BURNHAM HOLDINGS, INC.

REPORT TO STOCKHOLDERS

Three Months Ended
March 29, 2009

To Our Shareholders:

First quarter sales were $34.7 million, a decline from the $42.1 million reported in 2008. Both the residential and commercial portions of our business are being impacted by the economic recession that began in 2007. We expect market conditions to be challenging until the economy eventually recovers, and credit availability, housing, real estate activity, and consumer confidence improves. 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. We are realistic about the challenges we are facing in 2009. Although current business conditions remain difficult, we are optimistic about longer-term prospects for the business. With a firm foundation based on our core principles and philosophy, Burnham is financially and operationally strong. Existing boilers will continue to be replaced over time due to age or operating costs, and our powerful lineup of high-efficiency residential and commercial products positions us well in the market. We produce top-quality, high-value equipment for virtually any application.

Financial Results

The net loss for the first quarter of 2009 was $(1.2) million, a basic loss per share of $(0.27), which was almost identical to the first quarter results of 2008, on over $7 million less sales. We have been continually and systematically evaluating our cost structure during this economic recession to remain cost competitive in the market. The longer this cycle extends, the more difficult the decisions become, but we are committed to taking the necessary actions to weather this cycle as results for the first quarter indicate. Cost of goods sold as a percentage of sales for the quarter was 80.8%, an improvement from the 2008 level of 81.4%, reflecting the results of product pricing actions combined with stabilization of raw material costs and control of manufacturing overhead expenses. Selling, administrative, and general expenses were 7.8% lower compared to the prior year, $8.4 million versus $9.1 million in 2008. Additionally, other income (expense) was lower for the quarter as a result of reduced interest rates and a gain from the mark-to-market of interest rate agreements in 2009 versus a loss recognized in 2008.

Balance Sheet Condition

The Company's balance sheet remains strong with high liquidity and working capital at a level consistent with the business activity. Our long-term debt is lower than last year while at the same time cash, cash equivalents, and marketable securities increased by $1.2 million. The net cash provided by operations was $159 thousand in 2009, versus cash used (negative) of $2.5 million in 2008 (see Consolidated Statements of Cash Flows). The 2009 favorable cash flow was achieved despite contributing $1.6 million (pre-tax) to the pension trust (there were no payments in this quarter for 2008), and was primarily generated from receipt of the higher accounts receivable balance at the end of 2008 (discussed in the 2008 Annual Report that resulted from later than normal heating season sales).

Annual Meeting and Dividends

Our annual meeting was held on April 27, 2009 at which time our Stockholders voted favorably on two proposals described as follows: the election of Eleanor B. Drew, George W. Hodges, and Albert Morrison, III as directors; and the appointment of Beard Miller Company, LLP, or other auditing firm as the Board may select, as independent auditors for the 2009 year.

Also at its meeting, the Board of Directors declared a quarterly common stock dividend of $0.17 per share payable May 29, 2009 with a record date of May 8, 2009; and a semi-annual preferred stock dividend of $1.50 per share payable June 30, 2009 with a record date of June 8, 2009.

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

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

Statements other than historical facts included or referenced in this Report are forward-looking statements subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Careful consideration should be given to cautionary statements made in our 2008 Annual Report. We undertake no duty to update or revise these forward-looking statements.

BURNHAM HOLDINGS, INC.

Consolidated Balance Sheets

(In thousands) (December year-end audited, quarterly data unaudited (see Notes))	March 29, 2009	Period Ended December 31, 2008	March 30, 2008
Assets			
Current Assets			
Cash, cash equivalents, and marketable securities	$ 4,117	$ 3,608	$ 2,913
Trade and other accounts receivable, net	15,824	30,165	19,273
Inventories	52,127	45,695	52,991
Prepayments and other current assets	3,555	3,019	3,560
Total current assets	75,623	82,487	78,737
Property, plant and equipment, net	47,428	48,202	48,710
Deferred income taxes (6)	2,896	2,776	-
Other assets, net (6)	21,766	21,815	32,318
Total Assets	$ 147,713	$ 155,280	$ 159,765
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable and accrued expenses (including taxes)	$ 24,308	$ 30,160	$ 26,900
Current portion of long-term liabilities	399	398	402
Total current liabilities	24,707	30,558	27,302
Long-term debt	31,032	29,304	31,352
Other postretirement liabilities (4)(6)	22,389	23,649	3,313
Deferred income taxes (6)	-	-	9,321
Total stockholders' equity (6)	69,585	71,769	88,477
Total Liabilities and Stockholders' Equity	$ 147,713	$ 155,280	$ 159,765

Consolidated Statements of Cash Flows

	Three Months Ended March 29, 2009	March 30, 2008
OPERATING ACTIVITIES		
Net loss	$ (1,214)	$ (1,226)
Depreciation and amortization	1,179	1,264
Other net adjustments	(1,554)	(1,349)
Contributions to pension trust (4)	(1,603)	-
Changes in operating assets and liabilities	3,351	(1,189)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	159	(2,500)
NET CASH USED IN THE PURCHASE OF ASSETS	(371)	(412)
FINANCING ACTIVITIES		
Proceeds from borrowings	1,500	3,113
Principle payments on debt and lease obligations	(22)	(27)
Dividends paid	(757)	(757)
NET CASH PROVIDED BY FINANCING ACTIVITIES	721	2,329
CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES		
Increase (decrease) for period	509	(583)
Beginning of year	3,608	3,496
End of period	$ 4,117	$ 2,913

Consolidated Statements of Operations

(In thousands, except per share data) (Data is unaudited (see Notes))	Three months ended March 29, 2009	March 30, 2008
Net sales	$ 34,696	$ 42,144
Cost of goods sold	28,036	34,300
Gross profit	6,660	7,844
Selling, administrative and general expense	8,352	9,058
Operating loss	(1,692)	(1,214)
Other income (expense)		
Mark-to-Market (5)	82	(368)
Interest income	1	26
Interest expense	(288)	(359)
Other Income (expense)	(205)	(701)
Loss before taxes	(1,897)	(1,915)
Tax benefit	(683)	(689)
Net loss	$ (1,214)	$ (1,226)
Basic and Diluted loss per share	$ (0.27)	$ (0.28)
Dividends paid per share	$ 0.17	$ 0.17

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 ended December 31, 2008.

(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 29, 2009 includes 2,799,703 of Class A shares and 1,652,186 of Class B Shares.

(4) In 2009, the Company made pre-tax contributions of $1.6 million to its defined pension plan. These payments increased the trust assets available for benefit payments (reducing "Other postretirement liabilities") and did not impact the Statement of Operations. There were no contributions to the plan in the first quarter of 2008.

(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 reverse themselves over the term of the agreements.

(6) Accounting rules require that the funded status of pension and other postretirement benefits be recognized as a non-cash asset or liability, as the case may be, on the balance sheet of the Company. In 2008, pension plan assets declined as a result of the dramatic downturn in the stock market. The resulting non-cash impact to the balance sheet was a decline in "Other assets" of $10.7 million (the reversal of the 2007 established balance), an increase to the "Other postretirement liability" of $20.4 million (projected benefit obligations exceeded plan assets), and an after tax charge of $21.1 million to "Accumulated other comprehensive income (loss)", a non-cash sub-section of "Stockholders' Equity" (see Note 9 of the 2008 Annual Report for more details).

(7) Certain 2008 balances have been rounded differently to conform to current year presentation.