the exercise frequency established by the Corporation's Board has been in accordance with the following vesting schedule: up to 20.0% of options granted may be exercised within the first year of the date of the grant of options ("Grant Date") and an additional 20.0% of the total options granted become exercisable beginning on each anniversary of the Grant Date thereafter.

Termination of Options under the Stock Option Plan: Options terminate no later than ten years (“Option Period”) following the date of their grant, and in certain instances, terminate earlier as provided below (“Early Expiry Date”):

- (a) thirty (30) days following the date on which (i) the optionee resigns or voluntarily leaves his employment with the Corporation, or (ii) an optionee’s employment with the Corporation is terminated for cause, or (iii) in the case where the optionee is a director of the Corporation, but is not employed by the latter, the date on which such optionee ceases to be a member of the Board for any reason other than death;
- (b) one hundred and eighty (180) days following the date on which the optionee’s employment with the Corporation is terminated by reason of death or, in the case where the optionee is a director of the Corporation, but is not employed by the latter, one hundred and eighty (180) days following the date on which such optionee ceases to be a member of the Board by reason of death; or
- (c) thirty (30) days following the date on which the optionee’s employment with the Corporation is terminated for any cause or reason other than those mentioned in paragraphs (a) and (b) above, including without limiting the scope of the foregoing, disability, illness, retirement or pre-retirement.

Notwithstanding the foregoing, the Option Period and Early Expiry Date shall automatically be extended in the event that either shall fall within the Corporation’s self-imposed trading blackout period. In such cases, the Option Period or the Early Expiry Date, as the case may be, shall extend for ten business days following the termination of the Corporation’s trading blackout period.

Acceleration of Vesting under the Stock Option Plan: The Stock Option Plan provides that in the event that the Corporation proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly-owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the shares of the Corporation or any part thereof shall be made to all holders of shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each holder of options (“Optionee”) under the plan, to permit the exercise of all such options within the 20-day period next following the date of such notice and to determine that upon the expiration of such 20-day period, all rights of Optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and cease to have further force or effect whatsoever.

Amendment and Termination of the Stock Option Plan: The Board of Directors has the general power, subject to requisite regulatory approval, to make amendments without shareholder approval, including but not limited to:

- (a) amendments of a general “housekeeping” or clerical nature to clarify, correct or rectify any ambiguity, defective provision, error or omission in the Stock Option Plan;
- (b) amendments necessary to comply with applicable laws or the requirements of any regulatory authority;

- (c) amendments to the Early Expiry Date provisions of the Stock Option Plan;
- (d) amendments with respect to any vesting period or with respect to circumstances that would accelerate the vesting of options;
- (e) amendments required or advisable as a result of a stock split, a consolidation, a reclassification, a share dividend declaration or any other amendment pertaining to the shares; and
- (f) suspending or terminating the Stock Option Plan.

Amendments to the Stock Option Plan requiring shareholder approval are, subject to regulatory requirements, limited to:

- (a) any increase to the number of shares issuable under the Stock Option Plan;
- (b) the reduction of the subscription price of options held by an insider;
- (c) the extension of the Option Period of options held by an insider; and
- (d) the extension of the Blackout Expiration Date.

On October 21, 2013, the Board of Directors approved an amendment to the Stock Option Plan whereby the maximum fixed amount of options which may be granted under the Stock Option Plan was modified from 1,200,000 options to 4,800,000 options. This modification was required to harmonize the Stock Option Plan with the October 25, 2013 4-for-1 stock split by way of dividend. This change received required regulatory approvals.

Financial Assistance and Transformation into a Stock Appreciation Right: The Corporation does not provide financial assistance to participants of the Stock Option Plan to facilitate the purchase of shares issuable under the plan. The Corporation is not entitled to transform a stock option into a stock appreciation right involving the issuance of securities from treasury.

The aggregate number of common shares in respect of which options may be granted under the Stock Option Plan is a maximum fixed amount of 4,800,000 representing approximately 7.0% of the Corporation's issued and outstanding shares as at December 31, 2014. No Optionee is able to hold options to purchase common shares exceeding 5.0% of the number of common shares outstanding from time to time. The number of shares issuable to insiders of the Corporation under all security-based compensation arrangements may not, at any time, exceed 10.0% of the issued and outstanding shares of the Corporation. The number of shares issued to insiders under all security-based compensation arrangements within any one (1) year period may not exceed 10.0% of the shares outstanding. As at December 31, 2014, 1,312,588 options permitting the subscription to an equivalent number of common shares of the Corporation were not yet granted and therefore remained available for future issuance under the Stock Option Plan.

Issued and Issuable Securities under the Stock Option Plan: The total number of securities issued and issuable under the Stock Option Plan as of December 31, 2014 was 4,800,000 shares, representing approximately 7.0% of the Corporation's outstanding capital. Of the 4,800,000 shares, 3,158,706 common shares had been issued as of December 31, 2014, representing approximately 4.6% of the Corporation's outstanding share capital at that date. As of December 31, 2014, 1,641,294 common shares remained issuable (the maximum fixed amount of 4,800,000 minus the total shares issued) under the Stock Option Plan, representing approximately 2.4% of the Corporation's outstanding shares at that date. The total number of securities issuable under actual grants under the Stock Option Plan (total options granted minus total options exercised) stood at 328,706 as of December 31, 2014, representing approximately

0.5% of the Corporation's outstanding share capital at that date. 191,694 options were exercised under the Stock Option Plan during the Corporation's financial year ended December 31, 2014. No stock options were granted pursuant to the Stock Option Plan during the year ended December 31, 2014.

During the period of January 1, 2015 to March 20, 2015, 22,500 additional options were exercised under the Stock Option Plan, raising the total to 3,181,206 options exercised under the Stock Option Plan since its inception, representing approximately 4.6% of the Corporation's issued and outstanding shares at March 20, 2015. As at March 20, 2015, options for an aggregate of 3,487,412 common shares have been granted under the Stock Option Plan.

Employer's Remittance Obligations in respect of the Income Tax Act: With regard to employers' remittance obligations in respect of stock option benefits, the Stock Option Plan provides that:

- “7.3 The Corporation shall cause all exercises of options to comply with all applicable laws, rules and regulations, including, among others, the requirements of the Income Tax Act in relation to withholding obligations of the Corporation as an employer. Consequently, the Corporation may, among other things, satisfy its obligation to remit the appropriate withholding amounts to the Canada Revenue Agency by:
- 7.3.1 Permitting the Optionee to pay to the Corporation, in addition to and concurrently with the Subscription Price, the applicable withholding amount upon exercise of the option; or
- 7.3.2 Selling, in the open market, a portion of the Shares issued in order to realize the cash proceeds to be used to satisfy the required withholding; or
- 7.3.3 Withholding the necessary amount from the Optionee's cash remuneration payment following the exercise of the Option, if the circumstances permit and if sufficient.”

Employee Share Purchase Plans

The Corporation has two employee share purchase plans, an employee share purchase plan for Canadian residents (“CDN ESPP”) and an employee share purchase plan for U.S. employees (“U.S. ESPP”) (together, the “Employee Share Purchase Plans”). Unless otherwise specified herein, the Employee Share Purchase Plans are identical. Under the CDN ESPP, any regular full-time employee of the Corporation or any of its subsidiaries who is a Canadian resident, and at the date of enrolment in the CDN ESPP, has six months of service with the Corporation or any of its subsidiaries, may purchase common shares of the Corporation at a price equal to 90.0% of the average closing price per common share of a board lot of the Corporation's common shares on the TSX on the last five trading days immediately preceding the applicable purchase date (“Market Price”). Under the U.S. ESPP, any regular full-time employee of the Corporation or any of its subsidiaries who is a resident of the United States of America, and at the date of enrolment in the U.S. ESPP, has six months of service with the Corporation or any of its subsidiaries, may purchase common shares of the Corporation at 100% of Market Price. An eligible employee who wishes to participate in an Employee Share Purchase Plan must contribute a minimum of \$200 on a yearly basis, up to a maximum of 5.0% of his/her annual income. Contributions are deducted from the employee's periodic pay and common shares are purchased on quarterly investment dates. While no financial assistance is provided by the Corporation to facilitate the purchase of common shares under the Employee Share Purchase Plans, employees who hold common shares in their respective Employee Share Purchase Plans for 18 months following the date of acquisition of such shares (“Acquisition Date”) receive additional common shares of the Corporation equivalent to 10% of the amount of their contributions made on the Acquisition Date. These additional common shares are purchased by the Corporation on behalf of eligible employees at 100% of the Market Price. All participants of the Employee

Share Purchase Plans must hold their shares in their Employee Share Purchase Plan for a minimum of 12 months following the Acquisition Date of such shares except in the event of death, termination of employment, or in the event that an offer is made to all holders of shares. Participants may elect to receive any cash dividends declared and paid on the common shares in cash or to reinvest such cash dividends to purchase additional common shares. The price per common share purchased with such reinvested dividends is 100% of the Market Price.

The rights of a participant pursuant to the provisions of the Employee Share Purchase Plans are non-assignable.

The aggregate number of common shares reserved for issuance under the Employee Share Purchase Plans is 1,000,000 representing approximately 1.4% of the Corporation's issued and outstanding shares at March 20, 2015.

The total number of securities issued and issuable under the Employee Share Purchase Plans as of December 31, 2014 was 1,000,000 shares representing approximately 1.5% of the Corporation's outstanding shares at that date. As of March 20, 2015, 187,506 shares remained issuable under the Employee Share Purchase Plans, representing approximately 0.3% of the Corporation's outstanding shares as at that date.

Termination of Employee Participation in the Employee Share Purchase Plans: The purpose of the Employee Share Purchase Plans is to provide an opportunity for eligible employees to participate in the ownership of the Corporation through the purchase of common shares. In the event of the death of the participant or termination of employment (whether or not for cause) of a participant and in the event a participant ceases to be a Canadian resident (or in the case of the U.S. ESPP, a resident of the United States), or becomes a retiree of the Corporation, participation in the Employee Share Purchase Plan will automatically terminate.

Amendment and Termination of the Employee Share Purchase Plans:

The Board of Directors may, at any time and from time to time, with the approval of the TSX, suspend or terminate the Employee Share Purchase Plans or participation therein, in whole or in part, or in regard to any or all participants or former participants.

The Board of Directors has the general authority, subject to requisite regulatory approval, to make amendments to the Employee Share Purchase Plans without shareholder approval, including and not limited to:

- (a) amendments of a general "housekeeping" or clerical nature to clarify, correct or rectify any ambiguity, defective provision, error or omissions in the Employee Share Purchase Plans;
- (b) amendments necessary to comply with applicable laws or the requirements of any regulatory authority;
- (c) amendments required or advisable as a result of a split, a consolidation, a reclassification, a share dividend declaration or any other amendment pertaining to the shares; and
- (d) suspending or terminating the Employee Share Purchase Plans.

Amendments to the Employee Share Purchase Plans requiring shareholder approval are, subject to regulatory requirements:

- (a) amendments to increase the number of common shares issuable under the Employee Share Purchase Plans;
- (b) amendments to reduce the Market Price of a common share; and
- (c) amendments relating to financial assistance to a participant provided by the Corporation.

The Employee Share Purchase Plans stipulate that the number of shares issuable to insiders of the Corporation under all security based compensation arrangements may not, at any time, exceed 10.0% of the issued and outstanding shares of the Corporation and the number of shares issued to insiders under all security based compensation arrangements within any one (1) year period, may not exceed 10.0% of the shares outstanding.

Offer for Shares of the Corporation

In the event that, at any time, an offer to purchase is made to all holders of common shares, notice of such offer shall be given by the trustee of the Employee Share Purchase Plans to each participant or former participant and the applicable 12-month retention period will be deemed to be waived with respect to each participant's or former participant's common shares held in their respective Employee Share Purchase Plan ("Plan Shares") to the extent necessary to enable a participant or former participant to tender his or her Plan Shares should he or she so desire. A participant or former participant who tenders Plan Shares which have not been held for 18 months following the Acquisition Date shall forfeit the Corporation's contribution with respect to such tendered Plan Shares, provided such tendered shares are taken up and paid for pursuant to such offer to purchase.

The Employee Share Purchase Plans are under the direction of the Board of Directors or a committee appointed for such purpose. The CDN ESPP was adopted by the Board of Directors of the Corporation on June 13, 1994. The U.S. ESPP was adopted by the Board of Directors of the Corporation on March 15, 2006 and was adopted by the shareholders of the Corporation at its annual meeting held on May 4, 2006. The aggregate number of common shares reserved for issuance under the CDN ESPP and any other employee share purchase plans of the Corporation was increased from 120,000 to 180,000 on May 6, 2004 following approval by a majority of shareholders. The Employee Share Purchase Plans were modified by ordinary resolutions passed by a majority of shareholders at the annual and special meeting of shareholders held on May 3, 2007 which modifications were in response to changes made by the TSX in 2007 regarding security based compensation arrangements. On May 6, 2009, following approval by a majority of shareholders, the Employee Share Purchase Plans were modified to increase the aggregate number of common shares reserved for issuance thereunder from 180,000 to 200,000, and on June 2, 2011, following approval by a majority of shareholders, the Employee Share Purchase Plans were modified to increase the aggregate number of common shares reserved for issuance thereunder from 200,000 to 250,000. On October 21, 2013, following Board and regulatory approvals, the Share Purchase Plans were modified to amend the number of common shares reserved for issuance thereunder from 250,000 to 1,000,000 shares in order to harmonize the Share Purchase Plans with the Corporation's October 25, 2013 4-for-1 stock split by way of share dividend.

During the Corporation's financial year ended December 31, 2014, a total of 30,004 common shares were purchased under the Employee Share Purchase Plans, for a total of 806,650 common shares issued under the Employee Share Purchase Plans since their inception, representing, in the aggregate, approximately 1.2% of the Corporation's issued and outstanding shares at the Corporation's financial year end. Between January 1, 2015 and March 20, 2015, 5,844 shares were purchased under the Employee Share Purchase Plans.

9. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former employee and no current or former directors and executive officers were indebted to the Corporation as at December 31, 2014.

10. CORPORATE GOVERNANCE

The following summarizes the Corporation's approach to corporate governance in the context of National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101").

Board of Directors

The Board of Directors currently consists of 9 members. The Board of Directors has reviewed all of the relationships of each of the directors with the Corporation and has determined that five of the nine current directors are independent.

The Board members who are independent are Mr. George J. Bunze, Ms. Nycol Pageau-Goyette, Mr. Simon Pelletier, Mr. John Barrie Shineton and Ms. Mary Webster. Five of the nine directors do not have interests in or material relationships with either the Corporation or the significant shareholders.

Mr. Tom A. Bruce Jones, Chairman, and Mr. Gianni Chiarva, Vice-Chairman are not independent due to their relationship with SJ International, which holds approximately 38.5% of the common shares of the Corporation. Additionally, Mr. Tom A. Bruce Jones is a shareholder of JJS, which is party to a services agreement with the Corporation. Mr. Gianni Chiarva is a majority shareholder of Stella S.p.A. and Stella International S.A., each of which is party to a services agreement with the Corporation. Mr. Daniel Picotte is a non-independent director in view of his involvement advising the Corporation's management and SJ International. Mr. Brian McManus is a non-independent director as he is a member of the Corporation's management team, serving as the Corporation's President and CEO.

The following directors are presently directors of the following reporting issuers: Mr. George Bunze is a director of Intertape Polymer Group Inc. (TSX). Mr. John Barrie Shineton is a director (Vice-Chairman of the Board) of Norbord Inc. and Western Forest Products Inc. (TSX).

Independent directors hold meetings on a quarterly basis, which provides ample opportunity to discuss matters pertaining to the Corporation without the presence of management and non-independent directors. The Board is satisfied that this exercise enables the Board to conduct open and candid discussions which present a diversity of views and opinions.

Mr. Tom A. Bruce Jones, Chairman of the Board, is not an independent director. Ms. Nycol Pageau-Goyette, an independent member of the Board, serves as Lead Director of the Board. Ms. Pageau-Goyette's responsibilities as Lead Director include: (i) ensuring that the Board functions independently of management of the Corporation and its subsidiaries; (ii) ensuring that independent directors have regular opportunities to meet to discuss issues without management present; (iii) chairing and setting the agenda for meetings of independent directors; and (iv) reporting to the Board of Directors on the discussions held during the meetings of the independent directors. There were four meetings of the Independent Directors held during the year ended December 31, 2014.

Board Mandate

The Board of Directors has adopted a written mandate ("Board Mandate"), which details its specific responsibilities. The Board Mandate is reviewed on an annual basis and revised at that time, if deemed necessary by the Board. The Board Mandate can be found at Appendix "A" of this management proxy circular.

Nomination of Directors

The Board of Directors does not have a nominating committee. In the case of the most recent nomination to the Board, in order to encourage an objective nomination, the Board as a whole discussed and evaluated the individual's candidacy.

Board Diversity

On December 10, 2014, the Corporation's Board of Directors, recognizing the importance of having a Board comprised of highly talented and experienced individuals, as well as the benefits of a diverse Board, adopted a Board Diversity Policy. When identifying candidates and carrying out the annual performance evaluation of the effectiveness of the Board, the Board has committed itself to consider, among others, talent, skills, character and the promotion of diversity along gender, ethnicity, age and national origin. Currently, the Board is satisfied that its membership, comprising European, American and Canadian nationals including two women, all who have skilled backgrounds as, among others, executives, entrepreneurs and professionals, has numerous markers of diversity, while allowing Board members to effectively work together as a strong and effective unit.

While the Board acknowledges the benefit of fresh ideas and viewpoints, it has not established term limits for service nor a mandatory retirement age for its members, as Board members have shown their value in being able to develop, over a period of time, increasing insight into the Corporation and its operations, thereby increasing their individual contributions to the Board as a whole.

Finally, the Board has undertaken to review and if necessary modify its Board Diversity Policy annually, to maximize the effectiveness of the policy towards reaching overall objectives.

Position Descriptions

The Board of Directors has adopted written position descriptions for its Chairman, Chairman of each Board committee, the Lead Director and CEO. All position descriptions are reviewed on an annual basis and revised at that time, if deemed necessary by the Board.

Orientation and Continuing Education

While the Corporation has not developed a formal orientation and education program for new recruits to the Board, the practice in the case of the most recent nominee to the Board was to provide him, for review, documentation containing the most recently available public information on the Corporation. This included the Corporation's management information circular, annual information form, annual report as well as the Corporation's policies with respect to disclosure and communications, Code of Business Conduct and Ethics, whistle-blowing policy, along with Board and committee mandates, the Stock Option Plan and Employee Share Purchase Plans.

The Board of Directors provides continuing education to its directors in the form of reports submitted with Board materials in preparation for certain meetings, summarizing latest legal, accounting and other significant developments affecting their responsibilities. These reports may be supported by formal presentations at regularly scheduled or a specially designated Board meetings. These reports are generally prepared by the Corporation's Vice-President, General Counsel and Secretary, Senior Vice-President and Chief Financial Officer, Manager, Financial Reporting, or external auditors, depending on the expertise required.

Ethical Business Conduct

The Board of Directors has adopted a Code of Business Conduct and Ethics (the "Code") for its employees. It sets out basic principles to govern the manner in which all employees of the Corporation and its subsidiaries shall conduct business and maintain relationships with their fellow employees, customers, competitors, business partners and regulatory authorities in all regions in which it operates. The terms of the Code also apply to the Corporation's Board of Directors in their supervision and management of the Corporation's business and affairs. The Code is distributed to employees and Board members on an annual basis for their continued information.

To promote and monitor compliance, individuals who note violations of the Code are encouraged to notify immediate supervisors or the Vice-President, General Counsel and Secretary, who will report such violations to the Corporation's President and CEO and Board of Directors.

Any interested party may obtain a written copy of the Code following a written request to the Corporation's Vice-President, General Counsel and Secretary c/o Stella-Jones Inc., 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec, H4R 2J8.

To monitor compliance regarding, among others, complaints relating to accounting, internal accounting controls or auditing matters, the Corporation's Whistle Blowing Policy provides that these matters be reported by telephone or e-mail to the Corporation's Chairman of the Audit Committee. Additionally, the Corporation has recently selected an independent third-party managed anonymous reporting system, which it plans to implement during 2015.

With respect to transactions and agreements in respect of which a director or executive officer has a material interest, the Board examines and discusses the terms and conditions of such agreements and evaluates the potential effects and consequences of such transactions without the presence of those Board members.

Board of Directors and Committee Meetings Held and Attendance Record

Board of Directors and Committee meetings held during the financial year ended December 31, 2014 were as follows:

Type of Meeting	# of Meetings Held
Board of Directors	7 ⁽¹⁾
Audit Committee	4
Remuneration Committee	3
Environmental, Health and Safety Committee ⁽²⁾	3

(1) This number does not include Board resolutions signed in lieu of meetings and does not include meetings held by independent Board members.

(2) Hereinafter referred to as the "Environmental, H&S Committee".

The following summarizes each director's attendance at Board and Committee meetings during the year ended December 31, 2014.

Directors	Board of Directors Meetings Attended ⁽¹⁾	Audit Committee Meetings Attended	Environmental, H&S Committee Meetings Attended	Remuneration Committee Meetings Attended
TOM A. BRUCE JONES, CBE Chairman of the Board and Chairman of the Environmental, H&S Committee	7	N/A ⁽²⁾	3	N/A ⁽²⁾
GEORGE J. BUNZE, CPA, CMA Chairman of the Audit Committee and Member of the Remuneration Committee	7	3	N/A ⁽²⁾	3
GIANNI CHIARVA Vice-Chairman of the Board and Chairman of the Remuneration Committee	7	N/A ⁽²⁾	N/A ⁽²⁾	3
BRIAN MCMANUS President and CEO	7	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾
NYCOL PAGEAU-GOYETTE Member of the Remuneration Committee, the Environmental, H&S Committee, the Audit Committee and Lead Director	7	4	3	3
SIMON PELLETTIER Member of the Audit Committee	6	4	N/A ⁽²⁾	N/A ⁽²⁾
DANIEL PICOTTE Member of the Environmental, H&S Committee	7	N/A ⁽²⁾	3	N/A ⁽²⁾
JOHN BARRIE SHINETON Member of the Audit Committee	7	3	N/A ⁽²⁾	N/A ⁽²⁾
MARY WEBSTER Member of the Environmental, H&S Committee	7	N/A ⁽²⁾	3	N/A ⁽²⁾

(1) This number does not include Board resolutions signed in lieu of meetings and meetings held by independent Board members.

(2) Not applicable as not a member of this Committee.

The Committees of the Board

The Board of Directors has three committees: the Audit Committee, the Remuneration Committee and the Environmental, H&S Committee. All three committees are composed solely of outside directors and two of three committees have either all or a majority of members who are independent. The committees, their mandates and membership are outlined below.

Audit Committee

Chairman	George J. Bunze
Members	Nycol Pageau-Goyette Simon Pelletier John Barrie Shineton

The Audit Committee meets with senior management and annually, with the auditors of the Corporation to review financial statements prior to their approval by the Board, and other financial matters. The Committee receives reports from the Corporation's auditors and monitors compliance with appropriate internal control procedures. The Committee's role and responsibilities are set out in its mandate, which was revised by the Board of Directors most recently in December, 2013, to increase the Audit Committee's authority to pre-approve audit and non-audit services performed by the Corporation's external auditors from \$50,000 to \$100,000. The Audit Committee Mandate is reviewed by the Board of Directors on an annual basis. All members of the Audit Committee are independent.

The Audit Committee discusses accounting principles with the external auditors and meets at least annually with the external auditors without the presence of management. The Committee is responsible for recommending to the Board of Directors, the nomination of the external auditors, external auditor's compensation and for hiring and evaluating the external auditors.

The Audit Committee is comprised exclusively of independent directors who all have the requisite financial literacy. Mr. George Bunze, a Chartered Professional Accountant (CPA, CMA) since May 1968, is the former Chief Financial Officer of Kruger, a manufacturer of paper, tissue, wood products, energy (hydro/wind) and wine and spirits products. Mr. Bunze currently serves as Director and Vice-Chairman of Kruger, is a member of its Executive Committee and is also Chairman of its Audit Committee Advisory Board. Mr. Bunze also serves on the Board of Directors and is Chairman of the Audit Committee of Intertape Polymer Group Inc. and is a member of the FM Global Advisory Board of Factory Mutual Insurance Company.

Mr. Simon Pelletier holds a Bachelor of Materials Engineering from the University of Windsor and is Senior Vice-President, Global Sales and Marketing for Metso's Services Business Line. With over 25 years of experience in the Mining and Construction industry, Mr. Pelletier is responsible for 1.5 Billion Euro of services sales in approximately 50 countries. Metso's Services Business Line provides a full-scope of services ranging from field service and repair to spare and wear parts all the way to high-value adding performance service solutions. Listed on the Helsinki Stock Exchange, Metso is a global supplier of technology and services to the mining, construction, and oil & gas industry with annual sales of 3.9 Billion Euro and employs approximately 17,000 people globally.

Mrs. Nycol Pageau-Goyette is a graduate of the Université de Montréal and is a fellow certified administrator. She is the founder and main shareholder of companies operating in the fields of management (servicing not-for-profit organizations) and the environment (processing and recycling waste from pharmaceutical and cosmetic companies). She has served on the Boards of directors of various public and private companies and has chaired the audit committee of the *Fonds de solidarité des travailleurs du Québec (F.T.Q.)*, a venture capital firm. Ms. Pageau-Goyette currently chairs the board of directors and

the audit committee of the Maisonneuve-Rosemont Hospital.

Mr. John Barrie Shineton holds a degree in Mechanical Engineering from University of Manitoba and serves as Vice-Chairman of the Board of Norbord Inc. (“Norbord”). He is the former President and Chief Executive Officer of Norbord, a position he held from 2004 until his retirement in January 2014. Norbord is publicly traded on the Toronto Stock Exchange and is one of the world’s largest producers of oriented strand board, employing approximately 1,900 people at its 13 plant locations in the United States, Europe and Canada. Mr. Shineton held various positions within Norbord after joining the company in 1999, including Executive Vice-President of Wood Products, President of Norbord Industries Inc. and Managing Director of European Operations. Mr. Shineton has had more than 30 years experience in the forest products industry, having held senior level marketing and sales and operations positions for such companies as International Forest Products and Northwood Pulp and Timber. Additional information on the Audit Committee including the Audit Committee mandate may be found at Item 10 of the Corporation’s annual information form dated March 20, 2014.

Remuneration Committee

Chairman	Gianni Chiarva
Members	George J. Bunze Nicol Pageau-Goyette

The Remuneration Committee advises and assists the Board regarding policies on compensation and benefits, salaries of senior management as well as bonuses and the allocation of stock options and RSU’s to senior management. The Remuneration Committee is composed of three directors, Mr. Gianni Chiarva, Mr. George J. Bunze and Ms. Nicol Pageau-Goyette. Mr. Gianni Chiarva also serves as the Vice-Chairman of the Board of the Corporation and is a director of SJ International. Neither of Mr. Bunze or Ms. Pageau-Goyette serve or has served as an officer of the Corporation. Mr. Gianni Chiarva is a non-independent member of the Committee while Mr. George J. Bunze and Ms. Nicol Pageau-Goyette are both independent Committee members. Further information on the Remuneration Committee’s mandate is provided at Section 6.1(b) of this Management Proxy Circular.

The Remuneration Committee may engage and compensate such outside compensation advisors as it deems necessary to assist it in carrying out its duties.

Environmental, H&S Committee

Chairman	Tom A. Bruce Jones
Members	Nicol Pageau-Goyette Daniel Picotte Mary Webster

The Environmental, H&S Committee monitors issues related to the environment, health and safety, and the Corporation’s responsibilities in connection therewith. The members of the Environmental, H&S Committee meet on a regular basis with the President and CEO, the Vice-President, Environment and Technology, the Vice-President and General Counsel, U.S. Operations and the U.S. director of Environmental, Health and Safety. The Corporation’s Vice-President, Environment and Technology and the Vice-President and General Counsel, U.S. Operations, each lead a team of environmental health and safety professionals, who, with the support of regional general managers, local plant managers, and dedicated onsite health and safety supervisors, manage environmental and health and safety matters and ensure that the Corporation’s environmental and health and safety programs and policies are carried out efficiently and in compliance with applicable legislation, in order to protect the environment, employees and the public. Mr. Tom A. Bruce Jones also serves as Chairman of the Board of the Corporation and is a director of SJ International. Mr. Bruce Jones and Mr. Daniel Picotte are non-independent Committee members while Ms. Mary Webster and Ms. Nicol Pageau-Goyette are independent directors.

Decisions Requiring Board Approval

In addition to those matters which must by law be approved by the Board of Directors, management must seek Board approval for major decisions, including those transactions which would materially affect the financial position of the Corporation and changes in senior management. Nevertheless, the Corporation continues to operate in a manner which enables it to respond quickly to changes and to take advantage of opportunities as they arise.

Nomination of Directors and Assessment of the Board's Performance

While there is no committee responsible for the recruitment and appointment of directors, the Board as a whole is responsible to make recommendations of persons to be nominated as directors of the Corporation. Prior to nominating the most recent nominee to the Board of Directors, the competencies of the Board as a whole were reviewed in addition to those skills that would be particularly advantageous for the Board. In making its recommendations, the Board viewed the candidate's thirty plus years, as a business attorney advising complex corporate finance and real estate transactions, in addition to his considerable experience advising the Corporation through a decade of multiple U.S acquisitions, as key to making him very well qualified to join the Corporation's Board and to fit into the character and nature of the Board.

The Chairman of the Board is responsible to assess the effectiveness of the Board, the performance of its committees and the contribution of individual directors. This assessment is carried out formally on an annual basis, and more frequently (and informally), in regular dealings between the Chairman and members of the Board. In carrying out his formal assessment, the Chairman presents an annual verbal report to the entire Board, wherein he reviews the overall performance of the Board and the committees, evaluating their performances against their respective mandates. Individual performances may also be evaluated before the entire Board. The Chairman of each committee then presents to the Chairman and all Board members, an evaluation of his or her committee members and the committee's overall performance over the past year. All Board members are then invited to contribute their comments either to the whole Board or to the Chairman privately.

Interaction with Shareholders and Communications Policy

The Board reviews important communications to the shareholders, such as the quarterly and annual press releases presenting financial results or other press releases announcing material information, the quarterly and annual management's discussion and analysis, the annual information form and the management proxy circular.

The Corporation's President and CEO, along with the Senior Vice-President and Chief Financial Officer are primarily responsible to speak for the Corporation in its communication with the investment community and are in charge of responding to individual queries made directly to the Corporation by shareholders, investors and analysts.

The Corporation's Disclosure/Communications policy is designed to ensure the continued transparency in the communication of information to all shareholders, clients and the general public, and to insure that all disclosure of information shall continue to be complete, accurate and timely. The Disclosure/Communications Policy is reviewed on an annual basis by the Board of Directors and revised at that time, if deemed necessary by the Board.

The Board's Expectations of Management

In general, the Board of Directors expects management to utilize its resources in an efficient way in order to attain the objectives in light of the strategy identified by the Board of Directors. In this regard, management must be involved in the planning, organization, implementation and control of the strategic plans and operations. Management must act within the law and respect ethical business principles as well as act as a model to be followed by the employees of the Corporation.

11. VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXY

The accompanying form of proxy, subject to any specific directions given therein by any shareholder, confers discretionary voting authority upon those persons designated therein. If a direction is given in the accompanying form of proxy with respect to any matter for which a choice is provided therein, the shares represented thereby will, on any ballot that may be called for, be voted or withheld from voting in accordance with such direction; if no direction is given, the said shares will be voted in favour of the said matters.

The management of the Corporation knows of no other matter to come before the Meeting. If, however, any other matters properly come before the Meeting, the persons designated in the accompanying form of proxy shall vote on such matters in accordance with their best judgment pursuant to the discretionary authority conferred thereon by the proxy with respect to such matters.

12. ADDITIONAL INFORMATION

Additional information regarding the Corporation is available on SEDAR at www.sedar.com. The Corporation's financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for its most recently completed financial year and may be viewed on SEDAR as noted above.

Shareholders of the Corporation may request copies of the Corporation's consolidated financial statements and management's discussion and analysis by contacting Marla Eichenbaum, Vice-President, General Counsel and Secretary c/o Stella-Jones Inc. at 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec, H4R 2J8 (Tel. (514) 940-3889).

13. SUBMISSION OF PROPOSALS

Any shareholder wishing to submit a proposal at the Corporation's next annual shareholders meeting must deliver the proposal to the Secretary's office of the Corporation, 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec, H4R 2J8, by December 21, 2015.

14. APPROVAL OF DIRECTORS

The directors of the Corporation have approved in substance the contents of this management proxy circular and have authorized the sending thereof.



MARLA EICHENBAUM
Vice-President, General Counsel and Secretary

Montréal, Québec, March 20, 2015

APPENDIX “A”

MANDATE OF THE BOARD OF DIRECTORS OF STELLA-JONES INC.

The Board of Directors of Stella-Jones establishes the overall policies for Stella-Jones Inc. and its subsidiaries, monitors and evaluates the Company’s strategic direction, and retains plenary power for those functions not specifically delegated by it to its Committees or to management. Accordingly, in addition to the duties of directors of a Canadian corporation as prescribed by statute, the mandate of the Board is to supervise the management of the business and affairs of the Company with a view to evaluate, on an ongoing basis, whether the Company’s resources are being managed in a manner consistent with enhancing short-term and long-term shareholder value, ethical considerations and corporate social responsibility. In order to better fulfill its mandate, the Board is responsible for, among other matters:

1. Reviewing and approving, prior to the beginning of each fiscal year, the business plan, capital budget and financial goals of the Company, as well as longer term strategic plans (taking into account the opportunities and risks of the business) prepared and elaborated by management and, throughout the year, monitoring the achievement of the objectives set;
2. Reviewing and approving all significant decisions relating to the business, among others, acquisitions, dispositions, senior management changes, budgets, capital expenditures and major financing;
3. Identifying, with management, the principal risks of the Company’s business and ensuring the implementation of appropriate systems to manage these risks as well as monitoring, on a regular basis, the adequacy of such systems;
4. Ensuring the adequacy, efficiency and integrity of the Company’s internal financial and/or disclosure control and management of information systems;
5. Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account among other things, the opportunities and risks of the business;
6. Reviewing the content of and approving all regulatory filings such as the quarterly financial statements, the interim and annual Management’s Discussion and Analysis, the interim and annual CEO and CFO certifications, and the annual audited consolidated financial statements, the Annual Report, Proxy Circular and Annual Information Form;
7. Selecting the Corporation’s Chief Executive Officer (“CEO”), monitoring his/her individual performance, and reviewing and ratifying the Remuneration Committee’s assessment of the performance of the CEO on an annual basis;
8. Developing a position description for the CEO and developing and approving the corporate goals and objectives that the CEO must meet;
9. Appointing the Company’s officers;
10. Creating and approving compensation mechanisms for senior management;

11. To the extent feasible, satisfying itself as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the organization;
12. Adopting, enforcing and monitoring good corporate governance practices, processes and disclosure;
13. Adopting a communications policy to ensure effective, timely and non-selective communications between the Company, its shareholders and the public;
14. Adopting a Code of Business Conduct and Ethics and monitoring its compliance from time to time;
15. Nominating or appointing directors, as appropriate, considering the size of the Board and the competencies and skills of directors and proposed directors;
16. Ensuring the new directors receive comprehensive orientation to the Board and that an appropriate continuing education program is made available to all directors;
17. Ensuring that the compensation of directors realistically reflects the time spent, responsibilities and risks involved in being an effective director;
18. Assessing annually the performance of the Board, its committees and each of its directors;
19. Recommending to shareholders, pursuant to the recommendation of the Audit Committee, the appointment of auditors and approving auditor compensation;
20. Approving the submission to the shareholders of the Corporation, any amendment to the articles of the Corporation or the approval of any adoption, amendment or repeal of any by-laws of the Corporation;
21. Declaring dividends on the shares of the Corporation; and
22. Receiving timely reporting from the Environmental, Health and Safety Committee on the Corporation's execution of its environmental policies and management of environmental risk and health and safety measures.

The Board of Directors discharges its duties both directly and through its Audit, Remuneration and Environmental, Health and Safety committees.

In discharging its duties and responsibilities, and when the complexity of the situation dictates, members of the Board of Directors may conduct such examinations, investigations or inquiries, and engage such special legal, accounting or other advisors, at the expense of the Corporation, at such time or times and on such terms and conditions, including fees, as the Board of Directors considers appropriate.

The Board of Directors shall review and assess the adequacy of the mandate of the Board of Directors annually.

Reviewed and approved by the Board of Directors on December 10, 2014.

