



Source: Stella-Jones Inc.

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Stella-Jones provides additional information about proposed acquisition of Tangent Rail Corporation and releases preliminary 2009 financial results

Montréal, Québec – February 17, 2010 – Stella-Jones Inc. (or “the Company”) (TSX: SJ) today provided additional financial information in connection with its proposed acquisition of Tangent Rail Corporation (“Tangent”) as well as preliminary unaudited results for the fourth quarter and fiscal year ended December 31, 2009.

Based on preliminary results for the year ended December 31, 2009, Tangent is expected to generate sales of approximately US\$178 million and earnings before interest, taxes, depreciation and amortization (“EBITDA”) of approximately US\$28 million. The value of the transaction is estimated at US\$165 million subject to post closing adjustments. As previously announced, the Company plans to finance the acquisition through a combination of equity and debt, subject to prevailing market conditions.

Following receipt of U.S. antitrust clearance on February 4, 2010, the transaction now remains subject to customary closing conditions, including entry into a definitive purchase agreement and satisfactory due diligence. The non-binding letter of intent signed on December 14, 2009 between Stella-Jones and Tangent provides the Company with the exclusive right to negotiate and execute a definitive purchase agreement during the period leading up to April 1, 2010 (the “Termination Date”). The parties intend to close the transaction by the Termination Date.

PRELIMINARY UNAUDITED 2009 RESULTS

In light of this proposed acquisition, Stella-Jones is releasing preliminary unaudited 2009 fourth quarter and year-end financial information. Confirming lower demand in core product categories, mainly due to reduced advanced railway tie deliveries to Class 1 railway operators for their regular 2010 maintenance programs, fourth-quarter results will be lower than a year ago. Consolidated sales should be in the order of \$65.0 million, compared with \$83.7 million last year, while net earnings are expected to reach approximately \$3.0 million, equivalent to diluted earnings per share in the range of \$0.22-\$0.26, versus \$6.3 million in the fourth quarter of 2008.

For the year, sales should exceed \$410.0 million, up nearly 7.0% from \$384.8 million in 2008. Net earnings are expected to reach approximately \$30.0 million, representing diluted earnings per share in the range of \$2.35-\$2.40, up from net earnings of \$28.5 million, or \$2.25 per share, fully diluted, a year earlier. Complete fourth quarter and year-end financial results will be released on March 12, 2010.

“In spite of economic conditions, Stella-Jones reaffirmed its strong industry position in 2009 and concluded its ninth consecutive year of sales and net earnings growth,” said Brian McManus, President and Chief Executive Officer of Stella-Jones. “Our persistent focus on cash generation and debt reduction led to a steadily stronger balance sheet as 2009 progressed, favourably positioning the Company to continue its acquisition strategy, while meeting the challenges of current market conditions. We are looking forward to concluding the Tangent transaction, which would solidify our position as the second largest North American provider of railway ties and yield appreciable synergies.”

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