Corporate Data

Burnham Holdings, Inc.
1241 Harrisburg Avenue
Post Office Box 3245
Lancaster, PA 17604-3245
Telephone: (717) 397-4700
Fax: (717) 293-5816
www.burnhamholdings.com

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 Advisors, N.A. at the above address.

BURNHAM HOLDINGS, INC.

BURNHAM HOLDINGS, INC.

REPORT

TO

STOCKHOLDERS

Nine Months Ended September 30, 2007

To Our Shareholders:

Third quarter and year-to-date sales were $59.8 million and $154.3 million, respectively. Actual 2006 third quarter and year-to-date sales were $64.0 million and $150.0 million, respectively. Market demand for residential products for the nine months has declined from the 2006 levels and is down more than 24% from the cyclical high in 2004. This market continues to be negatively impacted by abnormally warm weather, a weak housing and real estate sector of the economy, and a lowering of inventory levels through-out the distribution chain. Our residential sales are down consistent with the industry. Conversely, market demand for commercial products continues to be strong. The commercial portion of our business reported good third quarter and nine month sales, higher than last year for both periods. The backlog of commercial orders is higher at this point than last year, which is encouraging for sales activity through the remainder of the year. 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 third quarter and year-to-date net income was $1.7 million or $0.37 per share, and $1.2 million or $0.26 per share, respectively. The 2006 third quarter net income was $860 thousand or $0.20 per share, while the year-to-date loss was $(4.1) million or $(0.92) per share. The $5.3 million improvement in net income during the nine months of 2007, compared to 2006, has been a combination of higher sales levels, increased product pricing, lower interest costs as a result of reduced debt levels, and the favorable impact of cost reduction actions. Those actions, which include staff reductions, revisions to Company sponsored benefit plans, realignment of production capabilities, and a company-wide reduction in inventory, have lowered the cost structure of the Company. Cost of goods sold as a percentage of sales decreased favorably for the nine months to 77.7% compared to 81.2% in 2006, and selling, administration, and general operational expenses have also decreased favorably in 2007 to 19.6% compared to 21.9% for the nine months of 2006. These percentages, indicators of the alignment of costs with business volumes, are at their lowest levels since the year 2004, which was the record sales year for the Company. You may also observe within the Statement of Operations, a non-cash expense item of $419 thousand and $465 thousand for the quarter and year-to-date, respectively, caused by the mark-to-market of interest rate agreements. These agreements are used to lock the interest rate on $15 million of the Company's variable rate debt to avoid large swings in future rates. Accounting rules require the changes in the fair value of these agreements, caused by fluctuations in interest rates, to be recorded in the financial statements. These non-operational charges are recorded on a quarterly basis but reverse themselves over the term of the agreements.

Balance Sheet Condition

The Company's balance sheet remains strong with working capital at a level consistent with the business activity. Inventory levels, while lower than last year at this time, are adequate to meet expected demand. We are able to maintain lower inventory levels, with a resulting stronger cash flow, because of the increased production flexibility provided by the facility and equipment improvements made over the last several years. Borrowings for the nine months reflect the normal seasonal cash flow needs of the Company. Total debt at September 30, 2007 is $49.4 million, or $9.1 million lower than at this point last year and as a percentage of total capital (debt and equity) is 38.1% versus 40.9% last year.

Dividends

At its meeting on October 10, 2007, the Board of Directors declared a quarterly common stock dividend of $0.17 per share payable November 30, 2007 with a record date of November 9, 2007; and a semi-annual preferred stock dividend of $1.50 per share payable December 27, 2007 with a record date of December 7, 2007.

A. Morrison, III, *Chairman and CEO*

Consolidated Balance Sheet

(In thousands)
(December year-end audited, quarterly data unaudited (see Notes))

	September 30, 2007	December 31, 2006	October 1, 2006
		Period Ended	
Assets			
Current Assets			
Cash and cash equivalents	**$ 1,527**	$ 2,968	$ 2,925
Marketable securities	**1,265**	250	-
Trade and other accounts receivable, net	**38,018**	26,506	36,688
Inventories	**55,022**	43,043	59,259
Prepayments and other current assets	**4,477**	4,321	4,499
Total current assets	**100,309**	77,088	103,371
Property, plant and equipment, net	**49,640**	51,427	52,381
Other assets, net (6)	**21,141**	23,638	28,665
Total Assets	**$ 171,090**	$ 152,153	$ 184,417
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable and accrued expenses (including taxes)	**$ 31,415**	$ 29,465	$ 29,525
Short-term borrowings (7)	**-**	6,655	32,945
Current portion of long-term liabilities (7)	**357**	4,079	3,673
Total current liabilities	**31,772**	40,199	66,143
Long-term liabilities (7)	**49,262**	20,884	21,858
Other postretirement liabilities	**3,327**	3,405	1,398
Deferred income taxes	**6,554**	6,474	10,655
Total stockholders' equity (5) (6)	**80,175**	81,191	84,363
Total Liabilities and Stockholders' Equity	**$ 171,090**	$ 152,153	$ 184,417

Consolidated Statements of Cash Flows

	Nine Months Ended September 30, 2007	Nine Months Ended October 1, 2006
OPERATING ACTIVITIES		
Net income (loss)	**$ 1,168**	$ (4,094)
Depreciation and amortization	**4,044**	3,943
Other net adjustments	**2,366**	3,406
Changes in operating assets and liabilities	**(21,605)**	(20,456)
NET CASH USED IN OPERATING ACTIVITIES	**(14,027)**	(17,201)
NET CASH USED IN THE PURCHASE OF ASSETS	**(2,120)**	(2,530)
CASH USED TO PURCHASE MARKETABLE SECURITIES	**(1,015)**	-
FINANCING ACTIVITIES		
Proceeds from borrowings	**43,465**	26,250
Principle payments on debt and lease obligations	**(25,464)**	(2,676)
Net purchase of stock and stock option proceeds	**-**	17
Dividends paid	**(2,280)**	(3,348)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**15,721**	20,243
(DECREASE) INCREASE IN CASH AND EQUIVALENTS	**(1,441)**	512
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	**2,968**	2,413
CASH AND EQUIVALENTS AT END OF PERIOD	**$ 1,527**	$ 2,925

Consolidated Statements of Operations

(In thousands, except per share data)
(Data is unaudited (see Notes))

	Three months ended September 30 2007	Three months ended October 1, 2006	Nine months ended September 30 2007	Nine months ended October 1, 2006
Net sales	**$ 59,764**	$ 64,022	**$ 154,248**	$ 150,001
Cost of goods sold	**45,579**	50,608	**119,891**	121,811
Gross profit	**14,185**	13,414	**34,357**	28,190
Selling, administrative and general expense	**10,414**	11,669	**30,303**	32,833
Operating income (loss)	**3,771**	1,745	**4,054**	(4,643)
Other income (expense)				
Mark-to-market (5)	**(419)**	-	**(465)**	10
Interest income	**32**	5	**79**	22
Interest expense	**(790)**	(806)	**(1,860)**	(2,247)
Other income (expense)	**(1,177)**	(801)	**(2,246)**	(2,215)
Income (loss) before income taxes	**2,594**	944	**1,808**	(6,858)
Income tax expense (benefit)	**918**	84	**640**	(2,764)
Net income (loss)	**$ 1,676**	$ 860	**$ 1,168**	$ (4,094)
Basic and diluted income (loss) per share	**$ 0.37**	$ 0.20	**$ 0.26**	$ (0.92)
Dividends paid	**$ 0.17**	$ 0.17	**$ 0.51**	$ 0.75

Notes:

(1) The accompanying unaudited financial statements contain adjustments that are necessary for a fair presentation of results and are consistently applied for presented periods. 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, 2006. Certain reclassifications and revisions have been made to the prior period financial statements to be consistent with the current reporting format.

(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 September 30, 2007 includes 2,766,857 of Class A shares and 1,685,032 of Class B Shares.

(4) In the first half of 2006 the Company made contributions of $0.6 million into its defined pension plan, $0.4 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 as part of Other assets. In the Statement of Cash Flows, the payment is shown as part of the change in operating assets and liabilities (cash used). There have been no payments to the plan for 2007.

(5) Mark-to-market adjustments are a result of changes (non-cash) in the fair value of interest rate derivatives. These derivatives are used to exchange the interest rate stream on variable rate debt for payments indexed to a fixed interest rate. With the refinancing of a portion of the Company's debt on March 1, 2007 (see Note 5 of the 2006 Annual Report), the derivatives tied to the original term notes and reported within Stockholders' Equity, have been reclassified. Future changes in fair value will be reported in the Company's Statement of Operations.

(6) New accounting rules in 2006 required recognition of the funded status of pensions and postretirement benefits as a net liability or asset. As part of the new rules, actuarially determined gains from the past were recorded as a reduction of Stockholders' Equity. The non-cash impact to Burnham was a reduction in Other assets and a charge to Stockholders' Equity of $4.3 million (after tax) (see Note 9 of the 2006 Annual Report).

(7) All borrowings under the March 1, 2007 debt agreement (see Note 5 of the 2006 Annual Report) are classified as long-term on the Consolidated Balance Sheet.