Source: **Stella-Jones Inc.**

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Stella-Jones Reports First Quarter Results
Annual and Special Meeting of Shareholders Later this Morning

- **Q1 sales grow 6.8% to $66.2 million**
- **Net earnings of $5.3 million compared with $6.1 million**
- **Diluted EPS of $0.42, versus $0.48 last year**

MONTREAL, QUEBEC - May 7, 2008 - Stella-Jones Inc. (TSX: SJ) is pleased to announce financial results for its first quarter ended March 31, 2008. Sales for the period reached $66.2 million, an increase of $4.2 million, or 6.8% over last year's first quarter sales of $61.9 million. The contribution from the Arlington, Washington facility for the full period in 2008, versus only one month in 2007, accounted for essentially all of this gain. The appreciation of the Canadian dollar, Stella-Jones' reporting currency, reduced the value of U.S. dollar denominated sales by approximately $5.0 million when compared with the same period last year.

Railway tie sales posted a strong 31.4% increase to $32.3 million, reflecting continued solid industry demand and increased supply capability, following the expansion of the Bangor, Wisconsin facility with the addition, in May 2007, of a treating cylinder that increased plant capacity by over 50%. Sales of utility poles decreased 9.2% to $27.7 million as a result of a softer U.S. utility pole market, a lower conversion rate on U.S. utility pole sales and harsh winter weather in Canada that delayed utility pole installation. Sales in the consumer lumber category totalled $4.1 million, up 12.7% from last year, while sales of industrial lumber declined by $1.1 million, largely due to adverse weather conditions in Canada.

"We are satisfied with our results for the first quarter, a period characterized by seasonal volatility in most of our geographical markets", said Brian McManus, President and Chief Executive Officer of Stella-Jones. "Strong performance in our core markets, particularly in railway ties, further validates our business strategy. While we did see a softer start to the year for utility poles, particularly in transmission sizes, we anticipate a return to normal levels of activity for the balance of the year."

Gross profit in the first three months of 2008 reached $13.7 million, or 20.6% of sales, compared with $15.9 million, or 25.7% of sales in the same period in 2007. Net earnings were $5.3 million, or $0.42 per share, fully diluted, in the first quarter ended March 31, 2008 compared with $6.1 million, or $0.48 per share, fully diluted, in the corresponding period in 2007.

"Our margins in the first quarter of 2008 reflect a different product mix than last year, which saw an unusually large proportion of higher-margin transmission-length poles. A lower conversion rate on our U.S. dollar denominated sales negatively affected, in absolute dollar terms, our margins when compared with the same period last year," mentioned George Labelle, Senior Vice-President and Chief Financial Officer.

BPB Acquisition Vaults Stella-Jones to No. 2 Position in North American Railway Tie Market

Subsequent to the end of the first quarter, on April 1, 2008, the Company completed the acquisition of The Burke-Parsons-Bowlby Corporation ("BPB"), a producer of treated wood products primarily for the railroad industry. BPB, which began operations in 1955, had sales of approximately US$100.0 million for the twelve-month period ended December 31, 2007. This acquisition includes five treating plants located in DuBois, Pennsylvania; Goshen, Virginia; Spencer, West Virginia; and Stanton and Fulton, Kentucky. BPB further strengthens Stella-Jones' position in the North American railway tie market, establishing it as the second largest player, with an estimated market share of 25%.

The transaction value totalled approximately US$70.0 million. This amount included US$33.0 million paid to BPB stockholders through the conversion of each outstanding share of common stock of BPB into the right to receive US$47.78 per share in cash, US$3.0 million placed in escrow representing an additional payment equal to BPB's audited net income for its fiscal year ending March 31, 2008, less any distributions to shareholders during that period, and the assumption of BPB's liabilities of approximately US$34.0 million as at December 31, 2007. The transaction was financed by a US$25.0 million debenture to the *Fonds de solidarité des travailleurs du Québec (F.T.Q.)*, as well as through existing and additional debt facilities.

Outlook

As core railway tie and utility pole markets are still experiencing strong fundamentals, the Company remains optimistic about future organic growth. This will be achieved by capturing more of its existing clients' business and expanding its customer base, as it realizes the full potential of recent acquisitions.

"While strategic acquisitions in our core markets that meet our stringent investment requirements and provide synergistic opportunities will remain an integral part of the Company's growth plan, our primary focus over the near term will be integrating and optimizing the BPB acquisition. Although presently generating lower operating margins, we are confident in our team's ability to gradually increase BPB's margins close to a level comparable to that of our existing network over the next 24 months," concluded Mr. McManus.

Annual Shareholder Meeting

The Company is holding its Annual and Special Meeting of Shareholders this morning at 10:00 a.m. in the Centre VIP Le 1000 De La Gauchetière, 1000 De La Gauchetière Street West, Montréal, Québec, Canada.

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

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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HEAD OFFICE	EXCHANGE LISTINGS	INVESTOR RELATIONS
3100 de la Côte-Vertu Blvd. Suite 300 Saint-Laurent, Québec H4R 2J8 Tel.: (514) 934-8666 Fax: (514) 934-5327	The Toronto Stock Exchange Stock Symbol: SJ TRANSFER AGENT AND REGISTRAR Computershare Investor Services Inc.	George Labelle Senior Vice-President and Chief Financial Officer Tel.: (514) 934-8665 Fax: (514) 934-5327 glabelle@stella-jones.com

NOTICE

The interim unaudited consolidated financial statements of Stella-Jones Inc. for the first quarter ended March 31, 2008 have not been reviewed by the Company's external auditors.

(Signed)

George Labelle
Senior Vice-President and Chief Financial Officer

Montréal, Québec
May 7, 2008

CONSOLIDATED BALANCE SHEETS
(in thousands of Canadian dollars)

as at March 31, 2008 and December 31, 2007

	March 31, 2008 unaudited ($)	December 31, 2007 ($)
ASSETS		
CURRENT ASSETS		
Accounts receivable	40,188	26,411
Derivative financial instruments	368	658
Inventories	147,708	142,874
Prepaid expenses	2,127	1,472
Income taxes receivable	1,582	784
Future income taxes	619	619
	192,592	172,818
CAPITAL ASSETS	70,130	70,264
DERIVATIVE FINANCIAL INSTRUMENTS	100	274
OTHER ASSETS	1,117	1,143
FUTURE INCOME TAXES	357	357
	264,296	244,856
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	55,441	39,026
Accounts payable and accrued liabilities	18,422	21,856
Future income taxes	192	289
Current portion of long-term debt	4,524	4,409
Current portion of asset retirement obligations	758	751
	79,337	66,331
LONG-TERM DEBT	42,574	43,035
FUTURE INCOME TAXES	5,979	5,968
ASSET RETIREMENT OBLIGATIONS	837	467
EMPLOYEE FUTURE BENEFITS	1,364	1,298
	130,091	117,099
SHAREHOLDERS' EQUITY		
CAPITAL STOCK	46,271	46,023
CONTRIBUTED SURPLUS	4,380	4,045
RETAINED EARNINGS	86,068	80,745
ACCUMULATED OTHER COMPREHENSIVE LOSS	(2,514)	(3,056)
	134,205	127,757
	264,296	244,856

See accompanying Notes

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of Canadian dollars, except where specified otherwise)

Unaudited	three months ended March 31, 2008 (#)	2007 (#)
SHARE CAPITAL		
Shares outstanding – beginning of year	12,341,088	12,298,015
Stock option plan	9,000	16,285
Share purchase plan	1,558	1,573
Shares outstanding – end of period	12,351,646	12,315,873
	($)	**($)**
Shares outstanding – beginning of year	46,023	45,473
Stock option plan	200	57
Share purchase plan	48	42
Shares outstanding – end of period	46,271	45,572
CONTRIBUTED SURPLUS		
Balance - beginning of year	4,045	2,417
Stock-based compensation	402	371
Exercise of stock options	(67)	---
Balance – end of period	4,380	2,788
RETAINED EARNINGS		
Balance - beginning of year	80,745	58,004
Net earnings for the period	5,323	6,097
Dividends on common shares	---	---
Balance – end of period	86,068	64,101
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance - beginning of year	(3,056)	(73)
Adoption of new accounting standards for financial instruments, net of taxes of $280	---	569
Other comprehensive gain (loss)	542	(35)
Balance – end of period	(2,514)	461
SHAREHOLDERS' EQUITY	134,205	112,922

See accompanying Notes

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of Canadian dollars, except per share data)

Unaudited	three months ended March 31, 2008 ($)	2007 ($)
SALES	66,182	61,949
EXPENSES (INCOME)		
Cost of sales	52,528	46,058
Selling and administrative	2,862	3,533
Foreign exchange (gain) loss	(175)	68
Amortization of capital assets	1,381	1,066
Gain on disposal of capital assets	(30)	(11)
	56,566	50,714
OPERATING EARNINGS	9,616	11,235
INTEREST ON LONG-TERM DEBT	956	637
OTHER INTEREST	450	749
EARNINGS BEFORE INCOME TAXES	8,210	9,849
PROVISION FOR INCOME TAXES	2,887	3,752
NET EARNINGS FOR THE PERIOD	5,323	6,097
NET EARNINGS PER COMMON SHARE	0.43	0.50
DILUTED NET EARNINGS PER COMMON SHARE	0.42	0.48

See accompanying Notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in thousands of Canadian dollars)

Unaudited	three months ended March 31, 2008 ($)	2007 ($)
NET EARNINGS FOR THE PERIOD	5,323	6,097
Other comprehensive earnings:		
Net change in unrealized losses on translating financial statements of self-sustaining foreign operation	909	(184)
Change in fair value of derivatives designated as cash flow hedges	(269)	222
Gain on cash flow hedges reclassed to sales	(195)	---
Corresponding income tax recovery (expense)	97	(73)
	542	(35)
COMPREHENSIVE EARNINGS	5,865	6,062

See accompanying Notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

Unaudited	three months ended March 31, 2008 ($)	2007 ($)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings for the period	5,323	6,097
Adjustments for		
Amortization of capital assets	1,381	1,066
Gain on disposal of capital assets	(30)	(11)
Employee future benefits	66	63
Stock-based compensation	402	371
Other	(16)	(16)
	7,126	7,570
CHANGES IN NON-CASH WORKING CAPITAL COMPONENTS		
Increase in:		
Accounts receivable	(13,338)	(3,931)
Inventories	(411)	(7,477)
Prepaid expenses	(640)	(639)
Income taxes receivable	(809)	---
Increase (decrease) in:		
Accounts payable and accrued liabilities	(6,746)	1,096
Income taxes payable	---	(585)
Asset retirement obligations	377	126
	(21,567)	(11,410)
	(14,441)	(3,840)
FINANCING ACTIVITIES		
Increase in bank indebtedness	15,766	13,038
Increase in long-term debt	321	10,422
Repayment of long-term debt	(1,212)	(572)
Proceeds from issuance of common shares	181	99
	15,056	22,987
INVESTING ACTIVITIES		
Decrease in other assets	29	9
Business acquisitions	---	(16,937)
Purchase of capital assets	(674)	(2,284)
Proceeds from disposal of capital assets	30	65
	(615)	(19,147)
NET CHANGE IN CASH AND CASH EQUIVALENTS – DURING THE PERIOD	---	---
CASH AND CASH EQUIVALENTS – BEGINNING AND END OF THE PERIOD	---	---
SUPPLEMENTAL DISCLOSURE		
Interest paid	1,436	1,083
Income taxes paid	3,428	4,387

See accompanying Notes

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The interim consolidated financial statements for the three months ended March 31, 2008 and 2007, are unaudited and include estimates and adjustments that the Management of Stella-Jones Inc. (the "Company") consider necessary for a fair presentation of the financial position, shareholders' equity, earnings, comprehensive earnings and cash flows.

The interim consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") on a basis consistent with those followed in the annual consolidated financial statements of the Company for the year ended December 31, 2007, except for new accounting policies that were adopted January 1, 2008, as described below. However, they do not include all disclosures required under GAAP for annual financial statements and should be read in conjunction with the Company's latest audited year-end consolidated financial statements and notes.

Certain comparative figures have been reclassified in order to comply with the basis of presentation adopted in the current year.

Principles of consolidation

The unaudited interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Guelph Utility Pole Company Ltd., I.P.B.-W.P.I. International Inc., Bell Pole Canada Inc., Stella-Jones Corporation, Stella-Jones U.S. Holding Corporation and Stella-Jones U.S. Finance Corporation. The consolidated accounts of Bell Pole Canada Inc. 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.

Changes in accounting policies

The CICA issued the following new accounting standards which were adopted by the Company effective January 1, 2008:

- Handbook Section 3031, "Inventories", replaces Section 3030, "Inventories". The new section prescribes measurement of inventories at the lower of cost and net realizable value. It provides guidance on the determination of cost, prohibits use in the future of the last-in, first-out (LIFO) method, and requires reversal of previous write-downs when there is a subsequent increase in the value of inventories. It also requires greater disclosure regarding inventories and cost of sales, including accounting policies, carrying values and the amount of any inventory write downs. The adoption of this new standard did not have any material impact on our financial results.

- Handbook Section 3862, "Financial Instruments – Disclosures", Handbook Section 3863, "Financial Instruments – Presentation" and Handbook Section 1535, "Capital Disclosures" establish standards for disclosing information about an entities financial instruments and capital. These Sections relate to disclosure and presentation only and did not have an impact on the interim consolidated financial statements. Notes 4 and 5 provide the required information.

NOTE 1 (cont'd.)

Impact of accounting pronouncements not yet implemented

The CICA issued the following accounting standards which will be adopted by the Company effective January 1, 2009:

- Handbook Section 3064, "Goodwill and Intangible Assets" will replace Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Section 1000, "Financial Statement Concepts" was amended according to Section 3064. This new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit oriented Companies. The Company is presently assessing the impact of these new accounting standards on its consolidated financial statements.

In January 2006, the CICA adopted a strategic plan for the direction of accounting standards in Canada. Accounting standards for public companies in Canada are to converge with International Financial Reporting Standards by 2011. The Company continues to monitor and assess the impact of these convergence efforts.

NOTE 2 – COST OF SALES

For the three month periods ending March 31, 2008 and 2007, cost of sales includes an inventory cost of $47,003 and $41,193 respectively.

NOTE 3 – EMPLOYEE FUTURE BENEFITS

For the three months ended March 31, the recognized cost for employee future benefits was as follows:

(in thousands of dollars)	**2008**	**2007**
Post retirement benefit program	66	63
Defined benefit pension plans	38	32
Contributions to multi-employer plans	78	76
Contributions to group registered retirement savings plans.	209	150

NOTE 4 – FINANCIAL INSTRUMENTS

Effective January 1, 2008, the Company has adopted the requirements of CICA Handbook Section 3862, "Financial Instruments – Disclosures". This section requires disclosures to enable the users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

This note provides disclosures about financial instruments, fair values, as well as credit, liquidity and market risks associated with financial instruments.

Financial instruments, carrying values and fair values

The Company has determined that the fair value of its short-term financial assets and liabilities approximates their respective carrying amounts as at the balance sheet dates because of the short-term maturity of those instruments. The fair values of the long-term receivable and interest-bearing financial liabilities also approximate their respective carrying amounts. The fair value of forward foreign exchange contracts and swap agreements has been recorded using mark to market information as supplied by a financial institution.

NOTE 4 (cont'd.)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management believes that the credit risk of accounts receivable is limited due to the following reasons:

- Geographically, there is no concentration of credit risk.
- The Company deals primarily with utility and telecommunication companies, and other major corporations.
- Historically, trade receivables outstanding for more than 90 days are under 2%.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and credit references from other suppliers. Purchase limits are established for each customer, which represents the maximum open amount without requiring additional approval from Management. A monthly review of the accounts receivable aging is performed by Management for each selling location. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis. As at March 31, the details of the allowance for doubtful accounts are as follows:

(in thousands of dollars)	**2008**	**2007**
Balance – beginning of year	130	---
Provision adjustment	21	3
Balance – end of period	151	3

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, on a long-term basis, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient credit facilities to support working capital, meet expected operational expenses and service financial obligations. Inventories are a significant component of working capital because of the long periods required to air-season wood, which can occasionally exceed nine months before a sale is made. The Company has the following operating lines of credit presented in the consolidated balance sheet under bank indebtedness:

- $50.0 million arranged with a Canadian bank of which $30.2 million has been drawn as at March 31, 2008. Interest is payable at the bank's prime rate, the bank's U.S. base rate or LIBOR plus 1.50% at the option of the Company.
- US$20.0 million arranged with a U.S. bank of which US$17.0 million has been drawn as at March 31, 2008. Interest is payable at the bank's prime rate minus 1.25% or LIBOR plus 1.00% at the option of the Company.

NOTE 4 (cont'd.)

The Company monitors all contractual obligations and ensures it will have sufficient liquidity to meet these future payments. The following table details these obligations as at March 31, 2008:

(in thousands of dollars)	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years	Total
Long-term debt obligations	4,615	8,823	14,511	19,745	47,694
Capital lease obligations	77	141	---	---	218
Operating leases	2,399	3,849	1,882	10,730	18,860
	7,091	12,813	16,393	30,475	66,772

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

The Company's exposure to foreign exchange gains or losses from currency fluctuations is related to its sales and purchases in U.S. dollars by its Canadian-based operations. The Company's wholly-owned U.S. subsidiary, Stella-Jones Corporation, is a self-sustaining foreign operation and unrealized foreign exchange gains and losses on translating its financial statements are recorded in accumulated other comprehensive loss in shareholders' equity. The Company monitors its transactions in U.S. dollars generated by Canadian-based operations. Its basic hedging activity consists of entering into forward exchange contracts for the sale of U.S. dollars and purchasing certain goods and services in U.S. dollars. The Company will also consider forward exchange contracts for the purchase of U.S. dollars for significant purchases of goods and services that are not covered by natural hedges.

The following table summarizes the Company's derivative financial instruments relating to the sale of foreign currencies through forward foreign exchange contracts as at March 31, 2008:

Foreign Currency Contracts *(in thousands of dollars)*	Notional Amount $US	Average Exchange Rate	Maturity Year	Notional Equivalent $CDN	Fair Value $CDN
Sell $US/Buy $CDN	2,900	1.1580	Dec. 2008	3,358	368
Sell $US/Buy $CDN	1,650	1.1491	Dec. 2009	1,896	176
	4,550	1.1548		5,254	544

The following table provides information on the impact of a 10% strengthening of the U.S. dollar against the Canadian dollar on net earnings and comprehensive earnings for the three month period ended March 31, 2008. For a 10% weakening of the U.S. dollar against the Canadian dollar, there would be an equal and opposite impact on net earnings and comprehensive earnings.

(in thousands of dollars)	CDN Dollar Impact
Net earnings	507
Comprehensive earnings	2,938

NOTE 4 (cont'd.)

Interest rate risk

As at March 31, 2008, the Company had limited exposure to interest rate risk on long-term debt as 98% of the Company's long-term debt is at a fixed rate up to February 2009. After this date, 73% of the Company's long-term debt is at a fixed rate up to maturity.

The Company enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its short-term and long-term debt. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. The Company designates its interest rate hedge agreements as hedges of the underlying debt. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

The following table summarizes the Company's derivative financial instruments relating to interest rate swaps as at March 31, 2008:

Interest Rate Swaps *(in thousands of dollars)*	**Notional Amount $**	**Fixed Rate Paid %**	**Maturing Date**	**Notional Equivalent $**
Interest rate swap	2,300	5.81	Dec. 2010	2,300
Interest rate swap	2,700	5.85	Feb. 2011	2,700

The fair value of the interest rate swap agreements based on cash settlement requirements as of March 31, 2008 is a loss of $ 76,320.

NOTE 5 – CAPITAL DISCLOSURES

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions, while at the same time taking a conservative approach towards financial leverage and management of financial risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and acquire or sell assets to improve its financial performance and flexibility.

The Company's capital is composed of long term debt and shareholders' equity which includes capital stock.

(in thousands of dollars, except ratio)	**March 31, 2008 $**	**December 31, 2007 $**
Long-term debt, including current portion	47,098	47,444
Shareholders' equity	134,205	127,757
Total capital	181,303	175,201
Long-term debt to equity ratio	0.35:1	0.37:1

The Company's primary uses of capital are to finance increases in non-cash working capital and capital expenditures for capacity expansion as well as acquisitions. The Company currently funds these requirements out of its internally-generated cash flows and operating lines of credit. However, future corporate acquisitions may require new sources of financing.

NOTE 5 (cont'd.)

The primary measure used by the Company to monitor its financial leverage is the long-term debt to equity ratio, which it aims to maintain within a range of 0.30:1 to 0.75:1. The long-term debt to equity ratio is defined as the long-term debt including the current portion divided by shareholders' equity. As at March 31, 2008 the long-term debt to equity ratio was 0.35:1.

The Company is subject to certain covenants on its credit facilities. The covenants include a working capital ratio, debt to tangible net worth ratio, a minimum fixed charge coverage ratio and a minimum requirement for earnings before interest, taxes and amortization. The Company monitors the ratios on a monthly basis. The ratios are also reviewed by the Company's Audit Committee and Board of Directors on a quarterly basis. Other than the covenants required for the credit facilities, the Company is not subject to any externally imposed capital requirements.

NOTE 6 – SHARE INFORMATION

As at March 31, 2008, the capital stock issued and outstanding consisted of 12,351,646 common shares (12,341,088 as at December 31, 2007).

The following table provides the reconciliation between net earnings per common share and diluted net earnings per common share for the three month period ended March 31:

	2008	**2007**
Net earnings applicable to common shares*	$5,323	$6,097
Weighted average number of common shares outstanding*	12,348	12,301
Effect of dilutive stock options*	352	369
Weighted average number of diluted common shares outstanding*	12,700	12,670
Net earnings per common share	$0.43	$0.50
Diluted net earnings per common share	$0.42	$0.48

* *Net earnings are presented in thousands of dollars and share information is presented in thousands.*

NOTE 7 – 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 treatment sales also 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.

NOTE 8 – SEGMENT INFORMATION

The Company operates within one dominant business segment, the production and sale of pressure-treated wood.

NOTE 9 – SUBSEQUENT EVENT

On April 1, 2008 the Company announced that it had completed the acquisition of The Burke-Parsons-Bowlby Corporation (“BPB”), a producer of treated wood products primarily for the railroad industry. The acquisition has been structured as a merger between a U.S.-based wholly-owned subsidiary of the Company and BPB. This acquisition includes five treating plants located in DuBois, Pennsylvania; Goshen, Virginia; Spencer, West Virginia; and Stanton and Fulton, Kentucky.

The purchase price totalled approximately US$33.0 million ($CDN33.7 million), which is being paid to existing stockholders of BPB through the conversion of each outstanding share of common stock of BPB into the right to receive US$47.78 ($CDN48.82) per share in cash, plus an additional payment equal to BPB’s audited net income for its fiscal year ending March 31, 2008, less any distributions to shareholders during that period. The parties have placed US$3.0 million ($CDN 3.1 million) in escrow until the additional payment amount has been determined. Stella-Jones is also assuming BPB’s liabilities of approximately US$34.0 million ($CDN34.7 million) as at December 31, 2007, making the total transaction value approximately US$70.0 million ($CDN71.5 million). The transaction was financed by a US$25.0 million ($CDN25.5 million) debenture to the *Fonds de solidarité des travailleurs du Québec (F.T.Q.)*, as well as through existing and additional debt facilities.

Additionally, three former executive officers of BPB have entered into non-competition agreements with Stella-Jones for a six-year period following the transaction, in return for an annual non-competition fee of US$416,667 ($CDN425,709) per individual.