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## **Stella-Jones Files Restated Financial Statements**

MONTREAL, QUEBEC--(CCNMatthews - Dec. 21, 2006) - Stella-Jones Inc. (TSX:SJ) (the "Company") today announced that its financial statements for fiscal 2005 and the first three quarters of fiscal 2006 have been restated and refiled today on SEDAR. The related Management's Discussion and Analyses ("MD&A's") and the CEO and CFO certificates were also refiled.

In May 2003, the Company's President, Brian McManus, was granted options payable in shares or in cash, at his option. These options will not vest until 2008 and consequently have not yet been exercised. In accordance with Canadian generally accepted accounting principles ("GAAP"), these options should have been accounted for as a liability at the intrinsic value at the grant date and revalued at each balance sheet date. Accordingly, for each of these periods, the Company has revised the amount of the stock-based compensation costs along with the related amounts for the long-term liability and future income taxes.

In the fourth quarter of fiscal 2006, Mr. McManus, on his own initiative, unconditionally and irrevocably waived his right to settle these options for cash. As a result, the amount recorded as a long-term liability and the related future income taxes will be eliminated in that quarter and a corresponding amount will be transferred to and included in contributed surplus in accordance with GAAP.

This restatement does not affect the Company's current cash position nor does it imply a change to the Company's cash flows relative to previously published data. The irrevocable waiver in the fourth quarter of fiscal 2006 eliminates any effect on shareholders' equity. No other changes were made to financial statements and related MD&A's. The refiled financial statements and MD&A's and certifications may be accessed at [www.sedar.com](http://www.sedar.com).

### **ABOUT STELLA-JONES**

Stella-Jones Inc. (TSX:SJ) is a leading North American producer and marketer of industrial treated wood products, specializing in the production of pressure treated railway ties as well as wood poles supplied to electrical utilities and telecommunications companies. Other principal products include marine and foundation pilings, construction timbers, highway guardrail posts and treated wood for bridges. The Company also provides treated consumer lumber products and customized services to lumber retailers and wholesalers

for outdoor applications. The Company's common shares are listed on the Toronto Stock Exchange.

Visit our website: [www.stella-jones.com](http://www.stella-jones.com)

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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