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## **Stella-Jones Announces Completion of U.S. Acquisition**

WESTMOUNT, QUEBEC--(CCNMatthews - Aug. 31, 2005) - Stella-Jones Inc. (TSX:SJ)

- First U.S. acquisition for Stella-Jones
- Acquisition will be accretive to SJ earnings
- Gives SJ entry into U.S. market for treated crossties

Stella-Jones Inc. (TSX:SJ) announced today that its wholly owned US subsidiary, Stella-Jones Corporation, has completed the acquisition it announced in June of Webster Wood Preserving Company A Minnesota Limited Partnership ("Webster"). Webster is a privately held producer and marketer of pressure treated wood railway ties based in Bangor, Wisconsin, USA. This acquisition will establish Stella-Jones' first manufacturing facility in the United States and give Stella-Jones greater access to the U.S. treated crosstie market.

"We are extremely pleased to have completed this important acquisition," said Mr. Brian McManus, President and Chief Executive Officer of Stella-Jones Inc. "Webster has a strong customer base in the market for pressure treated wood railway ties. With this acquisition, Stella-Jones is now genuinely a North American producer of treated wood products."

Assets acquired include the Webster production plant located in Bangor, Wisconsin (USA) as well as all inventories and accounts receivable. The Bangor facility will become the 8th treating facility for Stella-Jones. The other seven pressure treated wood plants are in British Columbia, Ontario, Quebec and Nova Scotia.

For its last fiscal year ended September 30, 2004, Webster reported sales of approximately US\$25.0 million. The transaction will be accretive to Stella-Jones' earnings. The purchase price totaled US\$16.0 million, of which approximately US\$14.0 million was for inventory and receivables. Financing for the transaction was provided by a CDN\$5.0 million private equity placement with Stella-Jones' majority shareholder, Stella Jones International S.A. ("SJ International"), which will allow Stella-Jones to maintain a favourable debt to equity ratio. The

balance of the purchase price was financed through various loan arrangements in the US and Canada, including a subordinated loan of US\$750,000 from SJ International to Stella-Jones Corporation.

The private equity placement with SJ International consisted of the issuance of 555,556 common shares at a price of \$9.00 per common share. SJ International now owns 6,910,556 common shares of Stella-Jones' outstanding common shares, or 63.9%, on an undiluted basis.

## ABOUT STELLA-JONES

Stella-Jones Inc. (TSX:SJ) is a leading Canadian producer and marketer of industrial structures and support components produced with pressure treated wood products, specializing in the production of treated wood poles supplied to electrical utilities and telecommunications companies on both a national and international basis. Other principal products include railway ties, marine and foundation pilings, construction timbers, highway guardrail posts and treated wood for bridges. The Company also specializes in providing customized services to lumber companies and wholesalers for the treatment of consumer lumber products for outdoor applications. The Company's common shares are listed on the Toronto Stock Exchange.

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Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Company's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.

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