BURNHAM HOLDINGS, INC.

REPORT

TO

STOCKHOLDERS

Nine Months Ended September 28, 2008

To Our Shareholders:

Third quarter and year-to-date sales were $62.9 million and $149.8 million, respectively. Prior year third quarter and year-to-date sales were $59.8 million and $154.2 million, respectively. Sales for the third quarter have increased as compared to a year ago. This increase was led by the residential portion of our business. The increase was achieved despite the ongoing economic conditions that continue to dominate the national news, namely declining housing and real estate markets, uncertainty in the financial markets, and tightening of credit. Our commercial businesses reported sales for the quarter similar to last year, which was a strong quarter. Although current 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. Our many new high-efficiency product introductions, for both portions of our business, are considered some of the best on the market and have been well received by contractors, specifiers, and building owners. These are adding to our already powerful lineup of products across all our residential and commercial brands that position us well in the respective markets.

Financial Results

The income for the third quarter was $2.5 million or $0.56 per share, compared to prior year's $1.7 million or $0.37 per share. Year-to-date income was $277 thousand or $0.06 per share, compared to prior year's $1.2 million or $0.26 per share. As we have discussed in our prior reports, the Burnham group of companies, like most users of steel products in the United States, has experienced substantial cost increases for raw steel and steel related products this year, which has negatively impacted our gross margin. We have announced product price increases within all of our businesses to mitigate these cost impacts, while at the same time being cognizant of our need to remain cost competitive in this difficult market. Selling, administrative, and general expense was lower in dollars, and as a percentage of sales, compared to the prior year (both for the quarter and year-to-date) and is indicative of actions taken by Burnham to lower its cost structure. Other income (expense) is favorably lower for the quarter and year-to-date compared to last year because of our lower debt levels and borrowing rates, in addition to favorable mark-to-market adjustments on our interest rate agreements.

Balance Sheet Condition

The Company's balance sheet remains strong with high liquidity and working capital at a level consistent with the business activity. Inventory levels are lower than last year at this time despite the sharp increase in raw material costs, increases resulting from our new product introductions, and increases within our commercial businesses that have experienced growth. We are able to maintain adequate inventory levels, with a resulting stronger cash flow, because of the increased production flexibility provided by the facility expansions and equipment improvements made over the last several years. Total debt at September 28, 2008 is $43.4 million, or $6.0 million lower than at this point last year, and as a percentage of total capital (debt and equity) is 32.9% versus 38.1% last year. Burnham's long-term financing arrangements are a combination of Industrial Revenue Bonds ("IRB's"), State-assisted equipment loans, and a Revolving line of credit (committed through mid-2010). The IRB's and line of credit are with multiple financial institutions and as of September 28, 2008, Burnham is in compliance with all covenants.

Dividends

At its meeting on October 9, 2008, the Board of Directors declared a quarterly common stock dividend of $0.17 per share payable December 1, 2008, with a record date of November 7, 2008; and a semi-annual preferred stock dividend of $1.50 per share payable December 29, 2008 with a record date of December 8, 2008.

A. Morrison, III, *Chairman and CEO*

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:
Audrey L. Behr, Financial Services Administrator or Robert G. Berardi,
Vice President, Treasurer.

Transfer Agent

Fulton Financial Advisors, N.A.
One Penn Square
Lancaster, PA 17602
(717) 291-2562

Inquiries about stock certificates, stock transfers, dividend payments or address changes should be directed to Fulton Financial at the above address.

BURNHAM HOLDINGS, INC.

Consolidated Balance Sheet

(In thousands) (December year-end audited, quarterly data unaudited (see Notes))	September 28, 2008	December 31, 2007	September 30, 2007
		Period Ended	
Assets			
Current Assets			
Cash and cash equivalents	$ 3,370	$ 2,741	$ 1,527
Marketable securities	-	755	1,265
Trade and other accounts receivable, net	38,678	26,743	38,018
Inventories	53,988	45,034	55,022
Prepayments and other current assets	3,543	3,703	4,477
Total current assets	99,579	78,976	100,309
Property, plant and equipment, net	47,778	49,499	49,640
Other assets, net (4)(6)	32,447	32,785	21,141
Total Assets	$ 179,804	$ 161,260	$ 171,090
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable and accrued expenses (including taxes)	$ 34,816	$ 29,315	$ 31,415
Current portion of long-term liabilities	404	402	357
Total current liabilities	35,220	29,717	31,772
Long-term debt	43,231	28,266	49,262
Other postretirement liabilities	3,457	3,247	3,327
Deferred income taxes (6)	9,323	9,417	6,554
Total stockholders' equity (6)	88,573	90,613	80,175
Total Liabilities and Stockholders' Equity	$ 179,804	$ 161,260	$ 171,090

Consolidated Statements of Cash Flows

	Nine Months Ended September 28, 2008	Nine Months Ended September 30, 2007
OPERATING ACTIVITIES		
Net income	$ 277	$ 1,168
Depreciation and amortization	3,814	4,044
Other net adjustments	(362)	84
Pension and postretirement liabilities expense	1,340	2,282
Pension contribution	(1,000)	-
Changes in operating assets and liabilities	(15,002)	(21,605)
NET CASH USED IN OPERATING ACTIVITIES	(10,933)	(14,027)
NET CASH USED IN THE PURCHASE OF ASSETS	(1,879)	(2,120)
CASH PROVIDED BY (USED IN) MARKETABLE SECURITIES	755	(1,015)
FINANCING ACTIVITIES		
Proceeds from borrowings	15,049	43,465
Principle payments on debt and lease obligations	(83)	(25,464)
Dividends paid	(2,280)	(2,280)
NET CASH PROVIDED BY FINANCING ACTIVITIES	12,686	15,721
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	629	(1,441)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	2,741	2,968
CASH AND EQUIVALENTS AT END OF PERIOD	$ 3,370	$ 1,527

Consolidated Statements of Operations

(In thousands, except per share data) (Data is unaudited (see Notes))	Three months ended September 28 2008	Three months ended September 30 2007	Nine months ended September 28 2008	Nine months ended September 30 2007
Net sales	$ 62,904	$ 59,764	$ 149,802	$ 154,248
Cost of goods sold	48,381	45,579	119,743	119,891
Gross profit	14,523	14,185	30,059	34,357
Selling, administrative and general expense	10,143	10,414	28,403	30,303
Operating income	4,380	3,771	1,656	4,054
Other income (expense)				
Mark-to-market gain (loss) (5)	-	(419)	21	(465)
Interest income	18	32	62	79
Interest expense	(489)	(790)	(1,306)	(1,860)
Other income (expense)	(471)	(1,177)	(1,223)	(2,246)
Income before income taxes	3,909	2,594	433	1,808
Income tax expense	1,407	918	156	640
Net income	$ 2,502	$ 1,676	$ 277	$ 1,168
Basic and diluted income per share	$ 0.56	$ 0.37	$ 0.06	$ 0.26
Dividends paid	$ 0.17	$ 0.17	$ 0.51	$ 0.51

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. There was no dilutive securities in either 2008 or 2007.

(3) Common stock outstanding as of September 28, 2008 includes 2,796,823 of Class A shares and 1,655,066 of Class B Shares.

(4) In the third quarter of 2008 the Company made contributions of $1.0 million into its defined pension plan, $0.6 million cash impact after considering the income tax benefit. These payments increased the plan assets available for covered employees and did not impact the Statement of Operations but are reflected as increases to the plan's prepaid benefit cost shown on the Consolidated Balance Sheet of Other assets. In the Statement of Cash Flows, the payment is shown as a cash use. There were no payments to the plan in 2007

(5) 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.

(6) 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 a 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 Asset 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).