Source: **Stella-Jones Inc.**

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STELLA-JONES REPORTS RECORD FIRST QUARTER RESULTS
Annual meeting of shareholders later this morning

- **Sales of $158.8 million, up 21.7% from $130.5 million last year**
- **Operating income of $24.1 million, versus $14.4 million in Q1 2011**
- **Net income up 76.5% to $15.0 million, compared with $8.5 million last year**
- **Diluted EPS of $0.94, versus $0.53 a year ago**

MONTREAL, QUEBEC – May 3, 2012 - Stella-Jones Inc. (TSX: SJ) today announced financial results for its first quarter ended March 31, 2012. The Company generated record first quarter sales and net income.

"Robust demand for Stella-Jones' core railway tie and utility pole products led to significant increases in sales and operating profitability in the first quarter of 2012," said Brian McManus, President and Chief Executive Officer. "This improved performance reflects the wider reach of our continental network and continued efficiency gains. More favourable weather in most regions of North America, compared with the same period last year, also allowed for a greater number of projects requiring our products to be carried out early in the year."

Financial highlights (in thousands of Canadian dollars, except per share data)	**Quarters ended March 31, 2012**	**2011**
Sales	**158,795**	130,485
Operating income	**24,090**	14,418
Net income for the period	**15,006**	8,500
Per share – basic and diluted ($)	**0.94**	0.53
Cash flow from operations [1]	**27,180**	17,188
Weighted average shares outstanding (basic, in '000s)	**15,959**	15,932

[1] Before changes in non-cash working capital components and interest and income tax paid.

FIRST QUARTER RESULTS
Sales reached $158.8 million, an increase of $28.3 million, or 21.7% over last year's first-quarter sales of $130.5 million. The operating facility acquired from Thompson Industries, Inc. ("Thompson") on December 7, 2011 contributed sales of approximately $9.6 million, while the conversion effect from fluctuations in the value of the Canadian dollar, Stella-Jones' reporting currency, versus the U.S. dollar, increased the value of U.S. dollar denominated sales by about $1.5 million when compared with the previous year. Excluding the acquisition and currency effects, sales increased approximately $17.2 million, or 13.2%.

Railway tie sales for the first quarter of 2012 amounted to $96.0 million, an increase of 25.4% over last year, reflecting tie sales of approximately $9.1 million from the operating facility acquired from Thompson as well as solid market demand. Utility pole sales amounted to $43.5 million in the first quarter of 2012, up 21.9% over the corresponding period in 2011. The increase is attributable to robust demand for transmission poles related to orders for special projects and to an increase in distribution pole sales stemming from regular maintenance projects. Industrial product sales remained stable at $15.2 million, as the contribution from the facility acquired from Thompson was offset by lower demand for marine applications in Canada. Sales of residential lumber increased 31.2% to $4.2 million, primarily as a result of more favourable weather compared with last year.

Operating income was $24.1 million, or 15.2% of sales, compared with $14.4 million, or 11.1% of sales, last year. The increase in absolute dollars essentially reflects higher business activity and the addition of the Thompson operations, while the increase as a percentage of sales mainly stems from a better absorption of fixed costs resulting from higher business activity and from greater efficiency throughout the Company's plant network.

Net income for the period increased 76.5% to $15.0 million, or $0.94 per share, fully diluted, compared with $8.5 million, or $0.53 per share, fully diluted, in the first quarter of 2011. Cash flow from operating activities, before changes in non-cash working capital components and interest and income tax paid, rose 58.1% to $27.2 million.

FINANCIAL POSITION REMAINS HEALTHY

As at March 31, 2012, the Company's long-term debt, including the current portion, amounted to $180.0 million, essentially stable when compared with $180.1 million as at December 31, 2011. The ratio of total debt, including short-term bank indebtedness, to total capitalization was 0.35:1 as at March 31, 2012, unchanged from three months earlier.

Working capital stood at $283.2 million as at March 31, 2012, up from $273.2 three months earlier. The main components of this variation were an increase in accounts receivable, as a result of strong sales growth in the first quarter, and an increase in inventories, due to the normal seasonal inventory build-up ahead of peak demand in the second and third quarters.

QUARTERLY DIVIDEND OF $0.15 PER SHARE

On May 2, 2012, the Board of Directors approved a quarterly dividend of $0.15 per common share payable on June 29, 2012 to shareholders of record at the close of business on June 1, 2012.

OUTLOOK

"We continue to expect demand for our core products to remain solid. Internally, we will benefit from new network synergies and efficiencies as we finalize the integration of the Thompson operating facility. This will allow us to pursue additional opportunities with existing and new clients. In addition, a healthy cash flow and strong financial position allow us to study all opportunities for network expansion, such as the recently announced proposed acquisition of certain assets of Brisco Wood Preservers Ltd. As such, Stella-Jones will continue to pursue, and refine, its core competencies to create further value for its shareholders," concluded Mr. McManus.

CONFERENCE CALL

Stella-Jones will hold a conference call to discuss these results on Thursday, May 3, 2012, at 1:30 PM Eastern Time. Interested parties can join the call by dialling 647-427-7450 (Toronto or overseas) or 1-888-231-8191 (elsewhere in North America). Parties unable to call in at this time may access a tape recording of the meeting by calling 1-855-859-2056 and entering the passcode 71367028#. This tape recording will be available on Thursday, May 3, 2012 as of 5:00 PM Eastern Time until 11:59 PM Eastern Time on Thursday, May 10, 2012.

NON-IFRS FINANCIAL MEASURES

Operating income and cash flow from operations are financial measures not prescribed by IFRS and are not likely to be comparable to similar measures presented by other issuers. Management considers these measures to be useful information to assist knowledgeable investors in evaluating the cash generating capabilities of the Company.

ABOUT STELLA-JONES

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

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, the ability of the Company to raise the capital required for acquisitions, 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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EXCHANGE LISTINGS
The Toronto Stock Exchange
Stock Symbol: SJ

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NOTICE

The condensed interim unaudited consolidated financial statements of Stella-Jones Inc. for the first quarter ended March 31, 2012 have not been reviewed by the Company's external auditors.

(Signed)

George Labelle
Senior Vice-President and Chief Financial Officer

Montréal, Québec
May 3, 2012

Stella-Jones Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)
March 31, 2012 and 2011

Stella-Jones Inc.

Interim Consolidated Statements of Financial Position
(Unaudited)

(expressed in thousands of Canadian dollars)

	Note	As at March 31, 2012 $	As at December 31, 2011 $ (audited)
Assets			
Current assets			
Accounts receivable		83,398	76,511
Derivative financial instruments		535	349
Inventories		259,366	243,590
Prepaid expenses		7,291	8,348
Income taxes receivable		122	1,721
		350,712	330,519
Non-current assets			
Property, plant and equipment		117,656	119,441
Intangible assets		68,270	71,062
Goodwill		89,961	91,720
Other assets		4,222	4,314
		630,821	617,056
Liabilities and Shareholders' Equity			
Current liabilities			
Bank indebtedness		2,862	2,585
Accounts payable and accrued liabilities		48,226	43,693
Derivative financial instruments		92	171
Current portion of long-term debt		6,424	1,465
Current portion of provisions and other long-term liabilities		9,950	9,418
		67,554	57,332
Non-current liabilities			
Long-term debt		173,544	178,629
Deferred income taxes		42,656	43,417
Provisions and other long-term liabilities		1,967	2,117
Employee future benefits		2,412	2,271
Derivative financial instruments		1,187	1,378
		289,320	285,144
Shareholders' equity			
Capital stock	4	131,538	131,272
Contributed surplus		1,320	1,342
Retained earnings		213,879	201,268
Accumulated other comprehensive loss		(5,236)	(1,970)
		341,501	331,912
		630,821	617,056

The accompanying notes are an integral part of these interim consolidated financial statements.

Stella-Jones Inc.

Interim Consolidated Statements of Change in Shareholders' Equity
(Unaudited)

For the three-month periods ended March 31, 2012 and 2011

(expressed in thousands of Canadian dollars)

				Accumulated other comprehensive loss				
	Capital stock $	Contributed surplus $	Retained earnings $	Foreign currency translation adjustment $	Translation of long-term debts designated as net investment hedges $	Unrecognized losses on cash flow hedges $	Total $	Share-holders' equity $
Balance – January 1, 2012	131,272	1,342	201,268	(2,239)	1,046	(777)	(1,970)	331,912
Comprehensive income								
Net income for the period	-	-	15,006	-	-	-	-	15,006
Other comprehensive income (loss)	-	-	-	(5,685)	2,104	315	(3,266)	(3,266)
Comprehensive income for the period	-	-	15,006	(5,685)	2,104	315	(3,266)	11,740
Transactions with shareholders								
Dividends on common shares	-	-	(2,395)	-	-	-	-	(2,395)
Stock option plan	165	-	-	-	-	-	-	165
Exercise of stock options	-	(54)	-	-	-	-	-	(54)
Employee share purchase plans	101	-	-	-	-	-	-	101
Stock-based compensation	-	32	-	-	-	-	-	32
	266	(22)	(2,395)	-	-	-	-	(2,151)
Balance – March 31, 2012	131,538	1,320	213,879	(7,924)	3,150	(462)	(5,236)	341,501

The accompanying notes are an integral part of these interim consolidated financial statements.

Stella-Jones Inc.

Interim Consolidated Statements of Change in Shareholders' Equity . . . *continued*
(Unaudited)

For the three-month periods ended March 31, 2012 and 2011

(expressed in thousands of Canadian dollars)

	Capital stock $	Contributed surplus $	Retained earnings $	Accumulated other comprehensive loss: Foreign currency translation adjustment $	Accumulated other comprehensive loss: Translation of long-term debts designated as net investment hedges $	Accumulated other comprehensive loss: Unrecognized losses on cash flow hedges $	Accumulated other comprehensive loss: Total $	Share-holders' equity $
Balance – January 1, 2011	130,229	1,376	155,636	(8,471)	2,243	(911)	(7,139)	280,102
Comprehensive income								
Net income for the period	-	-	8,500	-	-	-	-	8,500
Other comprehensive income (loss)	-	-	201	(6,451)	1,979	165	(4,307)	(4,106)
Comprehensive income for the period	-	-	8,701	(6,451)	1,979	165	(4,307)	4,394
Transactions with shareholders								
Dividends on common shares	-	-	(3,825)	-	-	-	-	(3,825)
Stock option plan	340	-	-	-	-	-	-	340
Exercise of stock options	-	(112)	-	-	-	-	-	(112)
Employee share purchase plans	84	-	-	-	-	-	-	84
Stock-based compensation	-	42	-	-	-	-	-	42
	424	(70)	(3,825)	-	-	-	-	(3,471)
Balance – March 31, 2011	130,653	1,306	160,512	(14,922)	4,222	(746)	(11,446)	281,025

The accompanying notes are an integral part of these interim consolidated financial statements.

Stella-Jones Inc.

Interim Consolidated Statements of Income
(Unaudited)

For the three-month periods ended March 31, 2012 and 2011

(expressed in thousands of Canadian dollars, except earnings per common share)

	Note	2012 $	2011 $
Sales		158,795	130,485
Expenses			
Cost of sales		125,280	109,599
Selling and administrative		9,485	6,974
Other gains, net		(60)	(506)
		134,705	116,067
Operating income		24,090	14,418
Financial expenses			
Interest on long-term debt		2,040	1,956
Other interest		-	369
		2,040	2,325
Income before income taxes		22,050	12,093
Provision for (recovery of) income taxes			
Current		7,227	3,025
Deferred		(183)	568
		7,044	3,593
Net income for the period		15,006	8,500
Basic earnings per common share	4	0.94	0.53
Diluted earnings per common share	4	0.94	0.53

The accompanying notes are an integral part of these interim consolidated financial statements.

Stella-Jones Inc.

Interim Consolidated Statements of Comprehensive Income
(Unaudited)

For the three-month periods ended March 31, 2012 and 2011

(expressed in thousands of Canadian dollars)

	2012 $	2011 $
Net income for the period	15,006	8,500
Other comprehensive income (loss)		
Net change in gains (losses) on translation of financial statements of foreign operations	(5,685)	(6,451)
Change in gains (losses) on translation of long-term debts designated as hedges of net investment in foreign operations	2,207	2,289
Income tax on change in gains (losses) on translation of long-term debts designated as hedges of net investment in foreign operations	(103)	(310)
Change in gains (losses) on fair value of derivatives designated as cash flow hedges	456	227
Income tax on change in gains (losses) on fair value of derivatives designated as cash flow hedges	(141)	(62)
Change in actuarial losses on post-retirement benefit obligations	-	268
Income tax on change in actuarial losses on post-retirement benefit obligations	-	(67)
	(3,266)	(4,106)
Comprehensive income	11,740	4,394

The accompanying notes are an integral part of these interim consolidated financial statements.

Stella-Jones Inc.

Interim Consolidated Statements of Cash Flows
(Unaudited)

For the three-month periods ended March 31, 2012 and 2011

(expressed in thousands of Canadian dollars)

	2012 $	2011 $
Cash flows provided by (used in)		
Operating activities		
Net income for the period	15,006	8,500
Adjustments for		
Depreciation of property, plant and equipment	1,232	1,146
Amortization of intangible assets	1,186	1,029
Interest accretion	193	260
Gain on disposal of property, plant and equipment	(10)	-
Employee future benefits	141	124
Stock-based compensation	31	42
Financial expenses	2,040	2,325
Income taxes	7,227	3,025
Deferred income taxes	(183)	568
Restricted stock units obligation	244	182
Other	73	(13)
	27,180	17,188
Changes in non-cash working capital components		
Accounts receivable	(7,897)	(18,537)
Inventories	(17,370)	(20,564)
Prepaid expenses	924	(4,156)
Income taxes receivable	28	44
Accounts payable and accrued liabilities	2,730	4,067
Asset retirement obligations	734	(428)
Provisions and other long-term liabilities	(168)	-
	(21,019)	(39,574)
Interest paid	(2,202)	(2,103)
Income tax paid	(5,717)	(4,163)
	(1,758)	(28,652)
Financing activities		
Increase in bank indebtedness	277	34,759
Increase in long-term debt	3,224	-
Repayment of long-term debt	(591)	(4,498)
Non-competes payable	(313)	(309)
Proceeds from issuance of common shares	212	312
	2,809	30,264
Investing activities		
Decrease (increase) in other assets	32	(40)
Increase in intangible assets	(85)	(159)
Purchase of property, plant and equipment	(1,013)	(1,413)
Proceeds from disposal of property, plant and equipment	15	-
	(1,051)	(1,612)
Net change in cash and cash equivalents during the period	-	-
Cash and cash equivalents – Beginning of period	-	-
Cash and cash equivalents – End of period	-	-

The accompanying notes are an integral part of these interim consolidated financial statements.

(amounts expressed in thousands of Canadian dollars, except as otherwise indicated)

1 Description of the business

Stella-Jones Inc. (the "Company") is a North American producer and marketer of industrial treated wood products, specializing in the production of railway ties and timbers as well as wood poles supplied to electrical utilities and telecommunication companies. The Company manufactures the wood preservative creosote and other coal tar-based products and provides the railroad industry with used tie pickup and disposal services. Switching, locomotive and railcar maintenance services are also offered, as is tie-derived boiler fuel. The Company also provides treated residential lumber products and customized services to lumber retailers and wholesalers for outdoor applications. Other treated wood products include marine and foundation pilings, construction timbers, highway guardrail posts and treated wood for bridges. The Company has treating and pole peeling facilities across Canada and the United States and sells its products mainly in these two countries. The Company's headquarters are located in Saint-Laurent, Quebec, Canada. The Company is incorporated under the *Canada Business Corporations Act*, and its common shares are listed on the Toronto Stock Exchange ("TSX") under the stock symbol SJ.

2 Significant accounting policies

Basis of presentation

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

The same accounting policies, methods of computation and presentation have been followed in the preparation of these condensed interim consolidated financial statements as were applied in the annual financial statements for the year ended December 31, 2011.

These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

(amounts expressed in thousands of Canadian dollars, except as otherwise indicated)

Principles of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The significant subsidiaries are as follows: Guelph Utility Pole Company Ltd., I.P.B.-W.P.I. International Inc., 4552822 Canada Inc., 4552831 Canada Inc., Stella-Jones Canada Inc., Stella-Jones U.S. Holding Corporation ("SJ Holding"), Stella-Jones Corporation ("SJ Corp"), Stella-Jones U.S. Finance Corporation and Canadalux S.à.r.l. The following subsidiaries, SJ Holding, SJ Corp, Stella-Jones U.S. Finance Corporation and Canadalux S.à.r.l., are foreign operations that have a different functional currency from that of the Company.

The consolidated accounts of the Company include the accounts of a 50% interest in Kanaka Creek Pole Company Limited, a joint venture which is accounted for under the proportionate consolidation method of accounting.

3 Business acquisition

On December 7, 2011, the Company completed the acquisition of 100% of the shares of Thompson Industries, Inc. ("Thompson"), a provider of treated wood products to the railroad industry. Thompson produced treated wood products, mainly railway ties and timbers, at a facility located in Russellville, Arkansas. Total cash outlay associated with the acquisition was approximately $29,015 (US$28,719), excluding acquisition costs of approximately $423 (US$414).

The following fair value determination of the net assets acquired and liabilities assumed is preliminary and is based on management's best estimates and information known at the time of preparing these condensed interim consolidated financial statements. This fair value determination is expected to be completed within 12 months of the acquisition date and consequently, changes could occur mainly with respect to intangible assets, goodwill and deferred income taxes. No changes have been made in the three-month period ended March 31, 2012. Immediately following the acquisition, Thompson was merged with SJ Corp and the surviving corporation was SJ Corp. The results of operations of the acquiree have been included in the Company's consolidated financial statements from the acquisition date.

(amounts expressed in thousands of Canadian dollars, except as otherwise indicated)

The following is a summary of the net assets acquired, the liabilities assumed and the consideration transferred at fair value as at the acquisition date. The original transaction was made in U.S. dollars and converted into Canadian dollars as at the acquisition date.

	$
Assets acquired	
Non-cash working capital	11,018
Property, plant and equipment	9,452
Cash surrender value of life insurance	150
Customer relationships	12,225
Customer backlog	273
Non-deductible goodwill	15,975
	49,093
Liabilities assumed	
Accounts payable and accrued liabilities	2,835
Long-term debt	3,460
Deferred income tax liabilities	7,587
Total net assets acquired and liabilities assumed	35,211
Consideration transferred	
Cash	29,015
Unsecured note payable to vendor	5,322
Consideration payable	874
Consideration transferred for shares	35,211

The Company's valuation of intangible assets has identified customer relationships and customer backlog. The assigned useful lives for customer relationships are 25 years and 10 months for the customer backlog. Goodwill is not amortized nor deductible for tax purposes, and represents the future economic value associated with the increased railroad network access, acquired workforce and synergies with the Company's operations.

The Company financed the acquisition through existing credit facilities and an unsecured vendor note of $6,574 (US$6,507), bearing interest at 2.67% and repayable in equal installments over a 10-year period. The vendor note was fair-valued at $5,322 (US$5,268) using an interest rate of 7.0%.

(amounts expressed in thousands of Canadian dollars, except as otherwise indicated)

4 Capital stock

	2012	2011
Number of shares outstanding – Beginning of period*	15,955	15,923
Stock option plan*	7	14
Employee share purchase plans*	2	2
Number of shares outstanding – End of period*	15,964	15,939

* Number of shares is presented in thousands.

a) Capital stock consists of the following:

Authorized
An unlimited number of preferred shares issuable in series
An unlimited number of common shares

b) Earnings per share

The following table provides the reconciliation between basic earnings per common share and diluted earnings per common share:

	2012	2011
Net income applicable to common shares	$15,006	$8,500
Weighted average number of common shares outstanding*	15,959	15,932
Effect of dilutive stock options*	65	62
Weighted average number of diluted common shares outstanding*	16,024	15,994
Basic earnings per common share**	$0.94	$0.53
Diluted earnings per common share**	$0.94	$0.53

* Number of shares is presented in thousands.

** Basic and diluted earnings per common share are presented in dollars per share.

(amounts expressed in thousands of Canadian dollars, except as otherwise indicated)

5 Seasonality

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

6 Segment information

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

7 Subsequent event

On May 1, 2012, the Company announced that it has signed a non-binding letter of intent to acquire certain pole treating assets of Brisco Wood Preservers Ltd., a provider of treated wood poles located in British Columbia.

The transaction, if finalized, is expected to close in July 2012 and is subject to customary closing conditions, including entry into a definitive purchase agreement and satisfactory due diligence. The Company plans to finance the transaction through existing credit facilities.

On May 2, 2012, the Board of Directors approved a quarterly dividend of $0.15 per common share payable June 29, 2012 to shareholders of record at the close of business on June 1, 2012.