



PRESS RELEASE

For Immediate Release

March 16, 2009

The Churchill Corporation Reports Record 2008 Financial Results

(TSX: CUQ)

Q4 2008 Highlights

- Fourth quarter revenue of \$204.4 million, increased 7% year-over-year
- Contract income margin was a record 14.2%
- EBITDA was \$17.2 million, a 32% improvement over 2007
- Quarterly net earnings increased 37% to \$11.2 million, EPS \$0.62 per share
- 304,900 common shares purchased at an average of \$6.38 per share under the Corporation's share repurchase program

2008 Annual Highlights

- Record 2008 revenue of \$846.8 million
- Contract income exceeded \$100.0 million for the first time in the Corporation's history
- EBITDA increased 64% to \$57.6 million
- Annual net earnings of \$36.4 million; record EPS of \$2.03

Edmonton, Canada - The Churchill Corporation today reported fourth quarter contract revenue of \$204.4 million, net earnings of \$11.2 million, and earnings per share ("EPS") of \$0.62. These results compare to contract revenue of \$191.5 million, net earnings of \$8.2 million, and EPS of \$0.46 in Q4 2007.

For 2008, Churchill posted revenue of \$846.8 million, net earnings of \$36.4 million, and earnings per share of \$2.03. This compares to the prior year's results of \$736.1 million, net earnings of \$21.1 million and EPS of \$1.19.

"The Corporation delivered a very solid fourth quarter with contract income establishing a new record of \$29.1 million and 14.2% on a contract income margin basis," said Jim Houck, President and Chief Executive Officer, The Churchill Corporation. "These are exceptional results given that our overall construction volume was impeded by delays in engineering, tendering of work packages and winter weather. Stuart Olson produced record margin during the period of 14.1% on the strength of project execution in Northern Alberta and British Columbia. Strong performance across all divisions of Insulation Holdings and Laird Electric enabled these companies to post record earnings for the year. Triton experienced project execution challenges in the fourth quarter, and measures are underway to make this business more productive and cost competitive."

"The economy and industry are recalibrating to the new baseline from which growth will resume. Our consolidated backlog at December 31, 2008 was in excess of \$1.4 billion, which positions the

Corporation favourably to adjust to a more competitive business environment, particularly in the industrial construction and maintenance environment. Additionally, our balance sheet is in excellent condition with \$100.8 million of cash and cash equivalents, \$78.3 million of working capital, and access to a \$60.0 million credit facility, giving us significant financial flexibility.”

CONSOLIDATED FINANCIAL HIGHLIGHTS

(\$ millions, except per share amounts)	Three months ended				Twelve months ended			
	December 31				December 31			
	2008	2007	\$ Change	% Change	2008	2007	\$ Change	% Change
Contract Revenue	\$204.4	\$191.5	\$12.9	7%	\$846.8	\$736.1	\$110.7	15%
Contract Income	29.1	22.4	6.7	30%	100.2	69.6	30.6	44%
EBITDA ⁽¹⁾	17.2	13.0	4.2	32%	57.6	35.1	22.5	64%
Earnings before income taxes	15.8	11.7	4.1	35%	52.3	30.8	21.5	70%
Net Earnings	11.2	8.2	3.0	37%	36.4	21.1	15.3	73%
EPS - basic	\$0.62	\$0.46	\$0.16	35%	\$2.03	\$1.19	\$0.84	71%
Work-in-hand ⁽²⁾	591.5	713.8	-122.3	-17%	591.5	713.8	-122.3	-17%
Backlog ⁽³⁾	\$1,436.1	\$1,384.1	\$52.0	4%	\$1,436.1	\$1,384.1	\$52.0	4%

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

FOURTH QUARTER RESULTS

For the fourth quarter of 2008, consolidated contract revenue was \$204.4 million, which was \$12.9 million or 7% higher than the same period in 2007. This higher level of revenue on a year-over-year basis was a result of continued strength in our building construction segment and increased volume from all of the industrial businesses.

Contract income increased from \$22.4 million in the fourth quarter of 2007 to \$29.1 million in the fourth quarter of 2008 as a mix of greater revenue and stronger margins in our building construction, industrial insulation and industrial electrical segments improved overall performance.

Indirect and administrative expenses amounted to \$12.6 million in the quarter, compared to \$11.0 million in the comparable period of 2007, reflecting increased work volume, expenses associated with recruiting fees, salaries, director expenses and stock based compensation.

Earnings before interest, taxes, depreciation and amortization in the quarter were \$17.2 million, compared to \$13.0 million in the fourth quarter of 2007. Earnings before tax in Q4 2008 increased 35% to \$15.8 million, compared to \$11.7 million reported in Q4 2007. The Corporation’s consolidated net earnings for the three months ended December 31, 2008 were \$11.2 million compared to net earnings of \$8.2 million in 2007.

New contract awards of \$210.0 million were booked in the current quarter, which compares with \$170.9 million in Q4 2007. Total new contract awards of \$724.5 million were recorded in 2008, compared to \$956.1 million in 2007.

Stuart Olson’s revenue for the three months ended December 31, 2008, was \$134.2 million, a decrease of 6% compared to \$142.6 million for the same period in 2007. The cumulative effects

from delays in awarding tender packages earlier in 2008 resulted in this decrease. Contract income in the fourth quarter increased to \$19.0 million compared to \$14.2 million in the prior year. Earnings before tax increased 38% to \$13.7 million in the fourth quarter of 2008 from \$9.9 million in the corresponding quarter of 2007. The increase in earnings before tax was primarily the result of strong project execution in Northern Alberta and British Columbia, higher margin on self-performed work and containment of indirect expenses.

Triton's revenue for the fourth quarter of 2008 was \$18.9 million, \$5.8 million greater than in the same quarter of 2007. The quarter saw the commencement of work for TCPL Woodenhouse and Statoil, which resulted in revenue growth. Contract income decreased 42% to \$1.1 million from \$1.9 million year-over-year, as project execution challenges within the construction division impacted results. Triton's loss before tax during the quarter was \$0.5 million compared to earnings before tax of \$0.5 million in 2007.

Combined revenue from our insulation companies, Fuller Austin and Northern Industrial, was \$20.7 million or \$6.9 million greater than the fourth quarter of 2007. The revenue increase was from higher insulation contracting activity in all of the company's geographic markets. Q4 2008 contract income margin was 17.4% compared to 16.3% in the prior year. The increase in volume and contract income margin percentage during the quarter resulted in a year-over-year increase in earnings before tax, from \$1.1 million in Q4 2007 to \$2.1 million.

Laird generated \$30.5 million of revenue in the quarter, which compares favourably to the \$22.0 million of contract revenue delivered in Q4 2007. The fourth quarter of 2008 was impacted by the acceleration of work schedules on certain of Laird's projects in the Fort McMurray oil sands region. Contract income was \$5.3 million in the fourth quarter of 2008, compared to \$3.9 million in Q4 2007. As a result of higher revenue and margins Laird reported earnings before tax of \$3.0 million in Q4 2008 as compared to earnings before tax of \$1.8 million in Q4 2007.

CONSOLIDATED ANNUAL RESULTS OF OPERATIONS

For the year ended December 31, 2008, Churchill generated consolidated contract revenue of \$846.8 million, compared to consolidated contract revenues of \$736.1 million for 2007, an increase of \$110.7 million (15%). This \$110.7 million increase was the result of a \$44.3 million increase in Stuart Olson revenue, a \$43.7 million increase in Triton revenue, a \$21.5 million increase in Insulation Holdings Inc. revenue and a \$1.2 million increase in Laird revenue.

The contract income increased 44% from \$69.6 million in 2007 to \$100.2 million in 2008. This \$30.6 million increase resulted from greater overall volumes and improved execution at Stuart Olson, Insulation Holdings Inc. and Laird. Consolidated contract income margin percentage was 11.8% in 2008 as compared to 9.5% in 2007.

Indirect and administrative expenses of \$45.6 million were incurred during 2008, compared to \$38.1 million in 2007. The increase of \$7.5 million was primarily attributable to increased project management and compensation expenses related to the increased activity levels.

EBITDA increased by \$22.5 million (64%) to \$57.6 million during 2008, as compared to \$35.1 million for the year ended December 31, 2007. Churchill achieved consolidated net earnings of

\$36.4 million (\$2.03 basic earnings per common share) during 2008 as compared to \$21.1 million of net earnings (\$1.19 basic earnings per common share) in 2007.

Work-in-hand at December 31, 2008, was \$591.5 million, \$122.3 million lower than the balance at December 31, 2007. On a segmented basis, there was a decrease in the buildings segment of \$108.4 million, a decrease in the industrial general contracting segment of \$18.8 million, an increase in the insulation contracting segment of \$27.3 million and a decrease in the electrical contracting segment of \$22.4 million.

Churchill's total backlog including work-in-hand at December 31, 2008 increased by 4% to \$1.44 billion from \$1.38 billion in the prior year. Year-over-year backlog in our buildings segment increased by \$64.2 million, the insulation contracting segment backlog increased by \$35.6 million, the industrial general contracting segment backlog decreased by \$26.9 million and the industrial electrical contracting backlog decreased by \$21.0 million. The Corporation's backlog consists of work-in-hand of \$591.5 million, \$814.3 million of active backlog and delayed backlog of \$30.3 million. Delayed backlog represents new disclosure on the part of the Corporation. Delayed backlog corresponds to contracts, binding and non-binding letters of intent for which the Corporation has received verbal or written notification from its client that the work is delayed. Since the delayed component represents only 2% of Churchill's total backlog, at this time management is of the view that the majority of the Corporation's backlog will be realized as revenue in future reporting periods.

Buildings

For the year ended December 31, 2008, Stuart Olson's revenue increased by \$44.3 million to \$569.0 million, compared to \$524.7 million in the prior year. This increase in revenue was due to higher levels of activity in all branches. Stuart Olson was active during the year on projects ranging from educational and healthcare facilities, to civic infrastructure and commercial buildings.

Contract income in 2008 increased 51% to \$60.7 million from \$40.3 million in 2007. The contract income margin percentage increased to 10.7% in 2008 as compared to 7.7% in 2007. This margin increase was driven by the strength of the Stuart Olson's markets, strong project execution and the ability to effectively manage construction costs.

Earnings before tax from the buildings segment were \$40.8 million in 2008, compared to \$24.4 million in 2007. This 67% improvement in earnings was a result of the increase in overall contract volume, strong project execution particularly in the Northern Alberta and British Columbia branches, and controlled spending growth in indirect and administrative expenses.

Stuart Olson finished the year with \$472.8 million of work-in-hand, after entering the year with work-in-hand of \$581.2 million. During 2008 the company secured a further \$460.6 million of contracts, and executed and took into revenue \$569.0 million. At December 31, 2008, Stuart Olson's backlog amounted to \$1.3 billion, compared to \$1.2 billion at the end of the prior year. The company's backlog grew in 2008 as a result of new contracts to build institutional buildings, educational and healthcare infrastructure, and civic recreational facilities in Alberta and British Columbia. Subsequent to December 31, 2008, Stuart Olson received verbal notification from a client that construction under a previously awarded construction contract would be delayed until

2010. The impact of this delay on Stuart Olson's fiscal 2009 results will be the deferral of \$7.4 million of contract revenue.

As a result of the impact of the global economic crisis on the western Canadian economy, Stuart Olson is experiencing increased competition in its markets. However, Stuart Olson continues to pursue new project opportunities which fit within their strategy, execution expertise and price for value proposition. The company is part of two P3 teams which have been selected as the short listed proponents on the Prince George Cancer Centre and Fort St. John Hospital projects in British Columbia.

Industrial General Contracting

Triton's revenue for the year ended December 31, 2008, was \$85.9 million, increasing 104% from \$42.1 million for the year ended December 31, 2007. Revenues from all divisions were higher during 2008 than in the prior year. However, contract income margin for 2008 was 6.5%, down from the 13.8% generated in 2007. This margin erosion was disappointing given the efforts made by Triton management to improve project execution. Triton's contract margin challenges are a result of having to aggressively bid projects in an effort to re-establish customer relationships, difficulty in attracting project managers to the organization and having to utilize high cost labour to execute certain fabrication and construction jobs.

Triton reported earnings before tax of \$0.1 million in 2008 compared to a loss before tax of \$0.1 million for the year ended December 31, 2007. Despite the aforementioned operational challenges, Triton's market image continues to show signs of improvement in the construction as well as fabrication divisions.

Triton entered the year with \$45.1 million of work-in-hand. For the year ended December 31, 2008, the company secured a further \$67.1 million of contracts, and executed \$85.9 million of contractual work. As a result, the company has \$26.3 million of work-in-hand to carry over into 2009. At December 31, 2008, Triton's backlog amounted to \$45.8 million compared to \$72.7 million at the conclusion of 2007.

The market slowdown in Q4 2008 has significantly impacted incoming bid requests. Largely due to the slowdown of activities in the oil sands, Triton management is taking steps to improve the productivity of its operations and right size the organization in light of reduced industrial activity levels expected during 2009. In addition, Triton's management is refocusing its business development to emphasize maintenance activities rather than new project construction.

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 year ended December 31, 2008, increased 41% to \$73.7 million, compared to \$52.3 million for the year ended December 31, 2007. This year's revenue increase was the result of greater insulation and siding activity in all of the company's markets, particularly in Saskatchewan, where activity levels were up 152%.

2008 contract income increased to \$14.1 million from \$9.7 million for the comparable period in 2007. Contract income margins were higher, 19.1% in 2008 versus 18.5% in 2007, mainly due to strong project execution resulting in projects yielding better margins than estimated.

Earnings before tax increased by \$3.6 million (73%) to \$8.5 million for the year ended December 31, 2008, compared to earnings before tax of \$4.9 million for 2007. The primary reason for the increase in earnings was the greater volume of work performed, strong project execution and control over indirect costs. Insulation Holdings ability to increase its pre-tax profit margin from 9.4% to 11.5% demonstrates its strong operating efficiency.

Industrial Insulation Contracting began 2008 with work-in-hand of \$35.9 million and ended 2008 with work-in-hand of \$63.1 million. For the year ended December 31, 2008, they secured a further \$101.0 million of contracts, and executed \$73.7 million of contracts. Notably, the insulation segment secured 38% more work in 2008 than it obtained in 2007. Backlog at December 31, 2008 was \$78.3 million compared to \$42.7 million at December 31, 2007.

The current price of oil and tight credit markets will provide insufficient cash flow to fund the expansion and maintenance strategies of several of Insulation Holdings' oil sands and petrochemical clients. This has resulted in the deferral of two jobs, cumulatively valued at \$5.3 million and the cancellation of four jobs totaling \$3.6 million in aggregate. There are opportunities to replace this lost volume of work, however, pricing will be very competitive due to the abundance of competitors.

Industrial Electrical Contracting

Laird generated record revenue and earnings in 2008. Laird's revenue increased to \$118.2 million, compared to \$117.1 million reported for 2007. Laird's strategy to diversify its customer base has been very important to its recent success. By focusing on the needs of its key clients, Laird has been able to demonstrate its value as a reliable, efficient and quality electrical and instrumentation contractor. As a direct result of its strong operational performance, Laird has been awarded additional project scope on many of the projects it has undertaken.

Contract income increased from \$13.2 million in 2007 to \$19.0 million in 2008, due to strong project execution and operational improvements. The 2008 contract income margin percentage of 16.1% is significantly higher than the 11.3% achieved in 2007.

Laird achieved earnings before tax of \$10.5 million for the year ended December 31, 2008, compared to earnings before tax of \$6.6 million in 2007. 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 ended 2008 with work-in-hand of \$29.3 million, compared to \$51.7 million at the end of 2007. New contract awards of \$95.8 million were secured in the current year compared to \$125.2 million in 2007, and executed \$118.2 million of contracts. Laird's backlog at the end of 2008 was \$30.7 million, compared to \$51.7 million as at December 31, 2007.

Oil sands industry project cancellations will impact Laird's 2009 activity levels and profitability.

Laird has initiated a reorganization and value creation initiative. The organization is undergoing some right sizing to match its activity level and reduced revenue forecast. Laird will be relocating its senior management and accounts receivable functions from Fort McMurray to Edmonton, as part of its focus on having greater access to clients, improving productivity and lowering controllable expenses.

Corporate and Other

In 2008, the Corporate and Other segment incurred a loss before tax of \$7.6 million compared to a loss before tax of \$4.9 in 2007. The net increase of \$2.7 million consisted of a \$1.8 million increase in indirect and administrative expenses associated primarily with public company functions, salaries, and an additional \$0.9 million increase in stock based compensation expense.

CAPITAL RESOURCES AND LIQUIDITY

Cash and cash equivalents at December 31, 2008, totaled \$100.8 million, which compares with \$108.1 million at the end of 2007. Of the \$100.8 million of cash and cash equivalents, \$17.5 million was subject to deemed trust conditions under the British Columbia Builders Lien Act, compared to \$25.3 million at December 31, 2007. As such, this cash is restricted to the payment of direct costs related to specific construction projects.

Cash flow provided from operating activities was \$3.9 million, compared to \$73.7 million provided from operations during 2007. This was primarily due to an increase of \$15.6 million in accounts receivable and a \$21.2 million reduction in current liabilities at year end 2008. The Corporation expects to increase its cash and cash equivalents as accounts receivable is collected from various industrial clients.

The Corporation's liquidity typically decreases in the second and third quarters of a fiscal year as maintenance activities on industrial projects ramp up and the amount of manpower utilized by the Corporation increases. This decrease usually reverses itself in the fourth quarter due to lower activity levels and fewer working days during this time frame.

Investing activities resulted in a use of cash of \$7.6 million during 2008, which compares with cash used of \$2.4 million in 2007. The cash was invested in the acquisition of construction equipment for long term projects under contract.

During 2008 cash used in financing activities amounted to \$3.7 million, compared to cash used in financing of \$13.6 million in 2007. Net repayments applied to the Corporation's line of credit in 2008 amounted to \$nil, compared to net repayments of \$12.0 million in 2007. During 2008, the Corporation repaid \$2.0 million of long-term debt and in 2007 repaid \$2.2 million in aggregate of long-term debt and demand term loan. These payments were in accordance with the repayment schedules and the contractual obligations as described in previous quarters and the Corporation's 2007 Annual Report. Stock options exercised by directors and officers of the Corporation contributed \$0.3 million to the cash generated from financing compared to \$0.7 million in 2007.

Effective, December 19, 2008, the Corporation renegotiated its existing \$21.0 million operating line and term loan facility, replacing these with a \$60.0 million revolving line of credit. The term of the new credit facility is three years and it will mature in October 2011. Borrowings under the credit facility will bear interest at a floating rate ranging from prime to prime plus 0.50%. In

addition, the Corporation also has a leasing facility with a borrowing limit of \$3.0 million to facilitate the purchase of capital assets. At December 31, 2008, the current portion of long-term debt and long-term debt amounted to \$9.0 million, compared to \$10.7 million at December 31, 2007.

As at December 31, 2008, Churchill had working capital of \$78.3 million, which compares favourably to the working capital position of \$47.9 million at the end of 2007.

Contractual Obligations⁽¹⁾

(\$ millions)

December 31, 2008

	Total	Current Year	2-3 years	4-5 years	After 5 years
Mortgage payable	\$1.1	\$1.1	\$0.0	\$0.0	\$0.0
Finance contracts and capital lease obligations	2.6	1.1	1.4	0.1	0.0
Total Contractual Obligations	\$3.7	\$2.2	\$1.4	\$0.1	\$0.0

(1) The above table represents scheduled repayments.

Scheduled debt repayments for 2009 are \$2.2 million. The mortgage payable, finance contracts and lease obligations are more fully described in Note 9 of the notes to the Consolidated Financial Statements.

During 2009, the Corporation anticipates that it will utilize up to \$8.5 million to fund its capital expenditure plans. These expenditures will largely be made in the areas of information systems (\$3.0 million), construction equipment (\$2.3 million), vehicles (\$2.0 million) and land and buildings (\$1.8 million). However, market conditions will dictate which expenditures are undertaken so the Corporation can maintain a robust balance sheet. The expected source of the funds to meet these expenditures is the Corporation's cash and cash equivalents in conjunction with finance contracts and capital leases.

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 provide for capital spending and sustain its property and equipment.

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 exposure to the full value of the work remaining under the contract. In aggregate the Corporation's exposure is not significant relative to its operations.

Shareholders' equity was \$105.6 million at December 31, 2008, as compared to \$69.7 million at December 31, 2007. Retained earnings increased from \$47.5 million at December 31, 2007 to \$83.1 million at the end of 2008, reflecting the addition of net earnings of \$36.4 million for the

year, and less \$0.8 million relating to shares repurchased and cancelled under the Normal Course Issuer Bid (“NCIB”).

Share Data

On October 15, 2008, the Corporation commenced a NCIB, under which it is entitled to purchase up to 1,391,000 common shares in a 12 month period. As at December 31, 2008, the Corporation had repurchased 304,900 common shares at an average of \$6.38 per share. Of the shares repurchased 159,900 were cancelled during the reporting period. The funding for the NCIB is from the Corporation’s cash and cash equivalents balance.

As at March 12, 2009, the Corporation had 17,692,191 common share issued and outstanding and 658,634 options convertible into common shares upon exercise (December 31, 2007 - 17,886,991 common shares and 317,500 options).

The Corporation has an Employee Share Purchase Plan (the “ESPP”) available to all full-time employees. At December 31, 2008, 74% of eligible employees were participants in the ESPP. At December 31, 2008, the Plan held 857,421 common shares for employees. Under the ESPP, common shares are acquired in the open market.

OUTLOOK

The outlook for Churchill remains positive, although uncertainty in global economic conditions makes it more difficult to predict demand for our services. Given this uncertainty, our fundamental business strategies will need to be more focused than ever. The Corporation’s financial position has never been stronger with over \$100.0 million in cash, \$50.0 million in unutilized credit and \$1.4 billion in high margin backlog. We are optimistic that public sector infrastructure spending will remain strong as a result of the 2009 Federal Budget, and other federal and provincial infrastructure programs. These programs aimed at stabilizing the economy should provide new opportunities for projects in Stuart Olson’s public infrastructure markets.

The impact of an uncertain global economic environment on oil prices, has lead to major reductions in capital spending in Alberta which we believe will last throughout 2009. These reductions will make the competitive environment for our industrial businesses more challenging, as competitors reduce margins to stay in business and retain key employees. Notwithstanding the ability of Churchill’s industrial businesses to generate approximately 30% of their oil and gas industry related revenue from maintenance and sustaining small capital projects, this will be insufficient to offset the decline in new capital spending.

In this more competitive environment where firms will be competing for smaller capital projects resulting from reduced capital spending, Churchill management will be focusing on cost reductions and productivity improvements, some of which will be passed on to our customers to enhance their operational efficiency, while a portion will be retained by Churchill. These productivity improvements will result in right sizing our industrial segments to improve our organizational capabilities to deliver more cost effective services to our clients.

Whatever the future brings, Churchill will be ready and prepared to capitalize on the opportunities which present themselves. Management of the Corporation believes that in the

medium to long-term, growth will resume and that Churchill is well positioned to deliver sustained shareholder value.

CONSOLIDATED STATEMENTS OF EARNINGS, COMPREHENSIVE INCOME AND RETAINED EARNINGS

(\$ thousands, except per share amounts)	Year Ended	
	December 31	
	2008	2007
Contract revenue	\$ 846,817	\$ 736,141
Contract costs	746,665	666,562
Contract income	100,152	69,579
Interest income	2,669	2,777
Sundry income	429	887
Indirect and administrative expenses	(45,634)	(38,146)
Depreciation and amortization	(4,778)	(3,522)
Interest expense	(567)	(749)
Earnings before income taxes	52,271	30,826
Income tax (expense) recovery		
Current income tax	(14,077)	(14,292)
Future income tax	(1,751)	4,592
	(15,828)	(9,700)
Net earnings and comprehensive income	36,443	21,126
Retained earnings, beginning of year	47,528	26,402
Adjustment arising from shares purchased under a normal course issuer bid	(839)	-
Retained earnings, end of year	\$ 83,132	\$ 47,528
Net earnings per common share:		
Basic	\$ 2.03	\$ 1.19
Diluted	\$ 2.01	\$ 1.17
Weighted average common shares:		
Basic	17,928,037	17,730,644
Diluted	18,109,979	17,995,235

CONSOLIDATED BALANCE SHEETS

(\$ thousands)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 100,768	\$ 108,105
Accounts receivable	139,508	123,906
Inventories and prepaid expenses	1,493	859
Costs in excess of billings	21,238	21,877
Income taxes recoverable	3,669	-
Future income tax assets	1,850	4,504
	268,526	259,251
Future income tax assets	905	788
Property and equipment	26,054	22,832
Goodwill and intangible assets	7,336	7,420
	\$ 302,821	\$ 290,291
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 140,806	\$ 149,057
Contract advances and unearned income	41,525	46,488
Income taxes payable	2,462	10,148
Future income tax liabilities	3,179	3,745
Current portion of long-term debt	2,251	1,963
	190,223	211,401
Long-term debt	6,787	8,755
Future income tax liabilities	238	457
	197,248	220,613
SHAREHOLDERS' EQUITY		
Share capital	16,663	16,414
Shares repurchased under a normal course issuer bid, not cancelled	(956)	-
Contributed surplus	6,734	5,736
Retained earnings	83,132	47,528
	105,573	69,678
	\$ 302,821	\$ 290,291

CONSOLIDATED STATEMENTS OF CASH FLOW

(\$ thousands)	Year Ended December 31	
	2008	2007
OPERATING ACTIVITIES		
Net earnings and comprehensive income	\$ 36,443	\$ 21,126
Depreciation and amortization	4,778	3,522
Gain on disposal of equipment	(34)	(224)
Share-based compensation	1,109	194
Future income taxes	1,751	(4,592)
	44,047	20,026
Change in non-cash balances relating to operations	(40,165)	53,696
	3,882	73,722
INVESTING ACTIVITIES		
Long-term cash and equivalents	-	4,000
Proceeds on disposal of equipment	235	369
Additions to property and equipment	(7,803)	(6,806)
	(7,568)	(2,437)
FINANCING ACTIVITIES		
Proceeds under operating line of credit	9,000	5,000
Repayments under operating line of credit	(9,000)	(17,000)
Repayment of long-term debt	(1,994)	(1,781)
Repayment of demand term loan	-	(455)
Share purchase under a normal course issuer bid	(1,944)	-
Issuance of common shares	287	669
	(3,651)	(13,567)
Increase (decrease) in cash	(7,337)	57,718
Cash and cash equivalents, beginning of year	108,105	50,387
Cash and cash equivalents, end of year	\$ 100,768	\$ 108,105
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash received (paid) during the year for:		
Interest	\$ 2,240	\$ 1,890
Income taxes	\$ (25,432)	\$ 8,471

SELECTED FINANCIAL STATEMENT DISCLOSURE

December 31, 2008	Buildings	Industrial General	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 568,958	\$ 85,864	\$ 73,748	\$ 118,247	\$ -	\$ 846,817
EBITDA ⁽¹⁾	42,827	593	8,711	11,595	(6,110)	57,616
Depreciation and amortization	1,998	415	231	1,044	1,090	4,778
Interest expense	65	77	1	64	360	567
Earnings (loss) before tax	\$ 40,764	\$ 101	\$ 8,479	\$ 10,487	\$ (7,560)	\$ 52,271
Income taxes						(15,828)
Net earnings						\$ 36,443
Goodwill and intangible assets	\$ -	\$ -	\$ -	\$ 7,315	\$ 21	\$ 7,336
Total Assets	\$ 183,539	\$ 33,034	\$ 26,707	\$ 36,348	\$ 23,193	\$ 302,821
Capital Expenditures	\$ 3,301	\$ 328	\$ 376	\$ 2,535	\$ 1,577	\$ 8,117

December 31, 2007	Buildings	Industrial General	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 524,669	\$ 42,120	\$ 52,272	\$ 117,080	\$ -	\$ 736,141
EBITDA ⁽¹⁾	25,785	414	5,111	7,596	(3,809)	35,097
Depreciation and amortization	1,356	438	237	937	554	3,522
Interest expense	65	84	1	67	532	749
Earnings (loss) before tax	\$ 24,364	\$ (108)	\$ 4,873	\$ 6,592	\$ (4,895)	\$ 30,826
Income taxes						(9,700)
Net earnings						\$ 21,126
Goodwill and intangible assets	\$ -	\$ -	\$ -	\$ 7,315	\$ 105	\$ 7,420
Total Assets	\$ 184,423	\$ 21,070	\$ 16,781	\$ 37,088	\$ 30,929	\$ 290,291
Capital Expenditures	\$ 5,112	\$ 557	\$ 232	\$ 1,861	\$ 837	\$ 8,599

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”, “Backlog”, “Delayed 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 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*. This is the first reporting period in which the Corporation is disclosing delayed backlog to further assist investors in understanding the certainty of the Backlog reported. 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 December 31, 2008

(\$ millions)

Work-in-hand	Active Backlog	Delayed Backlog	Total Backlog
\$591.5	\$814.3	\$30.3	\$1,436.1

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, applicable in 2007 only. Our calculation of working capital is provided in the table below:

As at (\$ millions)	December 31, 2008	December 31, 2007
Current assets	\$268.5	\$259.3
Less:		
Current liabilities	190.2	211.4
Working Capital	\$78.3	\$47.9

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 for each of the periods presented in this MD&A in accordance with GAAP.

(\$ millions)	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Net Earnings	\$11.2	\$8.2	\$36.4	\$21.1
Add:				
Income Taxes	4.6	3.5	15.8	9.7
Depreciation & Amortization	1.3	1.1	4.8	3.5
Interest expense	0.1	0.2	0.6	0.8
EBITDA	\$17.2	\$13.0	\$57.6	\$35.1

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 Fourth 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.

For further information, please contact:

Jim Houck
President & Chief Executive Officer
The Churchill Corporation
(780) 454-3667
www.churchillcorporation.com

or

Andrew Apedoe
Vice President Investor Relations & Secretary
The Churchill Corporation
(780) 454-3667
Email: inquiries@churchill-cuq.com
www.churchillcorporation.com