BURNHAM HOLDINGS, INC. ANNOUNCES YEAR 2013 FINANCIAL RESULTS AND ANNOUNCES A DIVIDEND INCREASE

Lancaster, PA February 27, 2014

Burnham Holdings, Inc., (Pink Sheets: BURCA), the parent company of a group of subsidiaries who are leading domestic manufacturers of boilers, and related HVAC products and accessories for residential, commercial and industrial applications, today reported its financial results for the year ended December 31, 2013.

We are announcing a year of solid financial performance in 2013 including:

- Net sales of $190.2 million, a 7% decline from the Super Storm Sandy impacted 2012 results.
- Gross profit as a percentage of sales was 24%, equaling last year, which was the highest in five years.
- Net income was $5.3 million or $1.18 per basic share (or $1.69 per share after adjusting for the two non-recurring items presented within “Other income (expense)” of the Statement of Income and discussed in Notes 3 and 4); compared to 2012 results of $1.83 per share.
- Dividends of $0.80 per share were paid in 2013; an 11% increase from the $0.72 per share paid in 2012 and the second consecutive year of increased dividends (see below for 2014 dividend increase).
- Book value per share of $18.04 is the highest in the last six years.
- Year-end debt of $6.9 million, the lowest in over fifteen years.

Details of results mentioned in this release are discussed fully in the Company’s audited Annual Report, which will be available on or about March 20, 2014.

Net sales for 2013 were $190.2 million, down 7.1% from $204.8 million in 2012, which were higher in response to demand created by Super Storm Sandy. We began the year with a higher than normal demand for our residential boiler products as a result of the carryover effect from the recovery efforts of Super Storm Sandy which devastated coastal areas of the mid-Atlantic States and Southern New England, a core geographic area for hydronic heating equipment. This unusual demand diminished throughout the first quarter of 2013, and as the year progressed, demand for residential boiler products was more consistent with normal levels. The higher than normal demand for our residential products in the first quarter offset soft sales in our commercial subsidiaries during the early portion of the year. Our experience has been that commercial markets tend to lag demand in our residential markets. Demand for the commercial portion of the business increased for the last four months of the year compared to the corresponding period of 2012, with 2013 year-end commercial order backlogs higher than those for the previous year.

Actual COGS as a percentage of sales was 76.3% in 2013 versus 75.9% in 2012. Removing LIFO (tax related inventory adjustment) from the two years, the COGS for 2013 was essentially flat with 2012, which was the lowest level in five years. Costs for commodity raw materials continue to fluctuate, reaching near all-time highs in 2012 and 2011, while stabilizing somewhat in 2013. While controlling our manufacturing costs, we have increased our investment in engineering and product development for the fourth straight year, as our subsidiaries are committed to being product leaders in their markets. Selling, administrative and general expenses declined by $2.3 million from the 2012 level, and as a percentage of sales are within one-tenth of a percent of 2012 (17.4% versus 17.3%). The “Other income (expense)” section of the Statements of Income shows 2013 with $4.3 million of expense compared to $1.0 million in 2012. Included within this section are several non-recurring items, including gains on sale of property and non-recurring pension withdrawal liability, which are fully discussed in the footnotes. Otherwise, the Company’s net other expense was lower than in the prior year as a result of earning more income on investments and paying less interest expense on lower borrowing rates and less overall debt. Net income for 2013 was $5.3 million, or $1.18 per basic share. This compares to 2012 results of $8.2 million, or $1.83 per share.

The balance sheet is sound, with appropriate levels of working capital and our lowest debt level in over fifteen years. Cash flow from operations, while lower than 2012, provides funds for operating expenses, new product development, investments in capital assets, and to pay dividends to our stockholders.

At its meeting on February 27, 2014, the Burnham Holdings, Inc. Board of Directors declared a regular quarterly common stock dividend of $0.21 per share payable March 18, 2014, with a record date of March 11, 2014. This would be an annual dividend rate of $0.84 per share, a 5% increase over 2013 and the third straight year of increased dividends. These increases reflect the financial strength and improved profitability of the Company. The annual dividend rate for preferred stock is $3.00 per share.

The Company’s directors have scheduled the 2014 Annual Meeting for Monday, April 28th with a shareholder record date of March 3, 2014. The meeting will be held at the Eden Resort and Suites in Lancaster beginning at 11:30 a.m.

Consolidated Statements of Income

(In thousands, except per share data)	Years Ended December	
(Data is unaudited (see Notes))	2013	2012
Net sales	$ 190,181	$ 204,762
Cost of goods sold	145,024	155,510
Gross profit	45,157	49,252
Selling, administrative and general expenses	33,170	35,478
Operating income	11,987	13,774
Other income (expense):		
Gain on sale of property (3)	1,439	170
Non-recurring pension withdrawal liability (4)	(5,000)	-
Mark-to-market (5)	57	143
Interest and investment income	459	278
Interest expense	(1,244)	(1,569)
Other income (expense)	(4,289)	(978)
Income before income taxes	7,698	12,796
Income tax expense	2,384	4,569
NET INCOME	$ 5,314	$ 8,227
BASIC & DILUTED INCOME PER SHARE	$ 1.18	$ 1.83
COMMON STOCK DIVIDENDS PAID	$ 0.80	$ 0.72
BOOK VALUE PER COMMON SHARE	$ 18.04	$ 15.29

Consolidated Balance Sheets

(in thousands and data is unaudited (see Notes))	December	
ASSETS	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	$ 4,886	$ 4,740
Trade accounts receivable, less allowances	21,323	25,966
Inventories	41,316	40,697
Prepaid expenses and other current assets	4,427	3,358
TOTAL CURRENT ASSETS	71,952	74,761
PROPERTY, PLANT AND EQUIPMENT, net	47,529	47,785
DEFERRED INCOME TAXES (6)	-	3,663
OTHER ASSETS, net	22,319	22,865
TOTAL ASSETS	$ 141,800	$ 149,074
LIABILITIES AND STOCKHOLDERS' EQUITY	2013	2012
CURRENT LIABILITIES		
Accounts and taxes payable & accrued expenses	$ 31,813	$ 33,741
Current portion of long-term liabilities	255	279
TOTAL CURRENT LIABILITIES	32,068	34,020
LONG-TERM DEBT	6,865	7,680
OTHER POSTRETIREMENT LIABILITIES (6)(7)	17,786	38,483
DEFERRED INCOME TAXES (6)	3,482	-
STOCKHOLDERS' EQUITY		
Preferred Stock	530	530
Class A Common Stock	3,459	3,423
Class B Convertible Common Stock	1,485	1,521
Additional paid-in capital	15,050	14,727
Retained earnings	102,982	101,286
Accumulated other comprehensive income (loss) (6)	(23,966)	(34,634)

Consolidated Statements of Cash Flows

(in thousands and data is unaudited (see Notes))	Years Ended December 31, 2013	2012
Net income	$ 5,314	$ 8,227
Gain on sale of property (3)	(1,439)	(170)
Non-recurring expense (4)	5,000	-
Depreciation and amortization	4,643	4,659
Pension and postretirement liabilities expense	1,458	1,545
Contributions to pension trust (7)	(5,511)	(3,350)
Other net adjustments	426	(283)
Changes in operating assets and liabilities	(3,411)	3,371
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,480	13,999
Net cash used in the purchase of assets	(4,350)	(2,289)
Proceeds from sale of property, net (3)	1,302	-
Proceeds from stock option exercise and Treasury activity, net	344	233
Principal payments on debt and lease obligations	(12)	(8,448)
Dividends paid	(3,618)	(3,244)
INCREASE IN CASH AND CASH EQUIVALENTS	146	251
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,740	4,489
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,886	$ 4,740

Notes To Financial Statements:

(1) 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.

(2) Common stock outstanding at December 31, 2013 includes 3,022,050 of Class A shares and 1,484,768 of Class B shares.

(3) On July 23, 2013, a Company subsidiary sold property located in Lancaster, PA. to the Lancaster County Solid Waste Authority for $1.35 million. The book value plus expenses of sale was $76 thousand, resulting in a book gain of $1.274 million. Additionally in 2013 and 2012, $165 and $170, respectively was recognized as deferred gain from year 2010 transactions involving a sale and leaseback of property.

(4) On June 18, 2013 the Company incurred a non-recurring expense of $5 million as a result of a new union agreement at its subsidiary, Bryan Steam LLC in Peru, Indiana (previously announced on June 19th). This one-time, non-manufacturing charge is a result of an agreement to withdraw from a multi-employer pension plan which had provided a defined benefit for these union employees. This decision results in what's called a "withdrawal liability expense" that accounting rules require to be expensed immediately regardless of benefit period covered or period over which the liability is actually paid.

(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 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. For December 31, 2013 and 2012, projected benefit obligations exceeded plan assets. The resulting non-cash presentation on the balance sheet is reflected in "Deferred income taxes, "Other postretirement liabilities", and "Accumulated other comprehensive income (loss)", a non-cash sub-section of "Stockholders' Equity" (See Note 10 of the 2013 Annual Report for more details).

(7) For the years 2013 and 2012, the Company made voluntary pre-tax contributions of $5.5 million and $3.35 million, respectively to its defined benefit pension plan. These payments increased the trust assets available for benefit payments (reducing "Other postretirement liabilities"), and did not impact the Statement of Income

(8) Unaudited results, forward looking statements, and certain significant estimates and risks. This note has been expanded to include items discussed in detail within the Annual Report.

Unaudited Results and Forward Looking Statements. The accompanying unaudited financial statements contain all adjustments that are necessary for a fair presentation of results for such periods and are consistent with policies and procedures employed in the audited year-end financial statements. These consolidated financial statement should be read in conjunction with the Annual Report for the period ended December 31, 2013, which will be available on or about March 20, 2014. 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. We undertake no duty to update or revise these forward-looking statements.

Certain Significant Estimates and Risks. Certain estimates are determined using historical information along with assumptions about future events. Changes in assumptions for such items as warranties, pension assumptions, medical cost trends, employment demographics and legal actions, as well as changes in actual experience, could cause these estimates to change. Specific risks, such as those included below, are discussed in the Company's Quarterly and Annual Reports to provide regular knowledge of relevant matters. Estimates and related reserves are more fully explained in the 2013 Annual Report.

(Note 8 continued on following page)

Note (8) Certain Significant Estimates and Risks (continued from previous page)

Retirement Plans: The Company maintains a non-contributory defined benefit pension plan, covering both union and non-union employees, that has been closed to new hires for a number of years. Benefit accrual ceased in 2009, or earlier depending on the employee group, with the exception of a limited, closed group of union production employees. While not 100% frozen, these actions were taken to protect benefits for retirees and eligible employees, and have materially reduced the growth of the pension liability. Lancaster Metal Manufacturing, a Company subsidiary, also contributes to a separate union-sponsored multiemployer-defined benefit pension plan that covers its collective bargaining employees (Bryan Steam, LLC had a similar plan but has withdrawn from the plan as noted in Note 4). Variables such as future market conditions, investment returns, and employee experience could affect results.

Medical Health Coverage: The Company and its subsidiaries are self-insured for most of the medical health insurance provided for its employees, limiting maximum exposure per occurrence by purchasing third-party stop-loss coverage.

Retiree Health Benefits: The Company pays a fixed annual amount that assists a specific group of retirees in purchasing medical and/or prescription drug coverage from providers. Additionally, certain employees electing early retirement have the option of receiving access to an insured defined benefit plan at a yearly stipulated cost or receiving a fixed dollar amount to assist them in covering medical costs.

Insurance: The Company and its subsidiaries maintain insurance to cover product liability, general liability, workers' compensation, and property damage. Well-known and reputable insurance carriers provide current coverage. All policies and corresponding deductible levels are reviewed on an annual basis. Third-party administrators, approved by the Company and the insurance carriers, handle claims and attempt to resolve them to the benefit of both the Company and its insurance carriers. The Company reviews claims periodically in conjunction with administrators and adjusts recorded reserves as required.

Warranty Litigation, Class Action: In 2010, two of the Company's subsidiaries were served with a class action lawsuit related generally to boiler products manufactured and sold by a predecessor to one of the Company's subsidiaries more than 10 years ago. This matter has now been discontinued as a class action and the litigation has been resolved.

General Litigation, including Asbestos: In the normal course of business, certain subsidiaries of the Company have been named, and may in the future be named, as defendants in various legal actions including claims related to property damage and/or personal injury allegedly arising from products of the Company's subsidiaries or their predecessors. A number of these claims allege personal injury arising from exposure to asbestos-containing material allegedly contained in certain boilers manufactured many years ago, or through the installation of heating systems. The Company's subsidiaries, directly or through insurance providers, are vigorously defending all open asbestos cases, many of which involve multiple claimants and many defendants, which may not be resolved for several years. Asbestos litigation is a national issue with thousands of companies defending claims. While the large majority of claims have historically been resolved prior to the completion of trial, from time to time some claims may be expected to proceed to a potentially substantial verdict against subsidiaries of the Company. Any such verdict would be subject to appeal, any set-off rights and/or issues involving allocation of liability among various defendants. For example, on July 23, 2013, a New York City State Court jury found numerous defendant companies, including a subsidiary of the Company, responsible for asbestos-related damages in cases involving multiple plaintiffs. The subsidiary, whose share of the verdict amounted to $42 million before offsets, has filed post-trial motions seeking to overturn the verdict, granting of a new trial, and /or reduction of the verdict. The Company believes, based upon its understanding of its available insurance policies and discussions with legal counsel, that all pending legal actions and claims, including asbestos, should ultimately be resolved (whether through settlements or verdicts) within existing insurance limits and reserves, or for amounts not material to the Company's financial position or results of operations. However, the resolution of litigation generally entails significant uncertainties, and no assurance can be given as to the ultimate outcome of litigation or its impact on the Company and its subsidiaries. Furthermore, the Company cannot predict the extent to which new claims will be filed in the future, although the Company currently believes that the great preponderance of future asbestos claims will be covered by existing insurance. There can be no assurance that insurers will be financially able to satisfy all pending and future claims in accordance with the applicable insurance policies, or that any disputes regarding policy provisions will be resolved in favor of the Company.

Litigation Expense, Settlements, and Defense: The 2013 charges for all uninsured litigation of every kind, was $244 thousand. That amount included one asbestos claims, while it is rare for an asbestos suit not to be covered by insurance, a few such claims exist, depending on the alleged time period of asbestos exposure. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the year were a credit of $249 thousand, as previously established reserves were higher than required. Prior year's settlements and expenses are disclosed in the 2013 Annual Report.

Permitting Activities (excluding environmental): The Company's subsidiaries are engaged in various matters with respect to obtaining, amending or renewing permits required under various laws and associated regulations in order to operate each of its manufacturing facilities. Based on the information presently available, management believes it has all necessary permits and expects that all permit applications currently pending will be routinely handled and approved.

Environmental Matters: The operations of the Company's subsidiaries are subject to a variety of Federal, State, and local environmental laws. Among other things, these laws require the Company's subsidiaries to obtain and comply with the terms of a number of Federal, State and local environmental regulations and permits, including permits governing air emissions, wastewater discharges, and waste disposal. The Company's subsidiaries periodically need to apply for new permits or to renew or amend existing permits in connection with ongoing or modified operations. In addition, the Company generally tracks and tries to anticipate any changes in environmental laws that might relate to its ongoing operations. The Company believes its subsidiaries are in material compliance with all environmental laws and permits.

As with all manufacturing operations in the United States, the Company's subsidiaries can potentially be responsible for response actions at disposal areas containing waste materials from their operations. In the past five years, the Company has not received any notice that it or its subsidiaries might be responsible for remedial clean-up actions under government supervision. However, two pre-2008 issues covered by insurance policies remain open as of this date and are fully disclosed in the year-end 2013 Annual Report. While it is not possible to be certain whether or how any new or old matters will proceed, the Company does not presently have reason to anticipate incurring material costs in connection with any matters.