To Our Shareholders:

First quarter sales were $35.7 million, representing a decline from 2013 first quarter sales of $41.1 million. Net loss for the first quarter was $(786) thousand, or $(0.17) per share, compared to income of $623 thousand, or $0.14 per share, reported for the first quarter of 2013. The decline in 2014 first quarter sales and profits compared to 2013 was expected as 2013 first quarter sales and profits were unusually high due to carry-over demand created by Super Storm Sandy. (See discussion in the 2013 Annual Report).

Cost of goods sold ("COGS") as a percentage of sales for the current quarter was 80.6%, compared to first quarter 2013 of 76.4%, which was the lowest percentage in over six years. The low COGS percentage for 2013 was mainly a result of the high residential mix of products sold in the first quarter last year. Excluding 2013, the 2014 percentage was the lowest percentage over the last six years, and reflects efforts to continually and systematically match our product pricing and our cost structure to remain competitive in the market, while maintaining our gross profit margins. Selling, administrative, and general expenses were lower in dollars from the prior year, but 2.7% higher as a percentage of sales, 23.4% versus the prior year's 20.7%. As with COGS, the unusual sales levels for the first quarter of 2013 impacts this percentage relationship, and the 2014 percentage is in line with other first quarters for other prior years. Other income (expense) was a net income of $207 thousand for the quarter, and includes a favorable $451 thousand adjustment to a pension withdrawal liability established in June of 2013. The 2014 final payment for this liability was lower than originally estimated. Excluding this non-recurring item would result in an expense of $244 thousand, similar to the prior year's net expense of $186 thousand.

With the seasonal nature of our businesses, the first quarter normally provides the lowest quarterly sales of our fiscal year, and we therefore caution using the first quarter results as an indicator of total year expectations. Improving consumer confidence levels and existing home turnover in the northeast should prove favorable to the residential boiler industry. Additionally, the commercial portions of our businesses continue to see increased backlogs versus the corresponding period of last year, also indicating general improvement to overall business conditions. Finally, while the severe winter weather in the Northeast may have negatively impacted sales in the first quarter, longer term impacts from the abnormally harsh winter should also prove favorable to the industry.

The Company's balance sheet has appropriate levels of working capital consistent with current business activity. Our long-term debt of $10.8 million is lower than the prior year's $13.0 million and the Statement of Cash Flows presents net cash used in operations of $2.1 million, which compares favorably to the prior year's cash used of $4.2 million.

Annual Meeting and Dividends

Our annual meeting was held on April 28, 2014 at which time our Stockholders voted favorably on two proposals described as follows: the election of William F. Dodge, II, John W. Lyman, and Robert P. Newcomer as directors; and the appointment of ParenteBeard LLC, or other auditing firm as the Board may select, as independent auditors for the 2014 year.

Following the annual meeting, the Board of Directors declared a quarterly common stock dividend of $0.21 per share; and a semi-annual preferred stock dividend of $1.50 per share. These dividends are payable June 10, 2014 with a record date of June 3, 2014.

Douglas S. Brossman
President and CEO

Consolidated Statements of Operations

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

	Three Months Ended March 30, 2014	Three Months Ended March 31, 2013
Net sales	$ **35,668**	$ 41,133
Cost of goods sold	**28,744**	31,443
Gross profit	**6,924**	9,690
Selling, administrative and general expenses	**8,360**	8,531
Operating (loss) income	**(1,436)**	1,159
Other income (expense):		
Non-recurring pension withdrawal liability (3)	**451**	-
Mark-to-market (4)	**-**	21
Interest and investment income	**13**	50
Interest expense	**(257)**	(257)
Other income (expense)	**207**	(186)
(Loss) income before income taxes	**(1,229)**	973
Income tax (benefit) expense	**(443)**	350
NET (LOSS) INCOME	$ **(786)**	$ 623
BASIC & DILUTED (LOSS) INCOME PER SHARE	$ **(0.17)**	$ 0.14
COMMON STOCK DIVIDENDS PAID	$ **0.21**	$ 0.20

Consolidated Balance Sheets

(in thousands and data is unaudited (see Notes))

ASSETS	March 2014	March 2013
CURRENT ASSETS		
Cash and cash equivalents	$ **5,160**	$ 4,700
Trade accounts receivable, less allowances	**13,484**	12,769
Inventories	**47,815**	51,671
Prepaid expenses and other current assets	**4,566**	3,365
TOTAL CURRENT ASSETS	**71,025**	72,505
PROPERTY, PLANT AND EQUIPMENT, net	**47,190**	47,184
DEFERRED INCOME TAXES (5)	**-**	3,624
OTHER ASSETS, net	**22,302**	21,707
TOTAL ASSETS	$ **140,517**	$ 145,020
LIABILITIES AND STOCKHOLDERS' EQUITY	**2014**	2013
CURRENT LIABILITIES		
Accounts and taxes payable & accrued expenses	$ **28,875**	$ 26,408
Current portion of long-term liabilities	**255**	303
TOTAL CURRENT LIABILITIES	**29,130**	26,711
LONG-TERM DEBT	**10,773**	12,984
OTHER POSTRETIREMENT LIABILITIES (5)(6)	**17,150**	36,486
DEFERRED INCOME TAXES (5)	**3,524**	-
STOCKHOLDERS' EQUITY		
Preferred Stock	**530**	530
Class A Common Stock	**3,460**	3,423
Class B Convertible Common Stock	**1,484**	1,521
Additional paid-in capital	**15,050**	14,875
Retained earnings	**101,250**	101,010
Accumulated other comprehensive income (loss) (5)	**(23,891)**	(34,567)
Treasury stock, at cost	**(17,943)**	(17,953)
TOTAL STOCKHOLDERS' EQUITY	**79,940**	68,839
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ **140,517**	$ 145,020

BURNHAM HOLDINGS, INC.

REPORT TO STOCKHOLDERS

Three Months Ended March 30, 2014

Consolidated Statements of Cash Flows

(in thousands and data is unaudited (see Notes))	Three Months ended March 2014	2013
Net (loss) income	$ **(786)**	$ 623
Non-recurring income (3)	**(451)**	-
Depreciation and amortization	**1,063**	1,170
Pension and postretirement liabilities expense	**165**	413
Contributions to pension trust (6)	**(788)**	(1,256)
Other net adjustments	**(1,049)**	(496)
Changes in operating assets and liabilities	**(207)**	(4,687)
NET CASH USED IN OPERATING ACTIVITIES	**(2,053)**	(4,233)
Net cash used in the purchase of assets	**(725)**	(565)
Proceeds from borrowings	**4,000**	5,500
Proceeds from stock option exercise and Treasury activity, net	**(2)**	157
Dividends paid	**(946)**	(899)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**274**	(40)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,886**	4,740
CASH AND CASH EQUIVALENTS AT END OF QUARTER	$ **5,160**	$ 4,700

(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 March 30, 2014 includes 3,022,850 of Class A shares and 1,483,968 of Class B shares.

(3) On June 18, 2013 the Company recorded a non-recurring expense of $5 million as a result of a new collective bargaining agreement at its subsidiary, Bryan Steam LLC in Peru, Indiana. This non-manufacturing charge was 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 resulted 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. In 2014, the final lump-sum payment to the Boilermakers Trust was lower than estimated resulting in a return to income of $451 thousand.

(4) 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.

(5) 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).

(6) In the first quarters of 2014 and 2013, the Company made voluntary pre-tax contributions of $788 thousand and $1.26 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 Operations.

(7) 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. Statements other than historical 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 7 continued on following page)

Note (7) 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 3). 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.

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 2014 three-month charges for all uninsured litigation of every kind, was $7 thousand. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the three-months were approximately $47 thousand. Prior year's settlements and expenses, including amounts for self-insured asbestos cases, 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.

Corporate Data

Burnham Holdings, Inc.
1241 Harrisburg Avenue
Post Office Box 3245
Lancaster, PA 17604-3245
Telephone: (717) 390-7800
Fax: (717) 390-7852
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 OTC Markets Group, Inc., reporting service for over-the-counter stocks.

For further information contact:
Elisa Ranck, Financial Services Administrator, or Douglas B. Springer, Vice President, Chief Financial Officer.

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.