



**Source:** Stella-Jones Inc.

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## **Stella-Jones completes acquisition of Tangent Rail Corporation Enhances offerings to the U.S. railroad industry and extends geographical reach**

**Montréal, Québec – April 1, 2010** – Stella-Jones Inc. (or “the Company”) (TSX: SJ) today announced that it has completed the acquisition of Tangent Rail Corporation (“Tangent”), a provider of wood crosstie supply chain services to the railroad industry. This acquisition expands Stella-Jones’ capabilities within the U.S. railway tie market and provides the Company with coal tar distillation operations. Stella-Jones’ North American wood treating infrastructure now consists of 19 facilities, 11 of which are located in the United States.

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

For the year ended December 31, 2009, Tangent generated sales of approximately US\$178.0 million and earnings before interest, taxes, depreciation and amortization (“EBITDA”) of approximately US\$28.0 million. The purchase price totalled approximately US\$165.0 million, subject to post closing adjustments.

Financing for the transaction has been secured through an \$80,050,000 private placement of subscription receipts, which successfully closed on March 15, 2010, as well as through the issuance to the Solidarity Fund QFL of a US\$25,000,000 unsecured debenture, the increase of existing operating debt facilities and the addition of a US\$40,000,000 term facility which successfully closed on March 24, 2010. The subscription receipts will be exchanged as at the close of business today, April 1, 2010, for common shares in the share capital of the Company on the basis of one common share per subscription receipt. Holders of subscription receipts do not need to take any action in order to receive the common shares to which they are entitled. As the subscription receipts were sold on a private placement basis, these common shares will be subject to regulatory restrictions on resale until July 16, 2010.

“Tangent has built a reputation for excellence on the basis of a corporate culture that mirrors our own,” said Brian McManus, President and Chief Executive Officer of Stella-Jones. “This strategic acquisition solidifies our position as the second largest North American railway tie provider and takes Stella-Jones to a still higher level of product offerings and services. We expect the transaction to yield appreciable synergies and to be immediately accretive to earnings.”

This press release is not an offer to sell, or a solicitation of an offer to buy, any securities. The securities referred to in this press release have not been and will not be registered under the U.S. Securities Act of 1933, as amended and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933.

## **NON-GAAP MEASURE**

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is a financial measure not prescribed by Canadian generally accepted accounting principles (“GAAP”) and is not likely to be comparable to similar measures presented by other issuers. Management considers it to be useful information to assist knowledgeable investors in evaluating the cash generating capabilities of the Company.

## **ABOUT STELLA-JONES**

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

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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