



Source: Stella-Jones Inc.

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Stella-Jones signs letter of intent to acquire Tangent Rail Corporation

Montréal, Québec – December 15, 2009 – Stella-Jones Inc. (TSX: SJ) today announced that it has signed a non-binding letter of intent to acquire Tangent Rail Corporation (“Tangent”), a provider of wood crosstie supply chain services to the railroad industry. This acquisition will expand Stella-Jones’ capabilities within the U.S. railway tie industry and provide the Company with creosote manufacturing operations. Tangent’s sales for the year ended December 31, 2009 are expected to reach approximately US\$175 million.

The transaction is expected to close before the end of the first quarter of 2010 (“Termination Date”) and is subject to antitrust clearance in the United States, as well as customary closing conditions, including entry into a definitive purchase agreement, regulatory approvals and satisfactory due diligence. Further details on the transaction will be provided once preliminary closing conditions have been satisfied. The letter of intent provides Stella-Jones with the exclusive right to negotiate and execute a definitive purchase agreement during the period leading up to the Termination Date.

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.

“The acquisition of Tangent Rail Corporation would considerably enhance our offerings to the U.S. railroad industry, while also extending our geographical reach,” said Brian McManus, President and Chief Executive Officer of Stella-Jones. “Tangent enjoys a solid market reputation and possesses high-quality assets, which should facilitate its integration into our network if the transaction is completed.”

The Company plans to finance the acquisition through a combination of equity and debt, subject to prevailing market conditions.

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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