Source: **Stella-Jones Inc.**

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

- **Sales of $99.4 million compared with $112.0 million last year**
- **Net earnings of $5.8 million compared with $7.7 million last year**
- **Diluted EPS of $0.46 versus $0.61 in 2009**
- **Further debt reduction prior to the completion of the Tangent acquisition**

MONTREAL, QUEBEC – May 4, 2010 - Stella-Jones Inc. (TSX: SJ) today announced financial results for its first quarter ended March 31, 2010.

Financial highlights (in thousands of dollars, except per share data) (unaudited)	**Quarters ended March 31,** 2010	2009
Sales	**99,360**	111,954
Gross profit	**18,163**	22,519
Cash flow from operations [1]	**8,528**	11,321
Net earnings for the period	**5,814**	7,687
Per share - basic ($)	**0.46**	0.61
Per share - diluted ($)	**0.46**	0.61
Weighted average shares outstanding (basic, in '000s)	**12,688**	12,566

[1] Before changes in non-cash working capital components.

FIRST-QUARTER RESULTS

Sales were $99.4 million, a decrease of $12.6 million, or 11.2% from last year's sales of $112.0 million. Changes in the value of the Canadian dollar, Stella-Jones' reporting currency, versus the U.S. dollar, decreased the value of U.S. dollar denominated sales by about $8.9 million when compared with the same period a year earlier. Adjusting for year-over-year currency fluctuations, sales decreased approximately 3.0% versus last year's first quarter, reflecting reduced railcar availability resulting from severe winter weather in the eastern United States at the beginning of the quarter, and, to a lesser extent, weaker demand and softer pricing for the Company's core products.

Railway tie sales amounted to $48.2 million, down 21.5% from last year (or approximately 11.0% net of year-over-year currency translation effect), as a result of reduced railcar availability and slightly weaker industry demand in North America in comparison with the year earlier period. Utility pole sales totalled $36.5 million, a decrease of 2.2% from a year ago (or an increase of approximately 2.0% net of year-over-year currency translation effect). Industrial lumber sales declined marginally to $10.1 million, as solid demand for marine applications in Canada were offset by lower sales in the United States. Finally, sales of consumer lumber rose 65.6% to $4.5 million, largely due to favourable weather conditions at the end of the quarter in most of the Company's markets.

“We are pleased with these results in light of difficulties in securing railcars to ship products, as well as adverse year-over-year currency movements,” said Brian McManus, President and Chief Executive Officer of Stella-Jones. “More importantly, we started to see greater sales momentum in our core railway tie product category towards the end of the period.”

Gross profit was $18.2 million or 18.3% of sales, compared with $22.5 million or 20.1% of sales last year. The reduction in gross profit, as a percentage of sales, essentially stems from softer pricing in most product categories as well as a different product mix in the railway tie category.

“The decrease in gross profit dollars also results from a significant reduction in the year-over-year average rate applied to convert gross profit from U.S. dollar denominated sales. Furthermore, first quarter results include approximately $1.8 million in general and administrative expenses directly related to the Tangent Rail Corporation (“Tangent”) acquisition,” added George Labelle, Senior Vice-President and Chief Financial Officer.

Net earnings for the period stood at $5.8 million or $0.46 per share, fully diluted, compared with $7.7 million or $0.61 per share, fully diluted, last year. Cash flow from operating activities before changes in non-cash working capital components reached $8.5 million, versus $11.3 million in the same period a year ago.

Stella-Jones’ balance sheet as at March 31, 2010 reflects the financing components for the Tangent acquisition, which was successfully completed subsequent to the end of the period on April 1, 2010. Such components include long-term borrowings of US$65.0 million (Cdn$66.0 million) and net proceeds of $76.9 million from the issuance of subscription receipts. Conversely, current assets included restricted cash of $142.9 million, which was disbursed on April 1, 2010. Excluding these components, the Company’s long-term debt, including the current portion, amounted to $83.0 million, representing a ratio of total long-term debt to shareholders’ equity of 0.46:1, down from 0.48:1 three months earlier. In addition, a solid cash flow generation and better working capital resulted in a $6.3 million decrease in short-term bank indebtedness, which stood at $49.9 million as at March 31, 2010.

OUTLOOK

“The acquisition of Tangent has considerably enhanced Stella-Jones’ position as a continent-wide producer. A successful integration will be a major performance driver in 2010 and beyond, as we gradually achieve all potential synergies. While our expectation for the year ahead is for demand levels to remain similar to those of last year, our aim will be to reap all the benefits that our newly enlarged network can provide. Our ongoing focus on network optimization and cost control should increase both our efficiencies and our margins as the economic recovery gains further momentum,” concluded Mr. McManus.

CONFERENCE CALL

Stella-Jones will hold a conference call to discuss these results on Tuesday, May 4, 2010, at 1:00 PM Eastern Time. Interested parties can join the call by dialling 647-427-7452 (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 1-800-642-1687 and entering the passcode 67872162. This tape recording will be available on Tuesday, May 4, 2010 as of 3:00 PM Eastern Time until 11:59 PM Eastern Time on Tuesday, May 11, 2010.

NON-GAAP MEASURE

Cash flow from operations 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 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 lumber and services for construction and marine applications, as well as consumer 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 interim unaudited consolidated financial statements of Stella-Jones Inc. for the first quarter ended March 31, 2010 have not been reviewed by the Company's external auditors.

(Signed)

George Labelle
Senior Vice-President and Chief Financial Officer

Montréal, Québec
May 4, 2010

CONSOLIDATED BALANCE SHEETS
(in thousands of dollars)

as at March 31, 2010 and December 31, 2009

	March 31, 2010 unaudited ($)	December 31, 2009 ($)
ASSETS		
CURRENT ASSETS		
Accounts receivable	52,149	30,160
Derivative financial instruments	2,181	2,196
Inventories	197,886	212,590
Prepaid expenses	3,009	3,223
Income taxes receivable	806	4,726
Future income taxes	1,345	1,683
Restricted cash (Note 2)	142,920	---
	400,296	254,578
CAPITAL ASSETS	95,266	96,885
INTANGIBLE ASSETS	6,911	7,580
GOODWILL	5,310	5,494
OTHER ASSETS	4,662	4,878
FUTURE INCOME TAXES	2,119	1,380
	514,564	370,795
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 3)	49,861	56,119
Accounts payable and accrued liabilities	28,015	19,152
Customer deposits	2,091	2,344
Derivative financial instruments	21	31
Future income taxes	869	869
Current portion of long-term debt (Note 4)	9,592	4,746
Current portion of asset retirement obligations	508	315
Current portion of non-competes payable	911	920
	91,868	84,496
LONG-TERM DEBT (Note 4)	139,440	82,334
FUTURE INCOME TAXES	15,927	16,257
ASSET RETIREMENT OBLIGATIONS	754	932
EMPLOYEE FUTURE BENEFITS	1,778	1,716
DERIVATIVE FINANCIAL INSTRUMENTS	1,487	1,400
NON-COMPETES PAYABLE	3,323	3,682
	254,577	190,817
SHAREHOLDERS' EQUITY		
CAPITAL STOCK	52,162	52,019
SUBSCRIPTION RECEIPTS	77,733	---
CONTRIBUTED SURPLUS	852	777
RETAINED EARNINGS	134,110	130,580
ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME	(4,870)	(3,398)
	259,987	179,978
	514,564	370,795

See accompanying Notes

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

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

	three months ended March 31, 2010 (#)	2009 (#)
SHARE CAPITAL		
(in thousands of shares)		
Number of shares outstanding – beginning of period	12,684	12,565
Stock option plan	4	---
Share purchase plan	3	5
Number of shares outstanding – end of period	12,691	12,570
	($)	**($)**
Shares outstanding – beginning of period	52,019	49,910
Stock option plan	80	---
Share purchase plan	63	63
Shares outstanding – end of period	52,162	49,973
SUBSCRIPTION RECEIPTS		
Balance - beginning of period	---	---
Subscription receipts net of underwriting and legal fees (Note 2)	76,893	---
Future income taxes related to underwriting and legal fees	840	---
Balance – end of period	77,733	---
CONTRIBUTED SURPLUS		
Balance - beginning of period	777	1,905
Stock-based compensation	102	77
Exercise of stock options	(27)	---
Balance – end of period	852	1,982
RETAINED EARNINGS		
Balance - beginning of period	130,580	105,055
Net earnings for the period	5,814	7,687
Dividends on common shares	(2,284)	(2,263)
Balance – end of period	134,110	110,479
ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME		
Balance - beginning of period	(3,398)	4,242
Other comprehensive (loss) income	(1,472)	1,481
Balance – end of period	(4,870)	5,723
SHAREHOLDERS' EQUITY	259,987	168,157

See accompanying Notes

CONSOLIDATED STATEMENTS OF EARNINGS

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

	three months ended March 31, 2010 ($)	2009 ($)
SALES	99,360	111,954
EXPENSES		
Cost of sales	81,197	89,435
Selling and administrative	5,889	5,783
Foreign exchange loss (gain)	24	(7)
Loss on derivative financial instruments	15	850
Amortization of capital and intangible assets	1,766	2,611
Gain on disposal of capital assets	(31)	(31)
	88,860	98,641
OPERATING EARNINGS	10,500	13,313
INTEREST ON LONG-TERM DEBT	1,484	1,573
OTHER INTEREST	322	565
EARNINGS BEFORE INCOME TAXES	8,694	11,175
PROVISION FOR INCOME TAXES	2,880	3,488
NET EARNINGS FOR THE PERIOD	5,814	7,687
NET EARNINGS PER COMMON SHARE (Note 5)	0.46	0.61
DILUTED NET EARNINGS PER COMMON SHARE (Note 5)	0.46	0.61

See accompanying Notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of dollars)
(unaudited)

	three months ended March 31, 2010 ($)	2009 ($)
NET EARNINGS FOR THE PERIOD	5,814	7,687
Other comprehensive income (loss) :		
Net change in unrealized gains on translation of financial statements of self-sustaining foreign operation	(2,764)	3,204
Net change in unrealized losses on translation of long-term debt designated as a hedge of net investment in self-sustaining foreign operation	1,345	(1,516)
Change in gains (losses) on fair value of derivatives designated as cash flow hedges	(77)	18
Reclassification to net earnings of gains on cash flow hedges	---	(319)
Income tax recovery on change in fair value of cash flow hedges and cash flow hedges reclassed to net earnings	24	94
	(1,472)	1,481
COMPREHENSIVE INCOME	4,342	9,168

See accompanying Notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars)	**three months ended March 31,**	
(unaudited)	**2010**	**2009**
	($)	**($)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings for the period	5,814	7,687
Adjustments for		
Amortization of capital assets	1,335	2,106
Amortization of intangible assets	432	505
Amortization of deferred financing costs	347	17
Change in fair value of debt	173	38
Gain on disposal of capital assets	(31)	(31)
Employee future benefits	197	125
Stock-based compensation	102	77
Loss on derivative financial instruments	15	850
Future income tax	426	---
Other	(282)	(53)
	8,528	11,321
CHANGES IN NON-CASH WORKING CAPITAL COMPONENTS		
Accounts receivable	(22,816)	(20,040)
Inventories	12,533	(16,614)
Prepaid expenses	(90)	464
Income taxes	3,941	760
Accounts payable and accrued liabilities	6,919	12,817
Customer deposits	(181)	(1,327)
Asset retirement obligations	14	93
	320	(23,847)
	8,848	(12,526)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES		
(Decrease) increase in bank indebtedness	(5,309)	16,731
Increase in deferred financing costs	(778)	---
Increase in long-term debt	66,027	---
Repayment of long-term debt	(1,451)	(1,775)
Proceeds from issuance of common shares	116	63
Proceeds from issuance of subscription receipts	76,893	---
Non-competes payable	(330)	(387)
	135,168	14,632
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Decrease in other assets	5	32
Purchase of capital assets	(1,185)	(1,618)
Assets held for sale	---	(565)
Proceeds from disposal of capital assets	84	45
Increase in restricted cash	(142,920)	---
	(144,016)	(2,106)
NET CHANGE IN CASH AND CASH EQUIVALENTS – DURING THE PERIOD	---	---
CASH AND CASH EQUIVALENTS – BEGINNING AND END OF THE PERIOD	---	---
SUPPLEMENTAL DISCLOSURE		
Interest paid	2,050	2,845
Income taxes paid	(963)	2,741

See accompanying Notes

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The interim consolidated financial statements for the three months ended March 31, 2010 and 2009, 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 income and cash flows.

The interim consolidated financial statements are reported in Canadian dollars and 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, 2009, except for new accounting policies that were adopted January 1, 2010, 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 which can be found on SEDAR at www.sedar.com.

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 Canadian and U.S. subsidiaries. The significant subsidiaries are as follows: Guelph Utility Pole Company Ltd., I.P.B.-W.P.I. International Inc., Stella-Jones Canada Inc., Stella-Jones U.S. Holding Corporation, Stella-Jones Corporation and Stella-Jones U.S. Finance Corporation. The consolidated accounts of Stella-Jones 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 Canadian Institute of Chartered Accountants issued the following accounting standard which were adopted by the Company effective January 1, 2010:

Handbook Section 1582, "Business Combinations" replaces Section 1581 of the same title. The new Section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the International Financial Reporting Standard ("IFRS"), IFRS 3 (Revised) standard, "Business Combinations". The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company has applied this new standard effective January 1, 2010 as early adoption is permitted. As a result of the application of this new accounting standard, the Company charged deferred acquisition expenses in the amount of $328,399 to earnings. Effective January 1, 2010, expenses of a similar nature will be recorded to results in the period they are incurred.

Handbook Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", which together replace Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are equivalent to the corresponding provisions of the IAS 27 (Revised) standard, "Consolidated and Separate Financial Statements". The Company has applied these new standards effective January 1, 2010 as early adoption is permitted. The adoption of these new standards did not have any impact on the Company's consolidated financial statements.

(tabular information presented in thousands of dollars)

NOTE 2 – RESTRICTED CASH

Restricted cash as at March 31, 2010 consists of the proceeds of the financing transactions entered into to secure the acquisition of Tangent Rail Corporation ("Tangent") (see Note 5 – Subsequent Event, below). These funds were considered restricted as they were repayable or refundable in the event the Tangent acquisition did not close. They were subsequently disbursed on April 1, 2010. The transactions involved were as follows:

Proceeds from the issuance of subscription receipts	$80,050
Underwriting fees	(3,002)
Legal fees	(155)
Net proceeds from the issuance of subscription receipts	76,893
Issuance of a US$25,000 debenture to the Solidarity Fund QFL	25,395
Syndicated bank term loan of US$40,000	40,632
Total restricted cash	$142,920

NOTE 3 – BANK INDEBTEDNESS

On March 24, 2010, the Company entered into an agreement to amend and restate, without novation, its existing revolving credit facilities. The separate Canadian and US revolving bank lines have been replaced by a single demand revolving facility to be made available by a syndicate of bank lenders to the Company. The amended facilities consist of Tranche A, a maximum demand operating loan of $50,000,000 made available to the Company (December 31, 2009 - $50,000,000) and Tranche B, a maximum demand operating loan of US$75,000,000 (December 31, 2009 – US$45,000,000) made available to Stella-Jones U.S. Holding Corporation ("SJ Holding"). Borrowings may be obtained by the Company under Tranche A in the form of Canadian prime rate loans, Canadian Bankers' Acceptances ("BA's"), US base rate loans, LIBOR loans in US dollars and letters of credit. Borrowings may be obtained by SJ Holding under Tranche B in the form of US base rate loans, LIBOR loans in US dollars and letters of credit. The interest rate margin with respect to Canadian prime rate loans and US base rate loans is 0.75% and with respect to BA's, LIBOR loans and fees for letters of credit, the interest rate margin is 2.0%. As at March 31, 2010, $19,344,612 was available under Tranche A, and US$58,370,814 was available under Tranche B.

As collateral for this revolving credit facility, the bank lenders hold a first ranking charge on the inventory, accounts receivable and intellectual property of the Company and SJ Holding and a second ranking security interest on their real and immoveable property in Canada and the United States.

NOTE 4 – LONG-TERM DEBT

As part of the financing of the Tangent acquisition (see Note 5 – Subsequent Event, below), the Company entered into new long term debt agreements for which details are as follows:

- US$25,000,000 unsecured and non-convertible debenture bearing interest at 9.75%, repayable in a single installment on April 1, 2015.
- US$40,000,000 syndicated bank term loan bearing interest at the bank's US base rate plus 2.0%, or LIBOR rate plus 3.0%, at the Company's option. Repayment will be made in 19 consecutive quarterly principal repayments of US$1,425,000 starting July 1, 2010 and a balloon repayment of US$12,925,000 constituting the twentieth and final payment of the residual capital balance on April 1, 2015.

NOTE 5 – SUBSEQUENT EVENT

On April 1, 2010, the Company completed the acquisition of Tangent, a provider of wood crosstie supply chain services to the railroad industry. 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. This acquisition will expand the Company's capabilities within the U.S. railway tie industry and provide the Company with creosote manufacturing operations.

(tabular information presented in thousands of dollars)

NOTE 5 – SUBSEQUENT EVENT (cont'd.)

The consideration transferred 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 and non-convertible debenture, the addition of a US$40,000,000 syndicated bank term facility which successfully closed on March 24, 2010, and the increase of existing operating debt facilities. The subscription receipts were exchanged as at the close of business, 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 did 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 are subject to regulatory restrictions on resale until July 16, 2010.

The acquisition will be accounted for using the acquisition method which requires the identification and measurement of all assets acquired and liabilities assumed in the transaction at their fair values and may result in the recognition of certain gains or losses. As the transaction closed April 1, 2010, Management has just commenced the process of determining the fair value of the net assets acquired and is not in a position to provide a preliminary estimate of their values however expects the measurement period to be completed by December 31, 2010.

NOTE 6 – EARNINGS PER SHARE

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:

	three months ended March 31,	
	2010	**2009**
Net earnings applicable to common shares*	$5,814	$7,687
Weighted average number of common shares outstanding*	12,688	12,566
Effect of dilutive stock options*	55	126
Weighted average number of diluted common shares outstanding*	12,743	12,692
Net earnings per common share	$0.46	$0.61
Diluted net earnings per common share	$0.46	$0.61

* *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 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 business segment, the production and sale of pressure treated wood.