THE CHURCHILL CORPORATION

For immediate release
Monday, March 19, 2007

CHURCHILL REPORTS RECORD REVENUE AND NET EARNINGS FOR 2006

Edmonton, Canada - The Churchill Corporation (TSX:CUQ) today reported its consolidated financial results for the year ended December 31, 2006.

Summary of Consolidated Financial Results			
	2006	2005	Change
Contract Revenue	$531.3 million	$479.8 million	+11%
EBITDA[1]	$16.3 million	$9.2 million	+77%
Earnings before tax	$12.7 million	$5.4 million	+135%
Net Earnings	$8.1 million	$3.8 million	+113%
EPS - Basic	$0.46	$0.24	+92%

(1) EBITDA is equal to earnings before interest expense, taxes, depreciation and amortization. EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other issuers.

- In 2006, Churchill achieved revenue of $531.3 million, an increase of $51.5 million from $479.8 million reported for 2005.
- Earnings before interest expense, taxes, depreciation and amortization was $16.3 million, compared to $9.2 million for 2005.
- Consolidated earnings before tax grew 135% to $12.7 million in 2006 from $5.4 million in 2005.
- Net earnings increased 113% to $8.1 million ($0.46 per share) during 2006 compared to $3.8 million ($0.24 per share) for the year ended December 31, 2005.
- Consolidated work-in-hand at the end of the year was $493.9 million, an increase of 100% from $247.2 million of consolidated work-in-hand at December 31, 2005.
- Weighted average shares outstanding for the period ending December 31, 2006 were 17,746,020 as compared to 15,739,334 for the period ending December 31, 2005.

"Robust industrial markets in the Fort McMurray oil sands region and our leadership in providing value added construction services in the building construction segment yielded record annual results," said Churchill Interim Chief Executive Officer and Chairman, Peter Adams. "2006 was an excellent year for Churchill. We continued to build on the positive gains made in 2005 and were once again able to grow revenues, margins and profitability."

"Contract revenue of $531.3 million was the highest level of revenue in corporate history. This was an increase of 11% over 2005, and was at the upper end of our stated 2006 growth objective. The most significant revenue increases were generated by Laird Electric and Stuart Olson, where revenue growth on a year over year basis of $30.3 million and $63.7 million respectively were achieved. Our insulation companies also produced another record year of revenue and earnings. Triton experienced a loss for 2006 on a planned reduction in volume, however we are optimistic that the implementation of our turnaround strategy will result in increased volume and improved operational control in 2007. Our achievements during this past year are a credit to our employees, trade contractors, management and directors," said Adams. "With our strong backlog of work-in-hand, we have a solid start to 2007. We believe that the construction markets in western Canada still offer significant opportunities for growth in all of our business segments."

FOURTH QUARTER RESULTS:

Summary of Consolidated Financial Results			
	Q4, 2006	vs. Q4, 2005	vs. Q3, 2006
Contract Revenue	$ 152.4 million	+10%	+5%
EBITDA[(1)]	$6.7 million	+115%	+22%
Earnings before tax	$ 5.9 million	+173%	+29%
Net Earnings	$ 3.7 million	+123%	+23%
EPS - Basic	$0.21	+110%	+24%

[(1)] EBITDA is equal to earnings before interest expense, taxes, depreciation and amortization. EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other issuers.

- Revenue was $152.4 million, up $13.6 million from $138.8 million reported for the fourth quarter of 2005.
- Earnings before interest expense, taxes, depreciation and amortization was $6.7 million, compared to $3.1 million for the fourth quarter of 2005.
- Consolidated earnings before tax grew 173% to $5.9 million in the fourth quarter of 2006 from $2.1 million in the comparable period of 2005.
- Net earnings increased 123% to $3.7 million ($0.21 per share) compared to $1.7 million ($0.10 per share) for the comparable three month period in 2005.
- Consolidated work-in-hand at the end of the quarter was $493.9 million, an increase of 5% from $469.6 million of consolidated work-in-hand at September 30, 2006.
- Weighted average shares outstanding during the three month period ended December 31, 2006 were 17,630,353 as compared to 17,756,301 during the comparable period of 2005.

Stuart Olson's revenue for the three months ended December 31, 2006 was $87.1 million, an increase of 44.9% compared to $60.1 million for the same period in 2005. Earnings before tax increased 104.5% to $4.5 million in the fourth quarter of 2006 from $2.2 million in the corresponding quarter of 2005. The increase in earnings before tax was primarily the result of higher revenue and improved contract margins.

Revenue at Triton for the fourth quarter of 2006 of $11.2 million was $20.1 million lower than the same quarter of 2005. Triton entered the fourth quarter of 2006 with a smaller backlog than in the comparable period of 2005; therefore revenues for the fourth quarter of 2006 were lower. Triton's loss before tax during the quarter was $1.1 million compared to a loss before tax of $1.4 million in 2005. The loss during the quarter primarily resulted from $0.8 million of provisions taken on several contracts.

Combined revenue from our insulation companies, Fuller Austin and Northern Industrial, was $17.2 million or $11.2 million lower than the fourth quarter of 2005. The volume decrease was a result of reduced backlog entering the fourth quarter and delays in work schedules on some projects. Despite the reduction in volume, earnings before tax in the quarter improved by 12.5% to $1.8 million as compared to $1.6 million for the prior year period.

Laird substantially increased its quarterly revenue to $36.9 million from $19.5 million in the comparable period of 2005. The growth in fourth quarter revenue was favourably impacted by the acceleration of work schedules on some projects in the Fort McMurray oil sands region. Laird recorded earnings before tax of $1.7 million, an increase of 142.9% over earnings before tax of $0.7 million reported in 2005.

ANNUAL RESULTS

Consolidated contract revenues were $531.3 million in 2006, an increase of $51.5 million or 10.7% from consolidated contract revenues of $479.8 million for 2005. This $51.5 million increase in consolidated revenue was the result of a $63.7 million increase in Stuart Olson revenues and a $30.3 million increase in Laird revenues, partially offset by a decrease of $48.3 million in Triton revenues.

Contract income increased 28.6% from $39.8 million in 2005 to $51.2 million in 2006. This $11.4 million increase resulted from an increase in revenue and contract income margin percentage. Consolidated contract income percentage grew from 8.3% to 9.6%, largely attributable to strong market conditions.

Consolidated Indirect and Administrative expenses of $36.1 million were incurred during 2006 compared to $31.7 million in 2005. The increase of $4.4 million was partially attributable to increased project management and compensation expenses related to the increased activity levels and professional fees associated with systems improvements and process re-engineering.

Consolidated earnings before interest, taxes, depreciation and amortization increased $7.1 million, or 77.2%, to $16.3 million during 2006, as compared to $9.2 million for the year ended December 31, 2005. Churchill achieved consolidated net earnings of $8.1 million or basic earnings per common share of $0.46 during 2006 as compared to $3.8 million of net earnings and basic earnings per common share of $0.24.

Work-in-hand at December 31, 2006 was $493.9 million or $246.7 million higher than the same time last year. On a segmented basis, there was an increase in the buildings segment of $283.9 million, partially offset by decreases in the electrical contracting segment of $15.0 million, industrial general contracting segment of $10.5 million and insulation contracting segments of $11.7 million. The decrease in work in hand in our industrial business is primarily related to delays in the timing of work packages being released to tender.

Buildings

For the year ended December 31, 2006, Stuart Olson’s revenues increased $63.7 million to $291.2 million, compared to $227.5 million in the prior year from higher levels of activity, particularly in the northern and southern Alberta offices. The increased revenues in northern Alberta were the result of major new projects for food distribution, educational and civic recreational clients. Also contributing to revenue growth was a major hospital project in southern Alberta and several new contracts with various educational institutions in the British Columbia branch.

Contract income in 2006 increased to $21.2 million from $14.9 million, an increase of $6.3 million. Contract income margin percentage increased to 7.3% in 2006 as compared to 6.6% in 2005. This is indicative of the strength of the company's markets and improved operating efficiency.

Earnings before tax from the buildings segment were $8.7 million in 2006, as compared to $4.4 million in 2005. The $4.3 million improvement in earnings was distributed among the various branch offices, as a result of management's increased focus on the bottom line in each region.

Stuart Olson finished the year with $422.0 million of work-in-hand, after entering the year with work-in-hand of $138.1 million at December 31, 2005. During 2006 the company secured a further $575.1 million of contracts, and executed and took into revenue $291.2 million. The company's backlog grew substantially in 2006 as a result of new contracts to build educational and healthcare infrastructure, commercial food distribution facilities and civic recreational facilities in Alberta and British Columbia.

Industrial General Contracting

During 2006 the Corporation continued with the implementation of its renewal strategy at Triton including the hiring of Kelly Smith as the new President and Chief Operating Officer. Additional senior management changes have been made at the finance, fabrication and construction management levels to support Kelly in implementing the turnaround plan.

Triton's revenue for the year ended December 31, 2006 was $52.4 million, declining 48.0% from $100.7 million for the year ended December 31, 2005. Contract income margin for 2006 was 11.5%, up from 6.9% during 2005. The margin increase was a result of the reversal in 2006 of $3.3 million of loss provisions booked in 2005. Excluding these recoveries, contract income margin for 2006 would have been 5.2%. Triton incurred a loss before tax of $2.4 million for the year ended 2006, compared to a loss before tax of $0.8 million for the year ended December 31, 2005. Earnings before tax were negatively impacted by the decrease in revenue as a result of volume and contract scope restrictions, in addition to losses recorded on several construction and fabrication contracts.

Triton entered the year with $23.7 million of work-in-hand. For the year ended December 31, 2006 the company secured a further $41.9 million of contracts, and executed $52.4 million of contractual work. As a result, the company had $13.2 million of work-in-hand to carry over into 2007. Management's turnaround strategy for Triton involves the recognition of the individual business units within Triton as independent, quality focused profit centers. Going forward each unit will have its own business development objectives and cost management responsibilities. Management expects that as the year progresses, the current level of work-in-hand should increase to reflect the new operating strategy.

Industrial Insulation Contracting

Industrial Insulation Contracting operates under three business units – Fuller Austin, Northern Industrial Insulation and Lakehead Insulation – all providing insulation related contracting services for capital projects and maintenance work.

Revenue for the year ended December 31, 2006 increased to $77.7 million, compared to $74.6 million for the year ended December 31, 2005. Activity levels during 2006 benefited from the completion of an upgrader project and an ethanol facility for two key clients. Contract income increased 37.3% to $11.4 million up from $8.3 million for the comparable period. Fuller Austin's Saskatchewan operations generated improved margins in 2006, which contributed to an overall increase in the contract income margin percentage to 14.7%, versus 11.1% in 2005. The company expects contract income margins to be in the range of 15.5% to 16.5% during 2007, noting that the overall margin for 2005 and part of 2006 was reduced, by the inclusion of larger contracts at lower margins than in prior years.

Earnings before tax increased by 100% to $5.4 million for the year ended December 31, 2006, compared to earnings before tax of $2.7 million for 2005. The primary reason for the improved earnings was increased regional activity from Fuller Austin in Saskatchewan and Manitoba and increased activity by Northern Industrial, all occurring at higher margin levels.

Industrial Insulation Contracting began 2006 with work-in-hand of $26.8 million. For the year ended December 31, 2006, they secured a further $65.9 million of contracts, and executed $77.7 million, leaving a backlog of $15.0 million of work-in-hand at December 31, 2006.

Industrial Electrical Contracting

Laird generated record revenues and earnings in 2006. Company revenue increased by $30.3 million to $110.1 million, an increase of 38.0% over the $79.8 million reported for 2005. Contract income increased from $8.9 million in 2005 to $11.6 million in 2006, due to the higher volume of activity. Contract income margin percentage declined slightly to 10.5% as compared to 11.1% in 2005.

Laird achieved earnings before tax of $4.4 million for the year ended December 31, 2006 compared to earnings before tax of $2.7 million in 2005. The increase in earnings is a result of higher contract income, over and above the additional administrative expenses required to manage this increased level of activity.

Laird's recorded work-in-hand of $43.6 million at the end of 2006 is $15.1 million or 25.7% lower than the $58.7 million of work-in-hand at the conclusion of 2005. New contract awards of $95.0 million were secured in the current year, and $110.1 million of work was executed. The majority of the company's revenue and work-in-hand is related to oil sands projects in its core Fort McMurray market. The company has successfully diversified its customer base such that it is presently active on multiple oil sands sites for various clients.

Corporate and Other

In 2006, the Corporate and Other segment incurred $3.5 million of indirect and administrative expenses, including net interest costs. These costs were unchanged from the prior year as the Corporation continues to make investments in computer systems and process re-engineering to meet the growing level of activity in its infrastructure and industrial companies.

CASH FLOW, FINANCING, CAPITAL REQUIREMENTS, LIQUIDITY

Cash and equivalents at December 31, 2006 totaled $50.4 million, which compares with $29.2 million at the end of 2005. Of the $50.4 million of cash and equivalents, $10.7 million was subject to deemed trust conditions under the British Columbia Lien Act, compared to $9.9 million for the previous year.

Cash provided from operating activities increased by $28.1 million as a result of $25.2 million of cash generated from operations in 2006, compared to $2.9 million of cash used in operations during 2005. This change reflects the improved operating results that occurred in 2006 and overall cash positive changes in the balances of the working capital accounts.

Investing activities resulted in a use of cash of $7.9 million during 2006 which compares with cash used of $1.8 million in 2005. The increase in cash used was due to the classification of $4.0 million as a long-term asset due to a contractual restriction in its use, and $3.9 million expended in 2006 compared to $2.6 million in the prior year for property, plant and equipment.

During the year, the Corporation increased its line of credit from $12.0 million to $21.0 million with advances bearing interest at the bank's prime rate plus 1%. At year end, the Company had drawn $12.0 million of this line of credit. Additionally, a leasing facility of $3.0 million was added to the agreement, to be used specifically for the lease of equipment.

Cash generated from financing activities amounted to $4.0 million, compared to $22.2 million in 2005. Proceeds received under the line of credit amounted to $24.6 million while repayments totaled $20.4 million. $1.0 million was added to long-term debt during the year. As at December 31, 2006 long-term debt, including the current portion amounted to $4.3 million, compared to $2.9 million at the end of 2005. The increase is due to increased use of finance contracts and leases to acquire vehicles and equipment by the Corporation. During 2006, the Corporation repaid $0.7 million of long-term debt and $0.7 million of the demand term loan. These payments were in accordance with the repayment schedules and the contractual obligations as described in previous quarters and the 2005 Annual Report. Stock options exercised by directors and officers of the Corporation contributed $0.2 million to the cash generated from financing.

As at December 31, 2006, Churchill had positive working capital of $27.4 million which was greater than the 2005 year-end working capital position of $25.1 million. Working capital is defined as current assets less current liabilities excluding that portion relating to any demand term loan which is scheduled to be repaid beyond one year.

Contractual Obligations

($ millions)

December 31, 2006

	Total	Current Year	2-3 years	4-5 years	After 5 years
Demand term loan (1)	$6.8	$0.8	$1.6	$1.6	$2.8
Mortgage payable	1.2	0.0	0.1	0.1	1.0
Finance contracts and capital lease obligations	3.2	0.9	1.4	0.9	0.0

	$11.2	$1.7	$3.1	$2.6	$3.8

(1) The above table represents scheduled repayments.

Scheduled debt repayments for 2007 are $1.7 million. During 2007, the level of required replacement capital spending for Churchill is estimated to be approximately $3.3 million. To support expansion and growth opportunities, additional capital expenditures up to $5.0 million could be authorized. These requirements are expected to be met through a combination of operating and financing activities.

The Corporation remains a partner in two joint ventures, with a third having been wound down in the third quarter. In each instance the Corporation has provided a joint and several guarantee, increasing the maximum potential payment to the full value of the work remaining under the contract.

Shareholders' equity was $47.7 million at December 31, 2006, as compared to $40.2 million at December 31, 2005. These values include $7.3 million of goodwill arising from the 2003 purchase of Laird Electric. Under the Laird purchase agreement, 311,528 Churchill shares with a stated value of $269 thousand were placed in escrow as a refundable deposit in the event that Laird did not achieve a cumulative financial performance objective by December 31, 2005. At the conclusion of 2005, the Corporation determined that the cumulative financial performance objective was not met and this assessment was not disputed by the vendors. Settlement by the vendors occurred via a return of the shares of the Corporation. Share capital was reduced by $0.3 million for shares cancelled with respect to the Laird share transaction and offset by the exercise of stock options in the amount of $0.3 million. Contributed surplus increased $25 thousand during the year as a result of the accrual of stock-based compensation. Retained earnings increased from $19.0 million at December 31, 2005 to $26.4 million reflecting the net earnings of $8.1 million for the year reduced by $0.7 million charged to retained earnings as a result of the Laird share transaction.

During 2006, the Corporation granted a total of 50,000 stock options at an average price of $3.05 per option. As at December 31, 2006, the Corporation had outstanding 17,667,491 Common Shares and 571,667 options convertible into Common Shares (December 31, 2005 - 17,895,686 Common Shares and 605,000 options). There were 545,082 options available for grant at December 31, 2006.

The Corporation has an Employee Share Purchase Plan available to all full-time employees. At December 31, 2006 the Plan held 1,385,074 Churchill Common Shares for the employees. Under the Plan, shares are acquired in the open market.

SUPPLEMENTAL DISCLOSURES

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements in place at this time.

Related Party Transactions

The Corporation incurred legal fees during the year ended December 31, 2006 with a law firm of which a director of the Corporation is also a partner. The fees were for services rendered in the ordinary course of business. The amount paid during the year was $214 thousand (2005 - $183 thousand). At December 31, 2006, $32 thousand was included in accounts payable.

The Corporation incurred fees of $3 thousand (2005 - $14 thousand) paid to a company under the control of a director of the Corporation.

The Corporation incurred facility costs of $120 thousand (2005- $60 thousand) relating to rental of a building which is owned by a director of the Corporation.

During the year, the Corporation incurred rental costs of $21 thousand (2005 - $24 thousand) related to market rental payments for housing provided to a senior officer who maintained offices in both Calgary and Edmonton.

CONSOLIDATED BALANCE SHEETS

As at December 31,

($ thousands)		2006		2005
ASSETS				
Current assets				
Cash and equivalents	**$**	**50,387**	$	29,177
Accounts receivable		**83,369**		72,417
Inventories and prepaid expenses		**1,174**		1,724
Costs in excess of billings		**620**		13,127
Income taxes recoverable		**-**		3,310
		135,550		119,755
Long-term cash and equivalents		**4,000**		-
Future income tax assets		**631**		435
Property and equipment		**17,816**		15,556
Refundable deposit		**-**		1,000
Goodwill		**7,315**		7,315
Intellectual property		**189**		-
	$	**165,501**	$	144,061
LIABILITIES				
Current liabilities				
Line of credit	**$**	**12,000**	$	7,780
Accounts payable		**86,191**		81,775
Income taxes payable		**4,327**		-
Future income tax liability		**3,902**		3,706
Demand term loan		**6,825**		7,540
Current portion of long-term debt		**917**		597
		114,162		101,398
Long-term debt		**3,419**		2,301
Future income tax liabilities		**231**		143
		117,812		103,842
SHAREHOLDERS’ EQUITY				
Share capital		**15,508**		15,472
Contributed surplus		**5,779**		5,754
Retained earnings		**26,402**		18,993
		47,689		40,219
	$	**165,501**	$	144,061

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31, ($ thousands, except per share amounts)		2006		2005
Contract revenue	**$**	**531,290**	$	479,820
Contract costs		**480,129**		440,015
Contract income		**51,161**		39,805
Interest income		**896**		250
Sundry income		**369**		858
Indirect and administrative expenses		**(36,123)**		(31,735)
Depreciation and amortization		**(2,666)**		(2,765)
Interest expense		**(945)**		(991)
Earnings before income taxes		**12,692**		5,422
Income tax expense				
Current income tax		**(4,464)**		3,321
Future income tax		**(88)**		(4,949)
		(4,552)		(1,628)
Net earnings	**$**	**8,140**	$	3,794
Net earnings per Common Share				
Basic	**$**	**0.46**	$	0.24
Fully diluted	**$**	**0.45**	$	0.24

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended December 31, ($ thousands)		2006		2005
Retained earnings, beginning of period	**$**	**18,993**	$	15,199
Net earnings		**8,140**		3,794
Return of Laird escrowed shares		**(731)**		-
Retained earnings, end of period	**$**	**26,402**	$	18,993

CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended December 31, ($ thousands)	2006	2005
OPERATING ACTIVITIES		
Net earnings	**$ 8,140**	$ 3,794
Non-cash items		
Depreciation and amortization	**2,666**	2,765
Gain on disposal of equipment	**(5)**	(13)
Gain on disposal of properties for sale	**-**	(620)
Future income tax	**88**	4,949
Stock-based compensation	**110**	376
	10,999	11,251
Net change in accounts receivable, inventories and prepaid expenses	**(10,402)**	4,847
Net change in accounts payable	**4,416**	14,412
Net change in costs in excess of billings	**12,507**	(31,064)
Net change in income taxes payable/recoverable	**7,637**	(2,356)
	25,157	(2,910)
INVESTING ACTIVITIES		
Proceeds on disposal of property for sale	**-**	723
Long-term cash and equivalents	**(4,000)**	-
Proceeds on disposal of equipment	**226**	24
Additions to intellectual property	**(252)**	-
Additions to property and equipment	**(3,896)**	(2,573)
	(7,922)	(1,826)
FINANCING ACTIVITIES		
Proceeds under line of credit	**24,570**	7,780
Repayments under line of credit	**(20,350)**	-
Issuance of short-term debt	**-**	7,000
Issuance of long-term debt	**967**	9,011
Repayment of long-term debt	**(717)**	(9,520)
Repayment of demand term loan	**(715)**	(260)
Redemption of term deposit	**-**	4,000
Issuance of common shares	**220**	4,183
	3,975	22,194
Increase in cash	**21,210**	17,458
Cash, beginning of period	**29,177**	11,719
Cash, end of period	**$ 50,387**	$ 29,177

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid (received) during the year for:		
Interest expense	**$ 957**	$ 1,239
Income taxes	**$ (3,173)**	$ (965)

The Churchill Corporation provides building construction, industrial construction and maintenance services throughout western Canada. Churchill common shares are listed on The Toronto Stock Exchange under the symbol "CUQ".

TERMINOLOGY

Throughout this Press Release, and other documents referred to, management uses the following terms which do not have any standardized meaning under Canadian GAAP as set out in the CICA Handbook. Specifically, the terms "contract income margin percentage", "work-in-hand", "working capital" and "EBITDA" have been defined as:

Contract income margin percentage is the percentage derived by dividing contract income by contract revenue. Contract income is calculated by deducting all associated direct and indirect costs from contract revenue in the period.

Work-in-hand is the unexecuted portion of work that has been contractually awarded to the Corporation. It includes contracts that have been awarded but not yet commenced construction, as well as an estimate of the revenue to be generated from maintenance contracts during the shorter of (a) twelve months, or (b) the remaining life of the contract.

Working capital is defined as current assets less current liabilities excluding that portion relating to any demand term loan which is scheduled to be repaid beyond one year.

EBITDA is equal to earnings before interest expense, taxes, depreciation and amortization. This measure as reported by the Corporation may not be comparable to similar measures presented by other reporting issuers.

FORWARD-LOOKING STATEMENTS

Certain statements in this Fourth Quarter Report may constitute "forward-looking statements". Although management of the Corporation believes its expectations regarding future performance of the Corporation are based on reasonable assumptions and currently available financial and economic data, market conditions and operating plans, it can give no assurance that its expectations will be achieved. Such forward-looking statements involve risk, uncertainties and other factors that might cause the actual results, performance or achievements of the Corporation to vary significantly from any future results, performances or achievements expressed or implied in any forward-looking statements.

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