Corporate Data

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Common Stock

The Common Stock of Burnham Holdings, Inc. is traded under the symbol BURCA on the electronic Pink Sheets, and is listed by the Pink Sheets, LLC, reporting service for over-the-counter stocks.

For further information contact:
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BURNHAM HOLDINGS, INC.

BURNHAM HOLDINGS, INC.

REPORT

TO

STOCKHOLDERS

Three Months Ended March 30, 2008

To Our Shareholders:

First quarter sales were $42.1 million, a decline from the $46.6 million reported in 2007. With the seasonal nature of our business, the first quarter normally provides the lowest quarterly sales of our fiscal year (typically less than 20% of the yearly sales), and therefore we caution using first quarter results as an indicator of total year expectations. Typically in the first quarter, we would see residential consumers begin to replace their heating systems after the worst of the winter season and our distribution network rounding out their inventory in anticipation of this consumer buying. With the economic conditions that continue to dominate the national news, namely declining housing and real estate markets, rapidly rising fuel prices, and tightening of credit, the industry is seeing a reluctance by both the end-consumer and distributors to over-extend themselves beyond immediate needs. While those economic concerns have not impacted our commercial business as dramatically, that portion of our business is down moderately from the strong first quarter it experienced in 2007. Although current business conditions remain challenging, we are optimistic about longer-term prospects for the business. Existing boilers will continue to be replaced over time due to age or operating costs, and our new powerful lineup of high-efficiency residential and commercial products position us well in the market.

Financial Results

The net loss for the first quarter of 2008 was $(1.2) million, a basic loss per share of $(0.28), which was slightly worse than the 2007 net loss of $(705) thousand, a basic loss per share of $(0.16), but better than the 2006 net loss of $(2.6) million (despite 2006 having over $1 million of higher sales than 2008). Cost of goods sold as a percentage of sales for the quarter was 81.4%, an increase of 1.1% from the 2007 level of 80.3%, but a favorable decrease of 1.5% versus 2006. The Burnham group of companies, like most users of steel products in the United States, is experiencing cost increases and availability concerns for raw steel and steel related products reminiscent of year 2004. In the first quarter, raw material price increases on new material purchases were approximately $1 million, or 2% of net sales, higher than the last prices paid at the end of 2007. Selling, administrative, and general expense (“SG&A”) were lower in dollars compared to the prior year ($9.1 million versus $9.6 million in 2007), but were slightly higher as a percentage of sales (21.5% versus 20.6%). SG&A costs for 2008, in both dollars and percentage, are substantially lower than SG&A costs prior to 2007 (as evidenced by the 2006 first quarter numbers shown at 24.9%), and are indicative of actions taken by Burnham to lower its cost structure. While we are uncertain of how raw material pricing will change throughout the year, or the total impact that fuel prices and related surcharges will have on our freight costs, we are closely monitoring the situation and are committed to taking actions to remain cost competitive in the market.

Balance Sheet Condition

The Company’s balance sheet remains strong with working capital at a level consistent with the business activity. Our long-term debt, while slightly higher than at this point last year, is down as a percentage of total capital to 26.3% as compared to the 27.4% at the end of the first quarter 2007.

Annual Meeting and Dividends

Our annual meeting was held on April 28, 2008 at which time our Stockholders voted favorably on two proposals described as follows: the election of William F. Dodge, II, John W. Lyman, and Robert P. Newcomer as directors; and the appointment of Beard Miller Company, LLP, or other auditing firm as the Board may select, as independent auditors for the 2008 year.

Also at its meeting, the Board of Directors declared a quarterly common stock dividend of $0.17 per share payable May 30, 2008 with a record date of May 9, 2008; and a semi-annual preferred stock dividend of $1.50 per share payable July 1, 2008 with a record date of June 9, 2008.

A. Morrison, III, *Chairman and CEO*

Consolidated Balance Sheets

(In thousands) (December year-end audited, quarterly data unaudited (see Notes))	March 30, 2008	Period Ended December 31, 2007	April 1, 2007
Assets			
Current Assets			
Cash and cash equivalents	**$ 2,913**	$ 2,741	$ 946
Marketable securities	**-**	755	1,154
Trade and other accounts receivable, net	**19,273**	26,743	21,881
Inventories	**52,991**	45,034	47,233
Prepayments and other current assets	**3,560**	3,703	4,285
Total current assets	**78,737**	78,976	75,499
Property, plant and equipment, net	**48,710**	49,499	50,364
Other assets, net (5)	**32,318**	32,785	22,869
Total Assets	**$ 159,765**	$ 161,260	$ 148,732
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable and accrued expenses (including taxes)	**$ 26,900**	$ 29,315	$ 28,542
Current portion of long-term liabilities	**402**	402	365
Total current liabilities	**27,302**	29,717	28,907
Long-term debt	**31,352**	28,266	30,091
Other postretirement liabilities	**3,313**	3,247	3,320
Deferred income taxes (5)	**9,321**	9,417	6,554
Total stockholders' equity (4) (5)	**88,477**	90,613	79,860
Total Liabilities and Stockholders' Equity	**$ 159,765**	$ 161,260	$ 148,732

Consolidated Statements of Cash Flows

	Three Months Ended	
	March 30, 2008	April 1, 2007
OPERATING ACTIVITIES		
Net loss	**$ (1,226)**	$ (705)
Depreciation and amortization	**1,264**	1,622
Other net adjustments	**(1,349)**	(375)
Changes in operating assets and liabilities	**(1,189)**	826
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(2,500)**	1,368
NET CASH USED IN THE PURCHASE OF ASSETS	**(412)**	(568)
CASH PROVIDED BY (USED IN) MARKETABLE SECURITIES	**755**	(904)
FINANCING ACTIVITIES		
Proceeds from borrowings	**3,113**	24,044
Principle payments on debt and lease obligations	**(28)**	(25,206)
Dividends paid	**(756)**	(756)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**2,329**	(1,918)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	**172**	(2,022)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	**2,741**	2,968
CASH AND EQUIVALENTS AT END OF PERIOD	**$ 2,913**	$ 946

Consolidated Statements of Operations

(In thousands, except per share data) (Data is unaudited (see Notes))	Three months ended March 30, 2008	April 1, 2007	April 2, 2006
Net sales	**$ 42,144**	$ 46,560	$ 43,273
Cost of goods sold	**34,300**	37,395	35,864
Gross profit	**7,844**	9,165	7,409
Selling, administrative and general expense	**9,058**	9,581	10,791
Operating loss	**(1,214)**	(416)	(3,382)
Other income (expense)			
Mark-to-Market (4)	**(368)**	(249)	10
Interest income	**26**	22	9
Interest expense	**(359)**	(448)	(712)
Other Income (expense)	**(701)**	(675)	(693)
Loss before taxes	**(1,915)**	(1,091)	(4,075)
Tax benefit	**(689)**	(386)	(1,487)
Net loss	**$ (1,226)**	$ (705)	$ (2,588)
Basic and Diluted loss per share	**$ (0.28)**	$ (0.16)	$ (0.59)
Dividends paid per share	**$ 0.17**	$ 0.17	$ 0.29

Notes:

(1) The accompanying unaudited financial statements contain adjustments that are necessary for a fair presentation of the interim results, and these adjustments are applied consistently for the periods presented. The results for any interim period are not necessarily indicative of results for the full year. These consolidated financial statements should be read in conjunction with the Annual Report for the period December 31, 2007.

(2) Basic earnings per share are based upon weighted average shares outstanding for the period. Diluted earnings per share assume the conversion of outstanding rights into common stock.

(3) Common stock outstanding as of March 30, 2008 includes 2,784,289 of Class A shares and 1,667,600 of Class B Shares.

(4) Mark-to-Market adjustments are a result of changes (non-cash) in the fair value of interest rate agreements. These agreements are used to exchange the interest rate stream on a portion of the variable rate debt for payments indexed to a fixed interest rate. These non-operational, non-cash charges are recorded on a quarterly basis but reverse themselves over the term of the agreements.

(5) In 2006, accounting rule changes required recognition of the funded status of pensions and postretirement benefits as a net liability or asset on the Company's balance sheet. On an annual basis, changes in the funded position of these obligations are recorded as an adjustment to the liability or asset with an offsetting change (net of deferred taxes) in Other Comprehensive Income (Loss), a sub-section of Stockholders' Equity. The primary 2007 year-end, non-cash change for Burnham was a net increase in Other Assets of $9.7 million and a net increase to Stockholders' Equity of $7.3 million (after tax) (see Note 9 of the 2007 Annual Report).