



PRESS RELEASE

For Immediate Release

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The Churchill Corporation Reports Record First Quarter Revenue and Earnings

Edmonton, Canada - The Churchill Corporation (TSX: CUQ) today reported record revenues for Q1, 2007 and significantly increased net earnings compared to the same quarter last year.

Consolidated Financial Highlights

(\$ millions, except per share amounts)	Three months ended March 31			
	2007	2006	\$ Change	% Change
Contract Revenue	\$153.9	\$111.8	42.1	38%
Contract Income	12.4	9.7	2.7	28%
EBITDA ⁽¹⁾	4.3	1.7	2.6	153%
Earnings before Tax	3.3	0.9	2.4	267%
Net Earnings	2.3	0.6	1.7	283%
Per Share - Basic	0.13	0.03	0.1	333%
Work-in-hand	596.6	313.1	283.5	91%

⁽¹⁾ Refer to the "Terminology" section for further details.

Record construction volume of \$153.9 million lifted Churchill to the best first quarter in company history. The Corporation reported earnings of \$0.13 per share (\$2.3 million), a 333% increase over the \$0.03 per share (\$0.6 million) earned in the same period of last year. High activity levels in the building construction and industrial electrical contracting segments supported this growth.

The quarter was highlighted by the growth in work-in-hand to a record \$596.6 million. On a segmented basis, year-over-year work-in-hand increases in the buildings segment of \$312.5 million and \$7.8 million in the industrial general contracting segment were recorded. These were offset by declines of \$10.1 million and \$26.6 million in the industrial insulation contracting and industrial electrical contracting segments respectively.

“We are pleased with our record first quarter performance and the large amount of new work obtained,” said Churchill Chairman and Interim Chief Executive Officer, Peter Adams. “This is our eighth consecutive quarter of profitability and with an increasing work-in-hand balance, the outlook for the remainder of 2007 looks positive.”

RESULTS OF OPERATIONS

Buildings

For the three months ended March 31, 2007, Stuart Olson’s revenues increased \$41.0 million to \$99.2 million, compared to \$58.2 million in the prior year. This was due to higher levels of activity, particularly in the northern and southern Alberta offices. Southern Alberta operations benefited from higher activity levels on projects such as the Peter Lougheed Hospital, SAIT Residence and Bow Valley College expansions. Northern Alberta operations were favourably impacted by construction activity for clients such as Bridge Brand Food Services Ltd., Sysco Food Services and C.A. Knight Recreational Facility.

Contract income in the first quarter increased to \$6.2 million from \$3.7 million, an increase of \$2.5 million. Contract income margin was relatively unchanged at 6.2% in 2007 as compared to 6.3% in 2006. Earnings before tax increased to \$2.7 million in the first quarter of 2007, as compared to \$0.9 million in 2006. This is indicative of the strength of the company’s markets and improved operating efficiency.

Stuart Olson had work-in-hand of \$422.0 million at December 31, 2006. For the three months ended March 31, 2007, the company secured a further \$178.7 million of contracts, \$69.6 million more than it secured in the same quarter of 2006. The majority of the increase came from the southern Alberta and British Columbia branches. During the quarter, the company executed and took into revenue \$99.2 million. The company completed the quarter with \$501.5 million of work-in-hand, of which \$98.3 million is expected to carryover into 2008.

Industrial General Contracting

Revenues at Triton of \$9.3 million were \$8.0 million lower than the same quarter in 2006. The Corporation has lifted its planned volume restriction on Triton’s operations; however, Triton’s lower backlog at the end of 2006 did not allow it to generate sufficient volume to match its first quarter of 2006 results. Contract income margin was 9.9%, down from 18.0% in the first quarter of 2006. Triton incurred a loss before tax of \$0.9 million for the current quarter, compared to earnings before tax of \$0.9 million in 2006. The decreases in margin and earnings before tax were partially due to 2005 loss provisions of \$1.0 million recovered in the first quarter of 2006. Earnings before tax were also negatively impacted by a decrease in revenue as a result of Triton entering 2007 with a reduced level of work-in-hand.

Triton entered the year with \$13.2 million of work-in-hand. For the quarter ending March 31, 2007, the company secured a further \$24.7 million of contracts, \$10.2 million greater than the amount of work secured in the first quarter of 2006. The increase in current quarter awards occurred primarily in the maintenance division which was awarded contracts with Encana and Canadian Natural Resources Ltd. The company executed \$9.3 million of contractual work during the period and as a result had \$28.6 million of work-in-hand to complete in the current year. Triton’s management expects to secure additional contracts as the year progresses, which are expected to increase the quarterly revenue rate.

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 three months ended March 31, 2007, was \$11.9 million, compared to \$22.6 million for the period ending March 31, 2006. Activity levels in the first quarter of 2006 were supported by the continuation of work on a major oil sands project. Despite the reduced volume of work, contract income rose to \$1.8 million, up from \$1.7 million for the comparable period as a result of higher contract income margins.

Earnings before tax in the Industrial Insulation Contracting segment increased to \$0.5 million for the quarter, compared to earnings before tax of \$0.3 million for the first quarter of 2006. The primary reason for the improved earnings was the higher contract margin levels.

Industrial Insulation Contracting had combined work-in-hand of \$15.0 million at December 31, 2006. For the three months ended March 31, 2007, they secured a further \$18.7 million of contracts, which was \$9.1 million lower than in the same period of 2006. Due to a slowdown in insulation contracting activity, the competition to secure new opportunities has been vigorous. Awards were received in the current quarter from Nexen, Suncor Energy Inc., and numerous other customers. The insulation companies executed \$11.9 million of work during the first quarter, resulting in a backlog of \$21.8 million of work-in-hand.

Industrial Electrical Contracting

For the three months ended March 31, 2007, Laird's revenue increased by \$19.8 million to \$33.6 million, compared to the \$13.8 million reported for the same period of 2006. This significant revenue increase was generated from site work on various oil sands projects. Contract income improved from \$0.9 million in 2006 to \$3.3 million in 2007, due to the higher volume of activity and increased margins. Laird achieved earnings before tax of \$1.4 million in the first quarter compared to a loss before tax of \$0.4 million in 2006.

Laird had recorded work-in-hand of \$43.6 million at the end of 2006. In the first quarter of 2007, new contract awards of \$34.8 million were secured compared to \$26.6 million in 2006. New contract awards were received from customers such as Nexen, TransAlta Corporation and Suncor Energy Inc. During the period, \$33.6 million of work was executed, leaving a backlog of \$44.8 million remaining to be completed as at March 31, 2007.

Corporate and Other

In the first quarter, the Corporate and Other segment incurred \$0.6 million of indirect and administrative expenses, including net interest costs. This compares to \$1.1 million of indirect and administrative expenses in 2006. Expenses attributed to Churchill were reduced due to a change in the allocation of information technology expenses as well as a temporary reduction in headcount at the corporate office.

CASH FLOW, FINANCING, CAPITAL REQUIREMENTS, LIQUIDITY

Cash and equivalents at March 31, 2007, totaled \$57.9 million, which compares with \$50.4 million at the end of 2006. Of the \$57.9 million of cash and equivalents, \$15.7 million was subject to deemed trust conditions under the British Columbia Lien Act, compared to \$10.7 million at December 31, 2006. As such this cash was not available for general operating purposes.

Cash provided from operating activities amounted to \$5.3 million in the quarter, which compares to \$7.6 million of cash used in operations during the first quarter of 2006. This favourable change of \$12.9 million is a result of the improved operating results generating greater net earnings in 2007 and cash provided due to changes in the working capital accounts.

Investing activities resulted in a use of cash of \$1.3 million, which compares with cash used of \$5.1 million in 2006. This investment was made in property and equipment. The decrease in cash used year over year was primarily due to the classification of \$4.0 million as a long-term asset in the first quarter of 2006. This classification was made due to a contractual restriction in use of the cash.

Cash generated from financing activities amounted to \$3.5 million, compared to \$4.4 million in 2006. At March 31, 2007, the Corporation had drawn on \$15.5 million of its \$21.0 million line of credit. Proceeds received under the line of credit during the first quarter amounted to \$5.0 million while repayments totaled \$1.5 million. At March 31, 2007, long-term debt, including the current portion amounted to \$4.7 million, compared to \$4.3 million at the end of 2006. The increase is due to the use of finance contracts and leases to acquire vehicles and equipment by the Corporation. During the quarter, the Corporation repaid \$0.4 million of long-term debt and \$0.1 million of the demand term loan.

At March 31, 2007, Churchill had working capital of \$29.2 million which was greater than the 2006 year-end working capital position of \$27.4 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.

The Corporation remains a partner in two joint ventures. 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 \$50.0 million at March 31, 2007, as compared to \$47.7 million at December 31, 2006. During the quarter contributed surplus increased \$7 thousand as a result of the recognition of stock-based compensation. Retained earnings increased from \$26.4 million at December 31, 2006 to \$28.7 million reflecting the net earnings of \$2.3 million for the quarter.

At March 31, 2007, there were 17,667,491 Common Shares and 455,000 options outstanding (December 31, 2006 - 17,667,491 Common Shares and 571,667 options). During the period from March 31, 2007, to May 2, 2007, no new share options were issued; and no share options were exercised.

The Corporation has an Employee Share Purchase Plan available to all full-time employees. As at April 3, 2007, the Plan held 1,368,984 Churchill Common Shares for the employees. Under the Plan, shares are acquired in the open market.

CONSOLIDATED BALANCE SHEETS

(\$ thousands)	March 31, 2007 (Unaudited)	December 31, 2006*
ASSETS		
Current assets		
Cash and equivalents	\$ 57,948	\$ 50,387
Accounts receivable	122,635	83,369
Inventories and prepaid expenses	2,582	1,174
Costs in excess of billings	-	620
	183,165	135,550
Long-term cash and equivalents	4,000	4,000
Future income tax assets	672	631
Property and equipment	18,473	17,816
Goodwill	7,315	7,315
Intellectual property	168	189
	\$ 213,793	\$ 165,501
LIABILITIES		
Current liabilities		
Line of credit	\$ 15,500	\$ 12,000
Accounts payable	101,096	86,191
Contract advances and unearned income	30,718	-
Income taxes payable	367	4,327
Future income tax liabilities	4,458	3,902
Demand term loan	6,565	6,825
Current portion of long-term debt	1,058	917
	159,762	114,162
Long-term debt	3,652	3,419
Future income tax liabilities	364	231
	163,778	117,812
SHAREHOLDERS' EQUITY		
Share capital	15,508	15,508
Contributed surplus	5,786	5,779
Retained earnings	28,721	26,402
Accumulated other comprehensive income	-	-
	50,015	47,689
	\$ 213,793	\$ 165,501

* Figures excerpted from the 2006 audited consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Three months ended March 31 (Unaudited)		
(\$ thousands, except per share amounts)	2007	2006
Contract revenue	\$ 153,904	\$ 111,836
Contract costs	141,470	102,166
Contract income	12,434	9,670
Interest income	413	126
Sundry income	4	179
Indirect and administrative expenses	(8,580)	(8,228)
Depreciation and amortization	(740)	(598)
Interest expense	(194)	(269)
Earnings before income taxes	3,337	880
Income tax expense		
Current income tax	(370)	(20)
Future income tax	(648)	(296)
	(1,018)	(316)
Net earnings	\$ 2,319	\$ 564
Net earnings per Common Share		
Basic	\$ 0.13	\$ 0.03
Fully diluted	\$ 0.13	\$ 0.03

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three months ended March 31 (Unaudited)		
(\$ thousands)	2007	2006
Net earnings	\$ 2,319	\$ 564
Other comprehensive income	-	-
Comprehensive income for the period	\$ 2,319	\$ 564

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND ACCUMULATED OTHER COMPREHENSIVE INCOME

Three months ended March 31 (Unaudited)		
(\$ thousands)	2007	2006
Retained earnings, beginning of period	\$ 26,402	\$ 18,993
Net earnings	2,319	564
Retained earnings, end of period	\$ 28,721	\$ 19,557
Accumulated other comprehensive income, beginning of period	\$ -	\$ -
Other comprehensive income	-	-
Accumulated other comprehensive income, end of period	\$ -	\$ -

CONSOLIDATED STATEMENTS OF CASH FLOW

Three months ended March 31 (Unaudited)

(\$ thousands)	2007	2006
OPERATING ACTIVITIES		
Net earnings	\$ 2,319	\$ 564
Non-cash items		
Depreciation and amortization	740	598
Gain on disposal of equipment	(2)	(7)
Stock-based compensation	7	11
Future income taxes	648	296
	3,712	1,462
Net change in accounts receivable, inventories and prepaid expenses	(40,674)	(5,916)
Net change in accounts payable	14,905	(20,092)
Net change in contract advances and unearned income and cost in excess of billings	31,338	16,948
Net change in income taxes payable	(3,960)	-
	5,321	(7,598)
INVESTING ACTIVITIES		
Long-term cash and equivalents	-	(4,000)
Proceeds on disposal of equipment	2	20
Additions to intellectual property	-	(253)
Additions to property and equipment	(1,304)	(837)
	(1,302)	(5,070)
FINANCING ACTIVITIES		
Proceeds under line of credit	5,000	4,420
Repayments under line of credit	(1,500)	-
Issuance of long-term debt	564	283
Repayment of long-term debt	(262)	(155)
Repayment of demand term loan	(260)	(195)
	3,542	4,353
Increase (decrease) in cash	7,561	(8,315)
Cash, beginning of period	50,387	29,177
Cash, end of period	\$ 57,948	\$ 20,862
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 164	\$ 193
Income taxes	\$ 4,330	\$ 20

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 refers to certain terms when explaining its financial results that 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” “EBITDA” and “book value per share” 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 for construction 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 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.

Book value per share is the value of shareholders’ equity less value of preferred stock divided by basic shares outstanding at the end of the period.

FORWARD LOOKING STATEMENTS

Certain statements in this First Quarter Report may constitute “forward-looking statements”. Although management of Churchill believes its expectations regarding future performance of the Corporation are based on reasonable assumptions and currently available competitive, financial and economic data, market conditions and operating plans, it can give no assurance 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, performance or achievements expressed or implied in any forward-looking statements.

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