THE CHURCHILL CORPORATION

FIRST QUARTER 2009 FINANCIAL RESULTS

CONFERENCE CALL TRANSCRIPT

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Speakers:

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Vice President, Investor Relations and Secretary

Daryl Sands
Senior Vice President and Chief Financial Officer

Jim Houck
President and Chief Executive Officer

OPERATOR: At this time, I'd like to turn the conference over to Mr. Andrew Apedoe, Vice President, Investor Relations for the Churchill Corporation. Please, go ahead.

ANDREW APEDOE: Thank you, operator, and good morning, everyone. Thank you, for joining us on Churchill's First Quarter 2009 Financial Results Analyst and Investor Conference Call. On this morning's call are Jim Houck, Churchill's President and CEO, Daryl Sands, Senior Vice President and Chief Financial Officer, and Chris Burrows, Vice President Finance and Administration.

Daryl will begin this morning with a brief overview of Churchill's consolidated results and then touch on some of the key, segmented results. Jim will follow that with a discussion of our strategy and outlook going forward. Following the presentation, analysts will have the opportunity to ask questions.

Before turning this call over to Daryl, I would like to remind our listeners of our Safe Harbor statement. Certain matters discussed in today's conference call or answers given to questions could constitute forward-looking statements.

These statements are based on assumptions that are subject to significant risks and uncertainties related to Churchill's operating results or business performance. And although Churchill believes that the expectations reflected in these statements are reasonable, we can give no assurance that the assumptions underlying any of these forward-looking statements will prove to be correct.

Actual results could differ materially from those anticipated. Risk factors that could affect the results are detailed in the company's public filings. Please note that Churchill is under no obligation to update any forward-looking statement discussed today. Investors are also cautioned not to place undue reliance on these statements.

With that said, I will now turn the call over to Daryl Sands. Daryl, please go ahead.

DARYL SANDS: Thank you, Andrew. Good morning, everyone, and I thank you for joining us. First quarter 2009 consolidated contract revenue was $141.5 million, which was $42.5 million less than the same period in 2008. This lower level of revenue was a result of delays in project starts and tendering in our building segment and lower levels of industrial contracting activity on a year-over-year basis.

Contract income increased from $17.9 million in the first quarter of 2008 to $18.7 million in Q1 '09 as stronger margins in our building construction, insulation contracting and the industrial electrical segments led to improved overall results. The contract income margin percentage increased to 13.2% in Q1 2009 compared to 9.7% in Q1 '08.

EBITDA in the quarter was $7.9 million compared to $8.1 million in Q1 '08. Earnings before tax decreased to $6.5 million compared to $6.9 million reported in Q1 2008. The corporation's consolidated net earnings for the 3 months ending March 31st, 2009, were $4.6 million compared to net earnings of $4.5 million in Q1 '08.

Work on hand at March 31st, 2009, was $550.7 million, down sequentially from $592.3 million in the fourth quarter of 2008. This reduction in work in hand is due to the timing of tendering activity which, as discussed earlier, also impacted revenue in the quarter. We expect in the second and third quarters of 2009 to complete a significant amount of tendering activity in northern Alberta, which may cause work in hand to increase in future quarters.

New contract awards of $101 million were booked into work in hand during the current quarter, which compares with $109.1 million in Q1 2008. The majority of the increase in new work secured came from the building segment.

Churchill's total backlog at March 31st, 2009, was $1.36 billion compared to $1.43 billion in the prior-year period. The corporation's backlog consisted of $550.7 million of work in hand, $691.1 million of active backlog, and $122.2 million of delayed backlog.

The Q1 reported backlog includes $5 million associated with an early works contract at the P3 Fort St. John hospital project, which is expected to reach financial close in Q3 2009.

Subsequent to the quarter, management moved an additional $91.9 million into delayed backlog as a result of building permit issues on the Lethbridge Hospital Project Expansion. Nonetheless, we would expect this project to proceed later in 2009 or early 2010. We can provide more information on this during the Q&A portion of the conference call.

I will now review our Q1 2009 performance on a segmented-basis. Stuart Olson's revenue was $97.8 million compared to $127.4 million in the prior year. The decrease in revenue was a result of delayed project starts in southern Alberta on the Lethbridge Hospital Expansion and in British Columbia on the Shaw building and delays in tendering on the Edmonton Remand Center in northern Alberta.

Earnings before tax from the building segment grew 42% to $8.4 million in Q1 2009 compared to $5.9 million in Q1 2008. This improvement in earnings before tax was the result of strong project execution, particularly in northern Alberta and British Columbia branches and managed decreases in indirect and administrative expenses.

At March 31, 2009, Stuart Olson's backlog amounted to $1.23 billion compared to $1.29 billion at the conclusion of Q1 '08. Approximately 90% of this backlog is related to institutional infrastructure projects.

On March 16th, we announced a significant restructuring of Triton's operations, recognizing that the industrial construction market had changed from the robust conditions experienced during most of 2008. Our objectives from this restructuring are to increase productivity and offer a more cost-competitive product to our clients.

We have reduced Triton's manpower by 35% since this announcement. All affected employees were treated fairly and with respect by the corporation in making this difficult decision. We have closed down our Bonnyville facility moving key people and assets into the Edmonton area and are in the process of disposing of surplus assets. In addition, discretionary and capital spending are being closely monitored and cut back to only essential levels. These actions are expected to improve Triton's bottom line performance by $2 million annually.

In terms of Triton's first quarter results, contract revenue was $12.4 million in Q1 2009 as compared to $26.2 million in Q1 2008. Revenue from all divisions was lower but most significantly in the construction division. Triton reported positive contract income margins in its construction and maintenance divisions. However, project execution challenges in the fabrication division resulted in lower overall year-over-year margins. As a result, Triton reported a loss before tax of $1.7 million in Q1 '09 as compared to earnings before tax of $1.3 million in Q1 '08. At March 31st, 2009, Triton's backlog was $36.5 million compared to $42.7 million at the end of Q1 2008.

Insulation Holdings reported revenue for the period ending March 31st, 2009, increased by 29% to $17.5 million compared to $13.6 million for the comparable period in 2008. The increase in revenue was the result of strong insulation and siding activity in all the company's markets, particularly at Fuller Austin, Alberta, due to a strong backlog.

Insulation Holdings' earnings before tax increased 133% to $2.1 million during the first quarter of 2009 compared to earnings before tax of $0.9 million in Q1 2008. At March 31st, 2009, Insulation Holdings had a backlog of $69 million compared to $52.6 million at the end of Q1 '08.

Laird reported contract revenue of $13.7 million compared to the $16.8 million it generated in Q1 2008. This decrease in revenue was primarily due to a reduction in activity levels at several oilsands projects in the Fort McMurray area. Our expectations are that activity levels will be lower on a year-over-year basis for most of 2009.

Laird reported earnings before tax of $0.5 million in Q1 2009 compared to earnings before tax of $0.3 million in Q1 2008. Laird was able to offset the impact of lower revenues in the period through strong project execution, resulting in higher margins and controlling their indirect and administrative expenses.

At March 31, 2009, Laird had a backlog of $26.1 million compared to a backlog of $45.8 million at the end of Q1 2008. The decline in backlog is primarily a result of only including one quarter's worth of maintenance revenue at Suncor in the backlog versus a full 12-month cycle and the impact of project delays and cancellations associated with other oilsands clients.

With respect to Churchill's overall financial position, cash and cash equivalents decreased by $2.7 million sequentially from December 31st, 2008, to $98.1 million, and working capital was $77.4 million compared to $78.3 million at year-end 2008. During the quarter, $5.3 million was repaid on our $60 million credit facility, resulting in the full facility now being available to us. The corporation continued to acquire stock under its normal course issuer bid during the first quarter of 2009, repurchasing 127,600 common shares at an average price of $7.59 per share.

Total assets increased to $339.4 million as compared to $302.8 million at December 31, 2008, due primarily to growth in accounts receivable and future income tax assets. Total liabilities increased to $229.5 million in Q1 '09 and went from $197.2 million at year-end, due mainly to increases in contract advances, unearned income and future income tax payable.

Shareholder equity increased to $109.8 million, or a book value of $6.23 per share, compared to $105.6 million at December 31st, 2008. On that note, I will now turn things over to Jim Houck, who will discuss Churchill's outlook and strategy going forward.

JIM HOUCK: Thank you, Daryl. The focus of my comments will be the outlook for 2009. Churchill's first quarter 2009 results, which Daryl has just discussed, were very strong in light of the changes in the general economy and particularly in western Canada.

Our consolidated contract income margin percentage was 350 basis points greater than the first quarter of 2008. Our consolidated net earnings were in line with those for the first quarter 2008 despite lower revenues during the quarter. Our earnings per share during Q1 2009 were $0.26 per share compared to $0.25 in the comparable period of 2008. Excluding the operational issues at Triton and the restructuring charges incurred there, earnings per share would have been $0.36 in the quarter.

We are on the right track in restructuring Triton and Laird to improve productivity and right size to match the reduced activity level in the oil and gas sector in Alberta. We still have more restructuring activities to implement during the second quarter, which will result in potential additional charges of approximately $300,000 to $600,000, primarily at Triton.

As discussed during our last conference call, our strategy for all of our business units is to be profitable and create value for our shareholders, or we will exit the business and direct our resources to value-creating activities.

The project delays and cancellations in the oilsands will impact activity in the industrial segments of our business. However, this is not an impediment to our overall growth as a company as we are seeing multiple opportunities in our building segment, Stuart Olson, and our strong and solid future opportunities in social infrastructure construction, and our backlog is strong.

Despite some projects' start-up delays, infrastructure spending continues to remain strong in western Canada. Federal and provincial government investment remains robust to take advantage of localized, skilled labor becoming more widely available and significant decreases in the cost of construction material and commodities.

There are a number of infrastructure-related projects that we are actively pursuing, and in addition we are receiving inquiries from the private sector to discuss projects, which had previously been shelved due to the overheated construction environment in 2007 and 2008. In fact, we are in the process of being named on several new projects, which will add to this backlog going forward. We hope to have some press releases in the near future related to those projects.

We believe that the solid project execution from our four business segments, our debt-free balance sheet with over $5 per share in cash, our continued strong backlog of which 80% on a consolidated basis is made up of institutional infrastructure projects and a robust pipeline of opportunities that we are in a position for excellent physical year 2009 and beyond.

That concludes my prepared remarks, Andrew, back to you to facilitate us please?

ANDREW APEDOE: Thank you, Jim. Ladies and gentlemen, that concludes that presentation portion of our conference call. Operator, we are now ready to take questions.

OPERATOR: Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Analysts who wish to ask a question may press star then one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star then two. Once again, if you have a question please press star then one at this time. The first question today comes from Frederic Bastian of Raymond James.

FREDERIC BASTIAN: Good morning, gentlemen. You mentioned in your prepared comments that you would be able to provide more color on the delay at -- on the Lethbridge Hospital. Could you expand on that, please?

JIM HOUCK: Daryl, would you follow up on that, please?

DARYL SANDS: Yes. Thanks, Jim. In respect of that project, there's actually a parkade construction facility that is part of the project that has been awarded to another contractor. That contractor and the Alberta Health Authority are working to get the permits to construct that parkade. Once that is cleared, that will then allow for the construction on the hospital project to go ahead, so we're in fact waiting for a building permit on this parkade. Once that is cleared, it allows us to move forward with the hospital project, so the timing's really not in our control. As the comments indicated, we are expecting hopefully that'll be resolved in late 2009, perhaps early 2010.

FREDERIC BASTIAN: So if I get this right, both the hospital project and the parkade are fully funded. You're just waiting for the permits to go ahead?

DARYL SANDS: All I can speak to is in respect of the hospital project, which is fully funded and which has been awarded to Stuart Olson. I can't add any more information in respect of the parkade. That is with another contractor.

FREDERIC BASTIAN: Okay. You also highlighted some delays in tendering on the Remand Center, which I find confusing because aren't you the ones driving the bus on this one?

JIM HOUCK: Frederic, we are. If you look at the way we move things out of backlog into work in hand, that's based upon when we actually tender out -- to outside third-party subcontractors and award those where we have the liability associated with it, and that's when it moves in work in hand. So, that's really just a timing issue between categories.

DARYL SANDS: And if I could just add to that, Jim --.

JIM HOUCK: Please.

DARYL SANDS: On a project of that size, you're also waiting for engineering and budgets for certain sections, so it's only once you have that engineering. You're then able to go out and tender out that piece of work, so a lot of these delays aren't necessarily the result of anything Stuart Olson's doing. It's waiting for the engineering to come forward.

JIM HOUCK: Actually, that project -- this is Jim. That project's moving forward nicely in terms of the cost and schedule associated with that project. It is under budget and ahead of schedule on an ongoing total project basis.

FREDERIC BASTIAN: Okay. Last question, how much of the -- I don't know if you can quantify or at the very least qualify, I was just wondering how much of the margin gains experienced at Stuart Olson in the quarter would you say is a result of costs coming down? And wondering for how many quarters can you -- do you think you can sustain these -- the benefits of these -- the costs going down?

JIM HOUCK: Frederic, this is Jim. I think there's two things in that dynamic of margins. One is, these are margins that we're working off from our backlog from prior year, which were healthy and two, we're trying to be ahead of the cost curve on cost reductions for all of our clients. And we are seeing some substantial reductions in costs, particularly in material.

DARYL SANDS: And if I could just add to that, Jim, in terms of Stuart Olson's business model, it's evolved and it's certainly changed over the last couple of years. Now, they're doing -- where it makes sense and makes sense to the owner, their own forces work. And, when they undertake their own forces work, they're able to capture some good margins on that as well as investing in capital equipment that is used on these projects on a long-term basis. That provides additional return as well so, as Jim said, part of it is just the margins in the contracts that were secured. But also, changes in their business model have fundamentally helped to move their margins up.

FREDERIC BASTIAN: Thank you, that's helpful.

OPERATOR: The next question comes from Maxim Sytchev of Genuity Capital Markets.

MAXIM SYTCHEV: Yes. Hi, good morning. Are you guys still looking to grow your revenues at Stuart Olson for 2009, because I think in the past you said you'd be disappointed if that wasn't the case.

JIM HOUCK: Good question, I think in the past, we decide -- we indicated that we would be disappointed if the bottom line earnings dropped significantly. We would see now, with this first quarter's results that we do expect the revenue portion of

Stuart Olson's business to be down from what we saw in last year. So -- but I think we'd be disappointed if the bottom line earnings changed significantly.

MAXIM SYTCHEV: Right. But I mean, do you expect the same kind of drop-off as we saw in Q1 for the remaining quarters? Or should, I guess, the deterioration decrease a little bit? I'm just trying to get the timing here.

JIM HOUCK: Yes. I know, it's difficult to predict the timing. And we don't give guidance for both the revenues and the margins in the future. But it really relates to how the projects aggregate and as we move forward. So I'm really not in a position to give guidance on the revenue and margins.

MAXIM SYTCHEV: Right. And your comment regarding the pick up of the private non-residential construction. Do you have, I guess, any tangible evidence? I mean, what is the comment really based on?

JIM HOUCK: All right. The comment is really based upon our activity and our new business development sections at Stuart Olson. You might recall that last year, we reorganized a bit in the last quarter in Stuart Olson to put more focus on a new business development in our branches, with some process that we added to that to work on replenishing the backlog with what I call quality value creation projects, in terms of risk and reward. And indeed that -- we're seeing some results of that work in new business development and I would hope to have some announcements in the future that will reflect that new business work out of Stuart Olson.

MAXIM SYTCHEV: Okay.

JIM HOUCK: For that sector.

MAXIM SYTCHEV: Right.

DARYL SANDS: If I could just add to that comment regarding Stuart Olson's revenue as well. It certainly did fall off in Q1 '09. The good news, though, is it's not related to economic conditions. It's related to project timing. So that work hasn't disappeared. It's just switched timing. And it remains in our work in hand and it remains in our backlog. So whether it's pulled into 2009 or pushes into 2010, the good news is the project is there. It's funded. And we'll be doing the work.

MAXIM SYTCHEV: Right. And actually, going back to this particular project, originally when was it slated for it to start?

DARYL SANDS: Which project is this?

MAXIM SYTCHEV: The Lethbridge one?

DARYL SANDS: I -- it was expected to start in the later part of Q1 '09. So we expected to see some revenue in the first quarter of this year on that project.

MAXIM SYTCHEV: Okay. And how big is this project?

DARYL SANDS: It's a $92 million project to Stuart Olson.

MAXIM SYTCHEV: Okay. And -- okay. And my last question, I just wanted to clear up, so did you say that the Queen EPS, excluding the restructuring charges at Triton, was $0.36?

JIM HOUCK: Yes, I did.

MAXIM SYTCHEV: Okay. All right. That's it for me. Thank you very much.

OPERATOR: The next question comes from Greg Mcleish of TMP Securities.

GREG MCLEISH: Hey. Great quarter. Just had a couple of questions. Just looking at Triton, I think that you mentioned that the costs that you took on Triton would result in $2 million worth of savings. If you look at next quarter and you do additional restructuring, is that included in the $2 million or will it result in additional savings as well?

JIM HOUCK: Just to clarify, Greg, that $2 million is. The $2 million is what we would expect the annual savings on a go-forward basis after restructuring, when we hit a steady state, that's our best estimate of the savings. So it's not a calendar year 2009 kind of number.

GREG MCLEISH: Okay. No, I was just wondering with the additional restructuring, this is a -- once all of the restructuring is done, it results in $2 million?

JIM HOUCK: That's correct.

GREG MCLEISH: Okay. And just looking over at Laird. You did mention that you're only including one quarter of maintenance backlog as a result of the Suncor issue? Is that just because Suncor can't decide on how much maintenance they want to do or they just can't give you a definitive number? Or is it you're just trying to be conservative?

JIM HOUCK: Daryl, do you want to answer that question?

DARYL SANDS: Yes. Sure, Jim.

In terms of Laird's work at Suncor, and Laird has been on that site for decades, they have been under a master services agreement for the last number of years that keeps getting renewed on an annual basis. Right now, we don't have that renewal in place for the next 12 months. We have it running out until the end of

Q2 2009. So by definition of what we include in our work-in-hand and backlog, if it hasn't been awarded to us in a contract, it doesn't make it into our backlog. So --.

GREG MCLEISH: Does that mean it's coming up for bid or does it just mean it hasn't been extended beyond? Does it go up for annual bid or is it just a long-term sort of agreement being a supplier of choice?

DARYL SANDS: You're absolutely right, Greg. It's a long-term agreement, it's a master services agreement. It gets renewed every year. Right now, it's just a timing issue.

GREG MCLEISH: Okay. And just looking at your -- at the potential contract bid. You did sort of mention that you're working on a number. We could see some announcements out in the near future. Just as a matter of interest, how are these margins holding up on bids? And what I'm seeing, at least what I'm hearing, is that there's a lot more bidders on each project, which in turn should reduce the overall margin that you guys might be able to record on it. How are you guys sort of seeing that?

JIM HOUCK: Greg, I think that's a fair statement. Clearly, the competitive landscape has changed. And margins are, we anticipate, will be less. But our business model, especially for Stuart Olson, is to create our own margins over time, as projects are awarded to us, and that we work with the client to better define the projects, do some of our own services under those projects, like the Edmonton Remand Center, that Daryl alluded to, over time.

So the final margins that we realize at the end of a project after scope changes and doing our own work and helping the client ultimately reduce the cost plus getting bonuses for beating schedule, we think that aspect of margins is to the portion that we create as we go along on a project after we're awarded, we think that is going to stay pretty firm.

DARYL SANDS: If I could add to that as well, Jim. It's Daryl Sands. On the industrial side, there certainly is more competition and I think margin pressure, probably a move away from a lot of cost plus work, more to lump sum. But if you look at Stuart Olson and just the incremental increase in the project size that it is doing compared to, say, where it was a year or two ago, there is certainly less competition on those larger projects and on those larger projects, you've got to be able to bring in the bonding support or the other types of security required.

And we're seeing things today like letters of credit, etcetera. And a lot of the players just don't have that capacity. So that -- those factors do help us in holding up those margins. I mean, there's no question, it's a more competitive environment out there. But given our size and scope and strong balance sheet, we're able to protect those margins where we can.

GREG MCLEISH: And just looking at Triton, at what point do you sit there and say to yourself, it's not recoverable and you shut it down?

JIM HOUCK: Well that's one of the things, Greg, we're looking at on an ongoing-basis. The activity level clearly has fallen off for Triton, especially in the construction and fabrication part of the business. The maintenance part of the business actually, in terms of adding a new client or two, looks to be more stable. But in the construction and fabrication business, we have a contingency plan with Triton to continue to right size and cut costs as the activity level drops. And that's why you may see some more restructuring charges in the second quarter.

GREG MCLEISH: Great. I appreciate that. Thanks a lot, guys. Great quarter.

DARYL SANDS: Thanks, Greg.

OPERATOR: The next question comes from David Kaisler of Robotti and Company.

DAVID KAISLER: Hi. Good morning, guys.

JIM HOUCK: Good morning.

DAVID KAISLER: Two questions. One, I'm just -- if you could clarify then what the current delayed backlog is? And what the current backlog is? Or basically if you can clarify the two numbers? Because you said that something happened post-quarter?

JIM HOUCK: Yes. Daryl, would you handle that along with the definition of delayed backlog? It's not cancelled, it's delayed.

DARYL SANDS: Right. So basically our backlog consists of three pieces. One, it consists of our work-in-hand, which is work that we're actually under contracts for. It includes our active backlog, which is work that has been awarded to us and it just, because of timing issues, has not yet rolled into work in hand. And then a third component is the delayed backlog and that is a project that has been awarded to us, but we have been advised by the owner that he has delayed the project for certain reasons.

We mentioned before, on the Lethbridge hospital project, that that has moved into delayed backlog because of a building permit issue on the parkade. The Shaw Building is also in our delayed backlog. We have put that in there as well in Q1 2009. And that was just a decision by the project owner that they were delaying construction. And then we have a small piece of delayed backlog in respect to Suncor Voyageur for one of our industrial companies.

Does that give you the information you need?

DAVID KAISLER: I appreciate the clarification. But I guess I'm also asking for a specific number as to delayed backlog. I mean, I understand that it's -- it may not be the most relevant figure by your calculations, but I'm just curious what it is, just for clarification.

ANDREW APEDOE: Yes. For clarification purposes, it's Andrew Apedoe speaking here. The backlog that we reported of 1.36 billion is our backlog as of today's conference call. So even though we take the approach of when we find out subsequent to the year-end report, the quarter-end reporting period, we adjust the numbers for the quarter. So what you see of 1.36 billion reflects all known delays and cancelations as of today's conference call.

DAVID KAISLER: Okay. No, that's fair. No, I appreciate that. And my second question is you talked about the Stuart Olson going after some commercial projects at this point. Or in the future. And I'm curious what the margin difference would be in that -- in those commercial projects versus the institutional?

JIM HOUCK: Well, David, this is Jim. We don't give project margins or guidance on an aggregate-basis. What we are seeing, I would say, on the commercial side is as costs have come down, an increase in activity on a number of projects that people are trying to move forward. Certainly their cost of debt has changed, their individual situation has changed. But when you aggregate that, we are seeing more people that want to go forward with projects.

Now the resultant margins, if they do decide to go forward with the projects, will just have to come out of the marketplace at that time. Based upon the competition. So it's really, David, it's unfolding is the best way to say it.

DAVID KAISLER: So let me ask --.

JIM HOUCK: But we're seeing, actually, a little bit of a kick-up in demand.

DAVID KAISLER: So let me ask it in a different way. Are the contracts large contracts, like you see in the institutional side? Or you're seeing smaller contracts in -- on the commercial side? And I was under the impression there's a strong shift to do more institutional business for a variety of reasons. Are you -- you're just being opportunistic, I guess, is the best way to put it?

JIM HOUCK: I think that's true. I -- where there is a strong shift because we see more capital dollars coming from the infrastructure side, but we're not. I repeat, we're not going to neglect the commercial side, where we can develop some relationships with some pretty big name clients.

DAVID KAISLER: Okay. No, I appreciate that. Thank you very much, guys.

OPERATOR: Our next question comes from Michael Tupholme of TD Newcrest.

MICHAEL TUPHOLME: Thank you. Yes, first of all, I just want to clarify, on the restructuring charges in the quarter. You highlighted $0.3 million within Triton. I just wanted to know if that was everything on a consolidated-basis or if there were other charges in other segments?

JIM HOUCK: In the actual results, Michael?

MICHAEL TUPHOLME: Yes. For the first quarter.

JIM HOUCK: Daryl, do you want to give some granulation on the -- on those restructuring costs, please?

DARYL SANDS: Sure. The 0.3 million in respect to the restructuring costs for Triton in Q1, that is all restructuring costs are included in Triton. There were not other -- there were no other restructuring costs included at the corporate level or any of our other entities.

The restructuring at Triton, while it was announced March 16th, it wasn't fully complete at the end of March in terms of cost. So there's going to be a push into Q2 2009 of some additional costs in respect to the restructuring at Triton. What's reflected in Q1 are those actual costs incurred.

MICHAEL TUPHOLME: Okay. So I recall, I think, last quarter, when you first talked about the fact that you were going to be undertaking infrastructure initiatives, you had highlighted that you were going to be doing a little bit of stuff at Laird and I guess that's going to -- we're going to see that in the second quarter?

JIM HOUCK: Laird is an ongoing set of restructuring and we're actually looking at the hold business model in terms of some of the staff kind of costs where we can maybe share some services and back office work. So we expect some more cost reductions at Laird and we have had some in the first quarter too. It just wasn't as bright line and significant as Triton. But it is ongoing over time. Especially as it relates to right sizing, productivity and changing our business model will reduce costs. And I would say that the staff functions and activities.

MICHAEL TUPHOLME: Okay. And then, I guess following from that, I recognize that the visibility at Triton is probably quite challenging, but based on what you do see over the next several quarters and the initiatives that you have in place, can we expect to see that division turn profitable at some point this year?

JIM HOUCK: Our plan with Triton, as I alluded to in some of my statements, is that , to keep our fabrication and construction business, on what we call internally hot standby, to take it down to where we can still respond to an increase in activity level. We have several tenderings out there to -- that we've responded to for increased work there. If we are awarded that -- those jobs, those are in -- have the kinds of margins that will take Triton from where it is after our cost restructuring to profitability. That's our ultimate goal. But the activity level has to increase in the oil sands, primarily.

We see that in the oil sands that when prices are in the mid-50s and with some of the cost restructuring that's happening, we think some of the, especially the small capital projects, that were kind of put on hold with major announcements in capital budgets are going to be coming forward. So we see that when the costs drop down to match being a $50 a barrel world, plus some consolidation in the oil sands players to those with some stronger balance sheets, so we are seeing that and projecting that there will be a pick up in work in the -- in that sector.

However, if the activity level doesn't increase, then that particular unit, and we get more work, that particular unit is still going to struggle. So we're hopeful the activity will pick up, if it picks up. And from what we've already seen for some of the things that we bid in that will have acceptable margins, and if we execute on those projects and those projects go forward, then the profitability will be there. But the timing of it is problematic to kind of project, Michael.

MICHAEL TUPHOLME: Okay. That's very helpful.

JIM HOUCK: Sure.

MICHAEL TUPHOLME: And then just going back to something the last person was asking a question about, on your indication that you've seen a pick up in activity on the private sector non-residential side. Is it possible to generalize? Are these on sort of smaller to mid-sized projects? Or would we be talking about larger projects? And where I'm coming at this from is thinking about it from a margin perspective as we've talked about earlier. I guess some of the smaller project activity can be more competitively pursued. I was trying to get a handle as to what sort of project size we're looking at?

DARYL SANDS: Jim, it's Daryl. Maybe you would allow me to speak to this one?

JIM HOUCK: Sure. Please.

DARYL SANDS: I have just come from a meeting at Stuart Olson where we discussed sort of its backlog and upcoming projects. The comments from Stuart Olson to us were simply that a number of projects that were -- they were in discussions with owners back in 2008, that sort of fell off the radar with the financial crisis, towards the end of '08, those owners have now come back to Stuart Olson and projects that they thought perhaps would be delayed for a year or two, they're now back engaged, speaking with their owners and these projects, they're beginning to see momentum in moving them forward.

I think they cover a variety of range in terms of dollar value. I think the encouraging thing though that we're seeing is that there is momentum by these commercial project owners to now start and undertake this construction because of the reduced cost environment, both in terms of labor and material costs.

MICHAEL TUPHOLME: Okay. That's great guys. Thank you very much.

OPERATOR: There appears to be no further questions at this time. I'll turn the conference back over to Mr. Jim Houck for any closing comments.

JIM HOUCK: Thank you very much. And I want to thank everybody that's on the line. Daryl and I and Andrew, having had a chance to spend a bit of time our marketing and we want to be -- all three of us want to be accessible. If you have any more follow-on thoughts or questions, please don't hesitate to contact any of us. And we'll look forward to getting back with you with our second quarter results at that time. Thank you.