



PRESS RELEASE

For Immediate Release

November 5, 2009

The Churchill Corporation Reports Third Quarter Financial Results

(TSX: CUQ)

Third Quarter 2009 & YTD Financial Results

- Third quarter 2009 net earnings including the earnings from discontinued operations were \$15.2 million (\$0.86 per share) compared to \$11.2 million (\$0.62 per share) in the prior year.
- Net earnings for the nine months ended September 30, 2009 were \$27.1 million (\$1.54 per share) compared to \$25.2 million (\$1.41 per share) for the same period of 2008.
- Contract income margin increased to 16.8% compared to 13.0% in Q3 2008.
- \$17.3 million of EBITDA from continuing operations in Q3 2009 compared to \$18.2 million in Q3 2008.
- \$11.7 million of earnings (\$0.66 per share) from continuing operations in Q3 2009 compared to \$11.9 million of earnings (\$0.66 per share) from continuing operations in Q3 2008.
- \$157.1 million in cash and cash equivalents as at September 30, 2009, compared to \$100.8 million at December 31, 2008.
- \$38.9 million of EBITDA from continuing operations in the nine month period ending September 30, 2009, compared to \$38.6 million of EBITDA from continuing operations in the same nine month period of 2008.
- \$25.4 million of net earnings from continuing operations for the nine months ended September 30, 2009 compared to \$24.3 million of net earnings from continuing operations for the same period of 2008.

Highlights & Significant Items

- Financial close of the Fort St. John Hospital project occurred on July 17, 2009 and resulted in \$115 million being added to our backlog in Q3 2009.
- In July 2009, Stuart Olson was awarded the \$44 million, Simon Fraser University Schrum Science Centre Renewal – Phase 1 Chemistry project.
- On August 12, 2009, the Corporation executed a purchase and sale agreement to divest itself of Triton's operations and certain assets and liabilities of the Corporate and Other segment receiving consideration of \$18.3 million, resulting in a gain on sale of \$4.5 million. Also, the eventual sale of the Davies Road building is expected to generate \$4.0 to \$5.0 million in cash proceeds when completed.
- During the quarter, the Corporation completed the consolidation of its operating and corporate offices into Edmonton and Calgary. This initiative plus other restructuring is expected to generate \$2 million of cost savings annually.

- In August and September of 2009, Stuart Olson was awarded a \$47 million contract with the Department of Defense for CFB Esquimalt in Victoria, British Columbia and the \$66 million Genesis Recreation Centre project in the Southern Alberta region.
- In late October, the Corporation created two new Vice President positions and reorganized existing internal resources to enhance the Corporate Centre's organizational capabilities in the areas of strategic planning and business development and to focus more resources on shareholder value creation.

Calgary, Canada - The Churchill Corporation today announced EBITDA from continuing operations of \$17.3 million in the third quarter of 2009. Earnings from continuing operations were \$11.7 million (\$0.66 per share) and as at September 30, 2009, our cash balance was \$157.1 million or \$8.93 per share.

(\$ millions, except per share amounts)	Three months ended September 30, 2009				Nine months ended September 30, 2009			
	\$		%		\$		%	
	2009	2008	Change	Change	2009	2008	Change	Change
Contract revenue	\$161.5	\$216.2	(54.7)	-25%	\$427.3	\$576.0	(148.7)	-26%
Contract income	27.1	28.1	(1.0)	-4%	67.2	66.2	1.0	2%
EBITDA ⁽¹⁾ from continuing operations	17.3	18.2	(0.9)	-5%	38.9	38.6	0.3	1%
Earnings from continuing operations before income taxes	16.2	17.1	(0.9)	-5%	35.4	35.2	0.2	1%
Net earnings from continuing operations	11.7	11.9	(0.2)	-2%	25.4	24.3	1.1	5%
EPS from continuing operations - basic	\$0.66	\$0.66	0.00	0%	\$1.44	\$1.36	0.08	6%
Net earnings and comprehensive income	15.2	11.2	4.0	36%	27.1	25.2	1.9	8%
EPS basic	\$0.86	\$0.62	0.24	39%	\$1.54	\$1.41	0.13	9%
Work-in-hand ⁽²⁾	770.2	556.0	214.2	39%	770.2	556.0	214.2	39%
Backlog ⁽³⁾	\$1,517.5	\$1,422.1	95.4	7%	\$1,517.5	\$1,422.1	95.4	7%

(1) (2) (3) Refer to the "Terminology" section for further details.

"The Corporation delivered strong third quarter results, particularly in our Stuart Olson and Insulation Holdings business segments. Notwithstanding a difficult economic environment in 2009, both of these organizations are surpassing the profits they generated in 2008," said Jim Houck, President and Chief Executive Officer, The Churchill Corporation. "In addition we set a new record for backlog in the quarter at \$1.5 billion and are optimistic regarding the possibility of securing additional awards prior to the end of the year."

OVERALL PERFORMANCE

For the third quarter of 2009 consolidated contract revenue was \$161.5 million, compared to \$216.2 million in the same period in 2008. Revenue decreased due to the cumulative effect of delays in project starts and tendering in our buildings segment in combination with lower levels of industrial contracting activity on a year-over-year basis in our industrial insulation and industrial electrical operations. For the first nine months of the year, revenues of \$427.3 million were \$148.7 million lower than the corresponding period of 2008 as weaker industrial market conditions and lower volumes from our buildings segment impacted results.

Contract income decreased from \$28.1 million in the third quarter of 2008 to \$27.1 million in Q3 2009 as stronger margins in our building construction segment and industrial insulation segments, were offset by lower contract income in the industrial electrical segment. Contract income for the first nine months of 2009 was \$67.2 million compared to \$66.2 million for the first nine months of 2008. The increase in contract income margin percentage in all business segments offset the decline in the executed volume of work.

Indirect and administrative expenses amounted to \$10.1 million in the quarter, compared to \$10.5 million in the comparable period of 2008. These reduced costs were driven by the restructuring activities in our operations at Laird and good expense management within IHI and Stuart Olson. Year-to-date indirect and administration expenses are \$29.3 million compared to \$30.0 million in the prior year.

Earnings before interest, taxes, depreciation and amortization in the quarter were \$17.3 million, compared to \$18.2 million in Q3 2008. EBITDA in the first nine months of 2009 was \$38.9 million compared to \$38.6 million.

Earnings from continuing operations before income taxes in Q3 2009 decreased to \$16.2 million as compared to \$17.1 million reported in Q3 2008. Net earnings from continuing operations were \$11.7 million in Q3 2009 compared to \$11.9 million in Q3 2008. Earnings from continuing operations before income taxes for the nine months ended September 30, 2009 were \$35.4 million as compared to \$35.2 million in the same period of 2008. Net earnings from continuing operations for the nine-month period ended September 30, 2009, were \$25.4 million compared to \$24.3 million in the comparable period of 2008. The increase in net earnings from continuing operations was due to the greater profitability derived from our buildings and industrial insulation segments.

New contract awards of \$331.0 million were added to work-in-hand in the current quarter compared to \$211.3 million in Q3 2008. Work-in-hand at September 30, 2009, was \$770.2 million, compared to \$556.0 million at September 30, 2008. On a segmented basis, year-over-year work-in-hand increased \$190.0 million in the buildings segment, increased \$3.9 million in the insulation contracting segment and increased \$20.3 million in the electrical contracting segment.

Churchill's total backlog, including work-in-hand as at September 30, 2009, increased to a record \$1.52 billion from \$1.42 billion in the prior year. Year-over-year backlog in our buildings segment increased by \$81.6 million, the insulation contracting segment backlog decreased by \$1.5 million and the industrial electrical contracting backlog increased by \$15.3 million. The Corporation's backlog consists of work-in-hand of \$770.2 million, active backlog of \$630.3 million and delayed backlog of \$117.0 million. While the Corporation has not yet adjusted its volume of delayed backlog, the owner's budget for the Shaw Tower, a \$25 million project, was partially approved in September and we are anticipating a construction start later this year. Management remains confident that the project delays associated with the Shaw Tower and Lethbridge Hospital can be overcome and that the majority of the Corporation's delayed backlog will be realized as revenue in future reporting periods.

Discontinued Operations

In August 2009, the Corporation completed the sale of its Industrial General Contracting segment ("Triton") and certain assets and liabilities of the Corporate and Other segment to an undisclosed third party. The segment had performed poorly over a period of time and as a result management felt that there may be a more advantaged owner of the assets held-for-sale and that Churchill could more profitably deploy its resources and the proceeds from disposition into its other operating segments. Accordingly, the results of operations and cashflows for the assets held-for-sale have been accounted for on a discontinued basis for the current and prior periods.

Proceeds from the sale recognized in the financial statements in the third quarter were \$18.3 million of cash for Triton and certain assets and liabilities of the Corporate and Other segment sold to the purchaser immediately on closing. Of this amount \$3.0 million is in escrow as security for the indemnification provided to the purchaser as part of the sale. A gain on sale of \$4.2 million was realized. Also, the sale of the Davies Road building is expected to generate \$4.0 to \$5.0 million in cash proceeds, when completed.

The following tables reflect our earnings (loss) from discontinued operations relating to Triton and the assets held-for-sale for the three and nine month periods ended September 30, 2009 and 2008.

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Contract revenue	\$ 4,779	\$ 13,011	\$ 27,954	\$ 67,386
Contract income	445	128	1,308	5,714
Gain on sale of discontinued operations	4,185	-	4,185	-
Net operating earnings (loss) from discontinued operations ⁽¹⁾	(701)	(697)	(2,463)	902
Total net earnings (loss)	\$ 3,484	\$ (697)	\$ 1,722	\$ 902

⁽¹⁾ Net operating earnings (loss) from discontinued operations for the nine months ended September 30, 2009 includes income tax recovery of \$1,030 (2008 - \$427 expense)

RESULTS OF OPERATIONS

Buildings

For the three month period ended September 30, 2009, Stuart Olson's revenue was \$135.0 million, compared to \$158.4 million in the prior year. This decrease in revenue was a result of the cumulative impact of the delayed project starts and tendering referred to in the Corporation's first quarter MD&A.

Contract income in the third quarter of 2009 increased 22% to \$20.8 million, from \$17.1 million for the same period in 2008. The Q3 2009 contract income margin percentage was 15.4% compared to 10.8% in 2008. This margin increase was driven by the strength of the margins in Stuart Olson's backlog, strong project execution, own forces work and the ability to effectively manage construction costs.

Earnings before tax from the buildings segment were \$15.7 million in Q3 2009, compared to \$12.1 million in Q3 2008. This 30% improvement in pre-tax earnings was a result of the increased profit margin across all branches, particularly in Northern Alberta.

Revenue for the nine months ended September 30, 2009, was \$346.4 million compared to \$434.7 million in 2008. This decrease in revenue was a result of the lasting cumulative impact of the delayed project starts and tendering referred to in the Corporation's first quarter MD&A.

Contract income for the nine months ended September 30, 2009 increased by 22%, to \$50.8 million from \$41.7 million for the same period in 2008. Stuart Olson's contract income margin percentage increased to 14.7% compared to 9.6% year-over-year, driven by higher margins in the company's backlog and strong project execution.

Earnings before tax from the buildings segment for the nine month period ended September 30, 2009 were \$36.1 million compared to \$27.0 million in the prior year. This 34% increase resulted from higher margins across all branches, particularly in Northern Alberta, which has self-performed a significant volume of work during the past year.

Stuart Olson had work-in-hand of \$496.5 million and a backlog of \$1.23 billion as at June 30, 2009. In the three months ended September 30, 2009, Stuart Olson secured \$292.0 million of new contracts and executed \$135.0 million of work. The company finished the quarter with \$653.6 million of work-in-hand,

of which \$146.3 million is expected to be executed in 2009. As at September 30, 2009, Stuart Olson's total backlog was \$1.4 billion.

Stuart Olson continues to pursue new project opportunities which fit its strategy, expertise and price for value proposition. Government spending intentions are high, but possibly at risk due to growing deficit projections. We anticipate that in this environment, governments may resort to alternative financing strategies such as Public-Private Partnerships ("P3's) to finance their infrastructure spending until economic growth and budget surpluses resume.

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. Lakehead is a wholly-owned subsidiary of Fuller Austin.

Revenue for the three months ended September 30, 2009, was \$17.7 million, compared to \$19.4 million for the same period of 2008. The revenue decrease was the result of reduced capital spending mainly in the Saskatchewan industrial market.

Contract income in the third quarter of 2009 was \$4.5 million compared to \$4.5 million for the comparable period in 2008. The contract income margin percentage increased in Q3 2009 to 25.4% versus 23.2% in Q3 2008 due to strong project execution.

Earnings before tax were \$3.0 million during the period ending September 30, 2009, compared to \$2.9 million in the third quarter of 2008. Strong project execution by the insulation companies on a variety of maintenance and shutdown contracts allowed IHI to sustain its earnings, notwithstanding the corresponding \$1.7 million revenue decline.

For the nine months ended September 30, 2009, Insulation Holdings reported revenue of \$52.6 million compared to \$53.0 million for the same period of 2008. The company's revenue for the first nine months of 2009 has remained robust as a result of its near record backlog of work.

Contract income for the first nine month period ended September 30, 2009, was \$11.1 million compared to \$10.5 million for the comparable period in 2008. The contract income margin percentage was 21.1% compared to 19.8%, respectively.

Earnings before tax increased 8% year-to-date to \$6.9 million in the period ending September 30, 2009, compared to \$6.4 million in 2008. These stronger earnings were a result of the higher contract margins earned year-to-date.

Industrial Insulation Contracting had work-in-hand of \$63.1 million and a backlog of \$68.5 million as at June 30, 2009. During Q3 2009, IHI secured new awards totalling \$26.1 million and executed \$17.7 million of contractual work. The insulation segment ended the quarter with \$71.5 million of work-in-hand, of which \$52.3 million is expected to carry over into 2010. At September 30, 2009, IHI's backlog amounted to \$75.8 million compared to \$77.4 million at the end of Q3 of the prior year.

With a strong backlog of projects, our belief is that Insulation Holdings is positioned to perform favourably over the next 15 months. However, industrial project delays and owner requests for rate resets continue to create increased competition for new work and apply downward pressure on contract income margins.

Industrial Electrical Contracting

For the three months ended September 30, 2009, Laird's contract revenue was \$8.7 million compared to \$38.4 million reported in Q3 2008. This decrease in revenue was primarily due to a reduction in activity levels associated with several oil sands projects in the Fort McMurray area and no significant shut down activity in the quarter. Management believes that activity levels are likely to remain lower on a year-over-year basis for the balance of 2009, but that future activity levels should exceed the low revenue volume delivered in Q3 2009.

Contract income was \$1.9 million in Q3 2009 compared to \$6.4 million during the prior year. This decrease was due to lower activity levels. The contract income margin percentage was higher at 21.8% during the third quarter of 2009 compared to 16.7% in Q3 2008 mainly due to strong project execution, changes in project mix, operational improvements and favourable resolution of project contingencies.

Laird reported earnings before tax of \$0.6 million for the period, compared to earnings before income tax of \$4.2 million in Q3 2008. Laird's initiatives to right size the organization for the anticipated reduced activity levels paid dividends this quarter as the company was able to withstand a significant revenue drop. The company was able to offset the impact of lower revenues in the period with higher margins and control of its indirect and administrative expenses.

For the nine months ended September 30, 2009, Laird's reported revenue was \$28.4 million compared to \$88.2 million reported in 2008. This decrease in revenue was primarily due to a reduction in activity levels associated with several oil sands projects in the Fort McMurray area and a significant decrease in shut down and maintenance activity year-to-date.

Contract income for the nine months ended September 30, 2009 was \$5.3 million compared to \$13.7 million during 2008. This decrease in contract income due to lower activity levels was partially offset by higher contract income margins (18.7% in 2009 compared to 15.5% in 2008) due to operational efficiency in the field, changes in project contracting methods and favourable resolution of project contingencies.

Laird reported earnings before tax of \$1.0 million for the nine month period ending September 30, 2009, compared to earnings before tax of \$7.5 million in 2008. The variance in earnings is attributable to lower levels of client activity.

Laird's reported Q2 2009 work-in-hand and backlog was \$40.9 million. New contract awards of \$12.9 million were secured in the third quarter of 2009 and \$8.7 million of contracts were executed. Laird concluded the third quarter with \$45.1 million of work-in-hand and backlog, of which \$29.3 million is expected to be completed in future years. This compares to a backlog of \$29.8 million at the end of Q3 2008.

Laird has increased its focus on business development activities during this slowdown and is successfully partnering with Fuller Austin on bids, securing electrical infrastructure projects and pursuing industrial opportunities in the Saskatchewan marketplace.

Corporate and Other

During the third quarter, management received board approval to undertake a new enterprise resource planning ("ERP") system. The capital cost and the expenses associated with this implementation will be recognized over subsequent reporting periods into 2011.

In the third quarter of 2009, the Corporate and Other segment incurred a loss before tax of \$3.1 million compared to a loss before tax of \$2.1 million in 2008. For the nine months ended September 30, 2009 and 2008 the Corporate and Other segment generated a loss before tax of \$8.7 million and \$5.7 million respectively. The increase in 2009 Corporate and Other expenditures is attributable to indirect and administrative expenses associated primarily with implementation of a new incentive based compensation program more closely aligned with shareholder interests, stock based compensation expenses, increased professional fees, increased travel expenses and office relocation costs.

CAPITAL RESOURCES AND LIQUIDITY

Cash and cash equivalents at September 30, 2009, totaled \$157.1 million, which compares with \$100.8 million at the end of 2008. Included in the cash and cash equivalents balance is \$12.8 million which is subject to deemed trust conditions under the British Columbia Builders Lien Act, compared to \$17.5 million at December 31, 2008. As such, this cash is restricted to the payment of direct costs related to specific construction projects.

Cash flow provided from operating activities was \$12.2 million, compared to \$14.8 million of cash generated during the third quarter of 2008. The Corporation has increased its cash and cash equivalents from the proceeds associated with the sale of its discontinued operations.

Investing activities resulted in a use of cash of \$0.6 million during the third quarter of 2009, which compares with cash used of \$1.6 million in Q3 2008. The cash was invested in the acquisition of construction equipment for long term projects under contract.

During the third quarter of 2009, cash used in financing activities associated with net repayments of long term debt amounted to \$0.2 million, compared to cash used in financing of \$0.4 million in Q3 2008. Subsequent to the quarter, the Corporation paid off a \$1.1 million mortgage associated with the Davies Road building which carried an interest rate of 6.47%.

Cash generated from operations of \$44.8 million in the first nine months of 2009 was in contrast to cash used in operations of \$15.4 million in the same period of 2008. This reversal can be attributed to the collection of accounts receivables and lower activity in the Corporation's industrial operations.

Investing activities resulted in a use of cash of \$2.1 million during the nine months ended September 30, 2009, which compares with cash used of \$4.8 million in the same period of 2008. The cash was invested in the acquisition of construction equipment.

For the nine months ended September 30, 2009, cash used in financing amounted to \$7.8 million, compared to cash used in financing of \$1.2 million in 2008. Net repayments of long-term debt in the nine month period ended September 30, 2009, amounted to \$7.0 million, compared to net repayments of \$1.5 million in 2008. The Corporation expended \$1.0 million under its Normal Course Issuer Bid ("NCIB") during the first 9 months of 2009 compared to nil in the same period of 2008. Stock options exercised by directors and officers of the Corporation contributed \$0.2 million of cash in the nine months of 2009 compared to adding \$0.3 million of cash in the period ending September 30, 2008.

As at September 30, 2009, Churchill had working capital of \$103.9 million, compared to its working capital position of \$78.3 million at December 31, 2008.

Management believes that the Corporation has the capital resources and liquidity necessary to meet its commitments, support its operations and finance its growth strategies. In addition to the Corporation's

cash and cash equivalents, ability to generate cash from operations, and its \$60.0 million credit facility, the Corporation is also able to issue additional common shares to access further capital.

The Corporation is a partner in three joint ventures. In each instance the Corporation has provided a joint and several guarantee, increasing the maximum potential exposure to the full value of the work remaining under the contract. Public-Private Partnership infrastructure projects may expose the Corporation to financial penalties or liquidated damages under the contract for project delays. P3 projects require security in the form of letters of credit to support the obligations that the Corporation undertakes on these projects.

Shareholders' equity was \$133.0 million at September 30, 2009, as compared to \$105.6 million at December 31, 2008.

Share Data

On October 15, 2008, the Corporation commenced a Normal Course Issuer Bid ("NCIB"), under which it was entitled to purchase up to 1,391,090 common shares in a 12 month period. During the third quarter of 2009, no common shares were repurchased under the NCIB. In total, the Corporation repurchased and cancelled 432,500 common shares at an average cost of \$6.73. The NCIB expired on October 14, 2009.

As at November 3, 2009, the Corporation had 17,599,491 common shares issued and outstanding and 1,274,016 options convertible into common shares upon exercise (December 31, 2008 - 17,822,091 common shares and 519,660 options).

The Corporation has an Employee Share Purchase Plan (the "ESPP") available to all full-time employees. At September 30, 2009, the ESPP held 822,327 common shares for employees. Under the ESPP, common shares are acquired in the open market.

OUTLOOK

Laird Electric continues to be challenged as the slowdown in oil sands projects experienced earlier in the year endures. Laird's current financial performance mirrors that of key client spending and emphasizes the importance of management's efforts to achieve market and product diversification. A number of high-profile corporate transactions and a rebound in commodity prices to the \$70-\$80 per barrel range are expected to lead to increased capital expenditures in 2010, and an improvement in Laird's results.

With their performance in the first three quarters of 2009 behind them, Insulation Holdings is forecasting the second best year in their history with upside potential for a record year. Positive developments in our end-markets include identification of possible future contracting opportunities with clients in the oil sands and industrial market such as PCL, Horton CBI, Jacobs and others. Overall, project delays and cancellations in the industrial market have resulted in significant competition for available work. Significant levels of backlog and work-in-hand are expected to drive 2010 revenues higher albeit at lower margins. To maintain market share our industrial companies have had to adjust bidding practices accordingly.

During the third quarter, Stuart Olson was awarded and closed approximately \$290 million of new projects, which is a level of secured work only exceeded by their Q2 2007 results. Our goal of maintaining and growing the backlog at Stuart Olson for the whole year is within reach. However, because of the competitive landscape new projects acquired and included in the company's backlog may not result in future profit margins being as robust as those delivered year-to-date. In September, Stuart

Olson embarked on a strategy of organic growth by opening an office in Saskatoon, Saskatchewan. Stuart Olson looks forward to re-introducing itself to owner groups and building a successful branch in this market. In addition, there are several significant opportunities within the Alberta and British Columbia regions, to add to our backlog before the end of the year. Stuart Olson continues to track the development of new P3 projects with a view to increasing their participation in projects available in Alberta and British Columbia.

CONSOLIDATED STATEMENTS OF EARNINGS, COMPREHENSIVE INCOME AND RETAINED EARNINGS

(unaudited, \$ thousands, except per share amounts)	Three months ended		Nine months ended	
	September 30		September 30	
	2009	2008	2009	2008
Contract revenue	\$ 161,453	\$ 216,181	\$ 427,301	\$ 575,967
Contract costs	134,352	188,101	360,084	509,769
Contract income	27,101	28,080	67,217	66,198
Interest income	133	566	480	2,091
Sundry income	241	53	504	247
Indirect and administrative expenses	(10,146)	(10,485)	(29,315)	(29,998)
Depreciation and amortization	(1,075)	(1,044)	(3,302)	(2,951)
Interest expense	(30)	(117)	(210)	(385)
Earnings from continuing operations before income taxes	16,224	17,053	35,374	35,202
Income tax (expense) recovery				
Current income tax	(7,215)	(6,669)	(29,854)	(15,503)
Future income tax	2,680	1,491	19,885	4,647
	(4,535)	(5,178)	(9,969)	(10,856)
Net earnings from continuing operations and comprehensive income	11,689	11,875	25,405	24,346
Net earnings (loss) from discontinued operations	3,484	(697)	1,722	902
Net earnings and comprehensive income	15,173	11,178	27,127	25,248
Retained earnings, beginning of period	93,416	61,598	83,132	47,528
Adjustment arising from shares purchased under a normal course issuer bid	-	-	(1,670)	-
Retained earnings, end of period	\$ 108,589	\$ 72,776	\$ 108,589	\$ 72,776
Net earnings per common share:				
Basic from continuing operations	\$ 0.66	\$ 0.66	\$ 1.44	\$ 1.36
Basic from discontinued operations	\$ 0.20	\$ (0.04)	\$ 0.10	\$ 0.05
Basic net earnings per share	\$ 0.86	\$ 0.62	\$ 1.54	\$ 1.41
Diluted from continuing operations	\$ 0.65	\$ 0.67	\$ 1.42	\$ 1.34
Diluted from discontinued operations	\$ 0.20	\$ (0.04)	\$ 0.10	\$ 0.05
Diluted net earnings per share	\$ 0.85	\$ 0.63	\$ 1.52	\$ 1.39
Weighted average common shares:				
Basic	17,599,491	17,927,430	17,627,519	17,927,430
Diluted	17,943,969	18,127,052	17,856,303	18,119,649

CONSOLIDATED BALANCE SHEETS

(unaudited, \$ thousands)

	September 30, 2009	December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 157,113	\$ 100,768
Accounts receivable	170,043	119,248
Inventories and prepaid expenses	1,289	1,285
Costs in excess of billings	6,517	17,692
Income taxes recoverable	56	3,615
Future income tax assets	38,722	1,390
Assets held-for-sale	-	24,528
	373,740	268,526
Long-term receivable	3,000	-
Future income tax assets	936	568
Property and equipment	15,465	16,547
Assets held-for-sale	2,715	9,844
Goodwill and intangible assets	7,315	7,336
	\$ 403,171	\$ 302,821
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 129,966	\$ 134,194
Contract advances and unearned income	98,064	41,088
Income taxes payable	20,665	2,462
Future income tax liabilities	19,386	3,177
Current portion of long-term debt	629	1,082
Liabilities related to assets held-for-sale	1,114	8,220
	269,824	190,223
Long-term debt	335	6,787
Future income tax liabilities	22	238
	270,181	197,248
SHAREHOLDERS' EQUITY		
Share capital	16,625	16,663
Shares repurchased under a normal course issuer bid, not cancelled	-	(956)
Contributed surplus	7,776	6,734
Retained earnings	108,589	83,132
	132,990	105,573
	\$ 403,171	\$ 302,821

CONSOLIDATED STATEMENTS OF CASH FLOW

(unaudited, \$ thousands)	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
OPERATING ACTIVITIES				
Net earnings from continuing operations and comprehensive income	\$ 11,689	\$ 11,875	\$ 25,405	\$ 24,346
Depreciation and amortization	1,075	1,044	3,302	2,951
Gain on disposal of equipment	(22)	(18)	(40)	(38)
Share-based compensation	469	326	1,103	696
Future income taxes	(2,680)	(1,831)	(19,885)	(4,214)
	10,531	11,396	9,885	23,741
Change in non-cash balances relating to operations	1,683	3,354	34,886	(39,111)
	12,214	14,750	44,771	(15,370)
INVESTING ACTIVITIES				
Proceeds on disposal of equipment	73	(4)	225	178
Additions to property and equipment	(677)	(1,595)	(2,334)	(4,966)
	(604)	(1,599)	(2,109)	(4,788)
FINANCING ACTIVITIES				
Proceeds under operating line of credit	-	-	-	9,000
Repayments under operating line of credit	-	-	-	(9,000)
Repayment of long-term debt	(201)	(424)	(6,953)	(1,478)
Share purchase under a normal course issuer bid	-	-	(970)	-
Issuance of common shares	-	51	158	287
	(201)	(373)	(7,765)	(1,191)
Cash provided by (used in) continuing operations	11,409	12,778	34,897	(21,349)
Cash provided by (used in) discontinued operations	13,887	(10,262)	21,448	(8,331)
Change in cash and cash equivalents during the period	25,296	2,516	56,345	(29,680)
Cash and cash equivalents, beginning of period	131,817	75,909	100,768	108,105
Cash and cash equivalents, end of period	\$ 157,113	\$ 78,425	\$ 157,113	\$ 78,425
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash received (paid) during the year for:				
Interest	\$ 57	\$ 461	\$ 251	\$ 1,716
Income taxes	\$ 931	\$ (997)	\$ (7,511)	\$ (23,680)

SELECTED FINANCIAL STATEMENT DISCLOSURE

Three months ended September 30, 2009	Buildings	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Contract revenue	\$ 135,034	\$ 17,680	\$ 8,739	\$ -	\$ 161,453
EBITDA ⁽¹⁾	16,255	3,111	836	(2,873)	17,329
Depreciation and amortization	540	91	263	181	1,075
Interest expense	2	2	5	21	30
Earnings (loss) from continuing operations before income taxes	\$ 15,713	\$ 3,018	\$ 568	\$ (3,075)	\$ 16,224
Income taxes					(4,535)
Net earnings from continuing operations					11,689
Net earnings from discontinued operations					\$ 3,484
Net earnings and comprehensive income					\$ 15,173
Goodwill and intangible assets					\$ 7,315
Assets in continuing operations	\$ 277,975	\$ 23,803	\$ 22,796	\$ 75,882	\$ 400,456
Assets held-for-sale					2,715
Total assets					\$ 403,171
Capital expenditures	\$ 414	\$ 197	\$ 148	\$ (82)	\$ 677

Three months ended September 30, 2008	Buildings	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Contract revenue	\$ 158,385	\$ 19,423	\$ 38,373	\$ -	\$ 216,181
EBITDA ⁽¹⁾	12,668	2,950	4,438	(1,842)	18,214
Depreciation and amortization	511	55	267	211	1,044
Interest expense	13	1	15	88	117
Earnings (loss) from continuing operations before income taxes	\$ 12,144	\$ 2,894	\$ 4,156	\$ (2,141)	\$ 17,053
Income taxes					(5,178)
Net earnings from continuing operations					11,875
Net loss from discontinued operations					\$ (697)
Net earnings and comprehensive income					\$ 11,178
Goodwill and intangible assets					\$ 7,357
Assets in continuing operations	\$ 219,208	\$ 24,320	\$ 42,658	\$ 15,283	\$ 301,469
Assets held-for-sale					40,967
Total assets					\$ 342,436
Capital expenditures	\$ 913	\$ 200	\$ 432	\$ 281	\$ 1,826

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

Nine months ended September 30, 2009	Buildings	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Contract revenue	\$ 346,373	\$ 52,554	\$ 28,374	\$ -	\$ 427,301
EBITDA ⁽¹⁾	37,789	7,156	1,877	(7,936)	38,886
Depreciation and amortization	1,651	243	803	605	3,302
Interest expense	34	4	28	144	210
Earnings (loss) from continuing operations before income taxes	\$ 36,104	\$ 6,909	\$ 1,046	\$ (8,685)	\$ 35,374
Income taxes					(9,969)
Net earnings from continuing operations					25,405
Net earnings from discontinued operations					\$ 1,722
Net earnings and comprehensive income					\$ 27,127
Goodwill and intangible assets					\$ 7,315
Assets in continuing operations	\$ 277,975	\$ 23,803	\$ 22,796	\$ 75,882	\$ 400,456
Assets held-for-sale					2,715
Total assets					\$ 403,171
Capital expenditures	\$ 1,285	\$ 393	\$ 419	\$ 283	\$ 2,380

Nine months ended September 30, 2008	Buildings	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Contract revenue	\$ 434,715	\$ 53,027	\$ 88,225	\$ -	\$ 575,967
EBITDA ⁽¹⁾	28,530	6,521	8,325	(4,838)	38,538
Depreciation and amortization	1,460	163	754	574	2,951
Interest expense	42	1	55	287	385
Earnings (loss) from continuing operations before income taxes	\$ 27,028	\$ 6,357	\$ 7,516	\$ (5,699)	\$ 35,202
Income taxes					(10,856)
Net earnings from continuing operations					24,346
Net earnings from discontinued operations					902
Net earnings and comprehensive income					\$ 25,248
Goodwill and intangible assets					\$ 7,357
Assets in continuing operations	\$ 219,208	\$ 24,320	\$ 42,658	\$ 15,283	\$ 301,469
Assets held-for-sale					40,967
Total assets					\$ 342,436
Capital expenditures	\$ 2,573	\$ 262	\$ 1,058	\$ 1,266	\$ 5,159

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

About The Churchill Corporation:

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

TERMINOLOGY

Throughout this third quarter MD&A, 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", "backlog",

“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 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.

Backlog means the total value of work including work-in-hand that has not yet been completed that; (a) is assessed by the Corporation as having high certainty of being performed by the Corporation or its subsidiaries by either the existence of a contract or work order specifying job scope, value and timing; or (b) has been awarded to the Corporation or its subsidiaries, as evidenced by an executed binding or non-binding letter of intent or agreement, describing the general job scope, value and timing of such work, and with the finalization of a formal contract respecting such work currently assessed by the Corporation as being reasonably assured. All projects within backlog are classified as active unless the Company has received written or verbal notification from the client that a job/project/contract has been delayed, at which point the backlog is classified as delayed backlog. The Corporation provides no assurance that additional clients will not choose to defer or cancel their projects in the future. There can be no assurance that the client will resume the project or that the delayed backlog will not be retendered. Jobs or projects subsequently retendered and not awarded to the Corporation or its subsidiaries would at that time be removed from the Corporation’s backlog.

As at September 30, 2009

(\$ millions)

Work-in-hand	Active Backlog	Delayed Backlog	Total Backlog
\$770.2	\$630.3	\$117.0	\$1,517.5

As at December 31, 2008

(\$ millions)

Work-in-hand	Active Backlog	Delayed Backlog	Total Backlog
\$565.2	\$794.8	\$30.3	\$1,390.3

Working capital is current assets less current liabilities. Our calculation of working capital is provided in the table below:

As at	Sept. 30,	December 31,
(\$ millions)	2009	2008
Current assets	\$373.7	\$268.5
Less:		
Current liabilities	269.8	190.2
Working Capital	\$103.9	\$78.3

EBITDA is a common financial measure widely used by investors to facilitate an “enterprise level” valuation of an entity. The Corporation follows the standardized definition of EBITDA. Standardized EBITDA represents an indication of the Corporation’s capacity to generate income from operations

before taking into account management’s financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological currency, and management’s estimate of their useful life. Accordingly standardized EBITDA comprises revenues less operating cost before interest expense, capital asset amortization and impairment charges, and income taxes. This measure as reported by the Corporation may not be comparable to similar measures presented by other reporting issuers. The following is a reconciliation of net earnings to EBITDA from continuing operations for each of the periods presented in this MD&A in accordance with GAAP.

(\$ millions)	Three months ended		Nine months ended	
	Sept. 30,		Sept. 30,	
	2009	2008	2009	2008
Net Earnings	\$11.7	\$11.9	\$25.4	\$24.3
Add:				
Income Taxes	4.5	5.2	10.0	10.9
Depreciation & Amortization	1.1	1.0	3.3	3.0
Interest expense	0.0	0.1	0.2	0.4
EBITDA	\$17.3	\$18.2	\$38.9	\$38.6

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 Second Quarter Press Release may constitute “forward-looking statements”. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans and objectives of the Corporation. Many of these statements can be identified by looking for words such as “believes,” “expects,” “may,” “will,” “intends,” “anticipates,” “estimates,” “continues,” or the negative thereof, or other variations thereon. 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. The Corporation cautions that, by their nature, forward-looking statements, involve risks, and uncertainties and that its actual actions, and/or results could differ materially from those expressed or implied in such forward-looking statements, and that the aforementioned risks, uncertainties and actions could affect the extent to which a particular projection materializes. The Corporation assumes no obligation to update the forward-looking statements should circumstances or the Corporation’s management’s estimates or opinions change.

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