

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-21748

Bread & Butter Fund, Inc.
(Exact Name of Registrant as Specified in Charter)

3633 Hill Rd. 3rd Floor
Parsippany, NJ 07054
(Address of Principal Executive Offices)(Zip Code)

James B. Potkul
Potkul Capital Management LLC
3633 Hill Rd. 3rd Floor
Parsippany, NJ 07054
(Name and Address of Agent for Service)

Registrant's Telephone Number, including Area Code: (973) 331-3100

Date of fiscal year end: December 31

Date of reporting period: March 31, 2009

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, and 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.

Bread & Butter Fund

Schedule of Investments

March 31, 2009 (Unaudited)

<u>Shares</u>		<u>Value</u>
COMMON STOCKS - 83.33%		
Business Services - 1.89%		
500	Manpower, Inc. (France)	\$ 15,765
Consumer Products - 11.65%		
900	Diageo PLC ADR	40,275
1,600	Philip Morris International, Inc.	<u>56,928</u>
		97,203
Diversified Holding Cos. - 21.00%		
21	Berkshire Hathaway Class-B *	59,220
5,250	Loews Corp.	<u>116,025</u>
		175,245
Energy - 15.12%		
550	Conocophillips	21,538
3,500	El Paso Corp.	21,875
400	Encana Corp. (Canada)	16,244

500	EnSCO International, Inc.	13,200
3,000	Rowan Co., Inc.	35,910
1,000	Statoilhydro ADR	<u>17,440</u>
		126,207
Financials/Banking - 5.17%		
1,000	American Express Co.	13,630
6,000	Mitsubishi UFJ Financial Group, Inc. ADR (Japan)	<u>29,520</u>
		43,150
Healthcare-Pharmaceutical - 3.92%		
2,400	Pfizer, Inc.	32,688
Insurance - 13.28%		
700	American National Insurance	36,687
2,000	CNA Financial Corp.	18,320
3,000	Mercer Insurance Group	42,900
75	White Mountains Insurance	<u>12,893</u>
		110,800
Life Insurance - 2.71%		
200	National Western Life Insurance	22,600
Media/Entertainment - 2.30%		
2,500	News Corp. Ltd. Class-B	19,250
Retail - 3.74%		
600	Walmart Stores, Inc.	31,260
Transportation - 2.55%		
1,500	Teekay Corp.	21,345
TOTAL FOR COMMON STOCKS (Cost \$962,345) - 83.33%		<u>\$ 695,513</u>
REIT PREFERRED - 3.50%		
1,000	HRPT PPTYS 8.75% B	11,450
2,000	HRPT PPTYS TR 6.50% D	<u>17,740</u>

	29,190
TOTAL FOR REIT PREFERRED (Cost \$28,418) - 3.50%	\$ <u>29,190</u>
SHORT TERM INVESTMENTS - 12.97%	
108,270 Fidelity Institutional Money Market Portfolio 1.04% ** (Cost \$108,270)	<u>108,270</u>
TOTAL INVESTMENTS (Cost \$1,127,451) - 99.80%	\$ 832,973
OTHER ASSETS LESS LIABILITIES - 0.20%	<u>1,635</u>
NET ASSETS - 100.00%	\$ <u>834,608</u>

* Non-income producing security during the period

**Variable rate security: the coupon rate shown represents the yield at March 31, 2009.

ADR - American Depository Receipt

NOTES TO FINANCIAL STATEMENTS

Bread & Butter Fund

1. SECURITY TRANSACTIONS

At March 31, 2009, the net unrealized depreciation on investments, based on cost for federal income tax purposes of \$1,127,451 amounted to \$294,478, which consisted of aggregate gross unrealized appreciation of \$14,923 and aggregate gross unrealized depreciation of \$309,401.

2. NEW ACCOUNTING PRONOUNCEMENTS

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 also establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions

market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below:

Level 1 - quoted prices in active markets for identical investments

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Money market securities are valued using amortized cost, in accordance with rules under the Investment Company Act of 1940. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of March 31, 2009:

	INVESTMENT IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*
Level 1 - Quoted prices	\$ 832,973	\$ -
Level 2 - Other significant observable inputs	-	-
Level 3 - Significant unobservable inputs	-	-
Total	\$ 832,973	\$ -

*Other financial instruments are derivative instruments not reflected in the Portfolio of

Investments,
such as futures forwards and swap contracts, which are valued at the unrealized
appreciation/
depreciation on the
instrument.

ITEM 2. CONTROLS AND PROCEDURES.

(a)

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b)

CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bread & Butter Fund, Inc.

By /s/James B. Potkul
James B. Potkul
President/Principal Financial Officer

Date May 12, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ James B. Potkul
James B. Potkul
President/Principal Financial Officer

Date May 12, 2009