

Q2'10 Investor Fact Sheet

Quarter ended June 30, 2010



Second Quarter Highlights

- Sales of \$167.3 million compared with \$129.1 million last year
- Organic revenue growth of approximately 4.0%
- Non-recurring expenses of \$5.4 million, mainly to optimize production and maximize synergies
- Semi-annual dividend increased 11.1% to \$0.20 per share

A Word from the President

Sales were \$167.3 million, an increase of \$38.2 million, or 29.6% from last year's sales of \$129.1 million. The acquisition of Tangent Rail Corporation ("Tangent"), effective April 1, 2010, contributed sales of approximately \$42.1 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 \$9.4 million when compared with the same period a year earlier. Adjusting for year-over-year currency fluctuations, sales increased approximately 4.0% versus last year's second quarter, reflecting higher railway tie sales in both the United States and Canada.

Gross profit was \$28.9 million or 17.3% of sales, compared with \$23.9 million or 18.5% of sales last year. The increase in gross profit dollar essentially reflects the contribution of the Tangent operations partially offset by a lower average rate applied to convert gross profit from U.S. dollar denominated sales. The reduction in gross profit as a percentage of sales mainly stems from a highly competitive environment in the rail contractor and transit markets, softer utility pole pricing and slightly lower margins from the Tangent operations. Second-quarter results also include non-recurring expenses of approximately \$5.4 million. Net earnings for the period stood at \$5.6 million or \$0.35 per share, fully diluted, compared with \$11.0 million or \$0.87 per share, fully diluted, last year.

The acquisition of Tangent had an immediate positive effect on our top line. As evidenced by solid organic growth, the railway tie market is gradually improving. Tangent significantly enhances our presence in this core market and favourably positions Stella-Jones to capture additional opportunities by leveraging the strengths of our newly expanded network. Meanwhile, the utility pole market remains soft with lingering pricing pressures in the U.S.

Brian McManus
President and CEO
August 12, 2010

Financial Highlights

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

	3 months ended June 30 (unaudited)		6 months ended June 30 (unaudited)	
	2010	2009	2010	2009
Sales	167.3	129.1	266.7	241.1
Gross profit	28.9	23.9	47.1	46.4
Net earnings for the period	5.6	11.0	11.4	18.7
Per share – basic (\$)	0.35	0.87	0.80	1.49
Per share – diluted (\$)	0.35	0.87	0.80	1.48
Cash flow from operating activities*	11.1	12.6	19.6	23.9
Weighted-average shares out. (basic, in '000s)	15,896	12,624	14,302	12,595

* Before changes in non-cash working capital components

Recent Event

On August 11, 2010, the Board of Directors declared a semi-annual dividend of \$0.20 per share on the outstanding common shares of Stella-Jones, payable on October 8, 2010 to shareholders of record at the close of business on September 3, 2010. This represents an 11.1% increase over the previous semi-annual dividend.



5-Year Financial Review

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

	Trail. 12 months	2009	2008	2007	2006
Sales	436.7	411.1	384.8	269.7	223.9
Gross Profit	77.3	76.7	78.4	66.8	50.4
Gross Profit Margin	17.7%	18.6%	20.4%	24.8%	22.5%
Net Earnings for the Year	22.8	30.1	28.5	25.7	20.8
Per Common Share – Diluted	1.70	2.37	2.25	2.03	1.76
Cash Flow from Operating Activities*	36.6	40.9	41.1	33.4	26.8

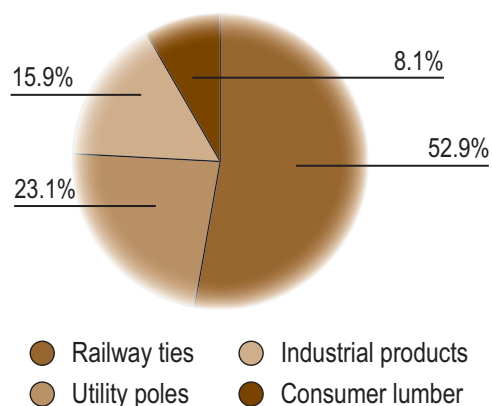
* Before changes in non-cash working capital components

Outlook

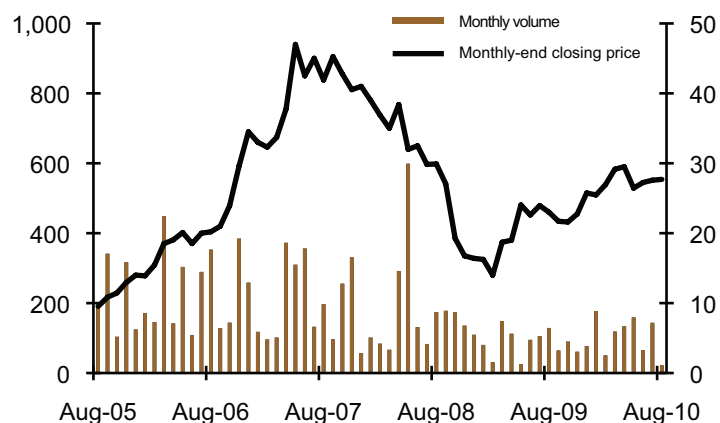
Although global economic conditions have shown signs of improvement, the recovery is likely to be gradual in the Company's core markets. Demand is expected to be stable and the key role played by Stella-Jones' products in basic transportation and utility infrastructure should enable the Company to maintain market share and a steady business level.

Tangent's successful integration will be a major performance driver in 2010 and beyond, as the Company gradually reaps all the benefits that its newly enlarged network can provide. Proactive measures to optimize operating and administrative efficiency are well underway and should rapidly enable Stella-Jones to achieve all potential synergies and increase its margins. The gradual recovery in the railway tie market is supported by signs of improvement in global economic conditions, which in turn are driving rail freight volumes higher across North America. Stella-Jones should further benefit from this momentum, and the Company expects current trends to positively reflect on its second half results.

Product categories (in % of Q2 sales)



Stock Performance



Profile

Stella-Jones Inc. (TSX: SJ) is a North American producer and marketer of industrial treated wood products, specializing in the production of railway ties and timbers as well as wood poles supplied to electrical utilities and telecommunication companies. The Company manufactures the wood preservative creosote and other coal tar based products and provides the railroad industry with used tie pickup and disposal services. Switching, locomotive and railcar maintenance services are also offered, as is tie-derived boiler fuel. The Company also provides treated consumer lumber products and customized services to lumber retailers and wholesalers for outdoor applications. Other treated wood 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.

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STOCK INFORMATION

Toronto Stock Exchange Symbol: SJ
Price as of August 11, 2010: \$27.70
High/Low: \$29.90 - \$20.60
(52 weeks ended August 11, 2010)
Number of Shares Outstanding: 15,900,353
(August 11, 2010)