



**Source:** Stella-Jones Inc.

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## **Stella-Jones announces intention to acquire McFarland Cascade Holdings, Inc.**

**Montreal, Quebec – November 2, 2012** – Stella-Jones Inc. (TSX: SJ) today announced that it has signed a non-binding letter of intent to acquire the shares of McFarland Cascade Holdings, Inc. (“McFarland”), a provider of treated wood products based in the state of Washington.

The letter of intent contemplates a purchase price of approximately US\$230.0 million, which includes approximately US\$113.0 million of net working capital and the assumption of certain liabilities. The transaction, if finalized, is expected to close in November 2012 and is subject to customary closing conditions, including entry into a definitive purchase agreement, customary approvals and satisfactory due diligence. Stella-Jones has already received U.S. antitrust clearance with regard to the proposed acquisition. Stella-Jones plans to finance the transaction through a combination of term financing and equity.

Founded in 1916, McFarland is one of North America’s long-standing suppliers of utility poles, as well as crossarms, piling and crane mats. It is also a provider of treated lumber for outdoor home projects, including composite decking, railings and related accessories. It serves its customer base through four wood treating facilities located in Tacoma, Washington; Eugene, Oregon; Electric Mills, Mississippi; and Galloway, British Columbia; as well as through an extensive distribution network. McFarland’s sales for its fiscal year ended December 31, 2011 were approximately US\$255.0 million. Sales for its fiscal year ended December 31, 2012 are expected to reach approximately US\$280.0 million and earnings before interest, taxes, depreciation and amortization (“EBITDA”) for 2012 are expected to be approximately US\$29.0 million.

“The potential acquisition of McFarland would further enhance the range of Stella-Jones’ offerings in the North American wood treating industry. A strong commitment to product quality and customer service has been a hallmark of McFarland’s business operations, which Stella-Jones is committed to continue and build on,” said Brian McManus, President and Chief Executive Officer of Stella-Jones.

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 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 contains information and statements of a forward-looking nature concerning the proposed acquisition of McFarland. Forward looking information also includes information relating to McFarland’s sales and EBITDA for its fiscal year ended December 31, 2012. These statements are based on suppositions, uncertainties and other factors as well as on management’s best possible evaluation of future events. Such factors may include, without excluding other considerations, satisfactory completion of due diligence, satisfaction of the other closing conditions, failure to complete the proposed acquisition for any other reason, fluctuations in quarterly results, evolution in customer demand, 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 and should not place undue reliance on forward-looking information.

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