BURNHAM HOLDINGS, INC.

REPORT

TO

STOCKHOLDERS

Three Months Ended
March 29, 2015

Corporate Data

Burnham Holdings, Inc.
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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 OTC Markets Group, Inc., reporting service for over-the-counter stocks.

For further information contact: Cathleen J. Anderson, Financial Services Administrator, or Dale R. Bowman, Vice President, Chief Financial Officer.

Transfer Agent

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

BURNHAM HOLDINGS, INC.

Consolidated Statements of Cash Flows

(in thousands and data is unaudited (see Notes))	Three Months ended March 2015	2014
Net (loss) income	**$ (588)**	$ (786)
Non-recurring income (3)	**-**	(451)
Depreciation and amortization	**1,091**	1,063
Pension and postretirement liabilities expense	**44**	165
Contributions to pension trust (6)	**(1,463)**	(788)
Other net adjustments	**(1,172)**	(1,049)
Changes in operating assets and liabilities	**(2,273)**	(207)
NET CASH USED IN OPERATING ACTIVITIES	**(4,361)**	(2,053)
Net cash used in the purchase of assets	**(196)**	(725)
Proceeds from borrowings	**5,500**	4,000
Proceeds from stock option exercise and Treasury activity, net	**78**	(2)
Dividends paid	**(993)**	(946)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**28**	274
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,885**	4,886
CASH AND CASH EQUIVALENTS AT END OF QUARTER	**$ 4,913**	$ 5,160

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 March 29, 2015 includes 3,041,880 of Class A shares and 1,476,101 of Class B shares.

(3) 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. 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 resulted in what is 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 of the withdrawal liability expense recognized in 2013 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, 2014 and 2013, 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 2014 Annual Report for more details).

(6) In the first quarters of 2015 and 2014, the Company made voluntary pre-tax contributions of $1.46 million and $788 thousand, 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 Statements of Income.

(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 statements should be read in conjunction with the Annual Report for the period ended December 31, 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 items such as warranties, pensions, 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 in order to provide regular knowledge of relevant matters. Estimates and related reserves are more fully explained in the 2014 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 discussed 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 and December 12, 2014, New York City State Court juries found numerous defendant companies, including a subsidiary of the Company, responsible for asbestos-related damages. The subsidiary, whose share of the verdicts amounted to $42 million and $6 million, respectively, before offsets, has filed and will file post-trial motions and appeals seeking to reduce and/or overturn the verdicts, and granting of new trials. Most recently, on February 9, 2015, the trial court significantly reduced the 2013 verdicts, reducing the subsidiary's liability from $42 million to less than $7 million. The subsidiary will continue its appeal under the New York State Appellate Court System. 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 2015 three-month charges for all uninsured litigation of every kind, was $19 thousand. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the three-months were approximately $29 thousand. Prior year's settlements and expenses, including amounts for self-insured asbestos cases, are disclosed in the 2014 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 2014 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.

Consolidated Statements of Operations

(In thousands, except per share data) (Data is unaudited (see Notes))	Three Months Ended March 29, 2015	March 30, 2014
Net sales	$ **38,472**	$ 35,668
Cost of goods sold	**30,938**	28,744
Gross profit	**7,534**	6,924
Selling, general and administrative expenses	**8,204**	8,360
Operating (loss) income	**(670)**	(1,436)
Other income (expense):		
Non-recurring pension withdrawal liability (3)	**-**	451
Mark-to-market (4)	**-**	-
Interest and investment income	**13**	13
Interest expense	**(261)**	(257)
Other income (expense)	**(248)**	207
(Loss) income before income taxes	**(918)**	(1,229)
Income tax (benefit) expense	**(330)**	(443)
NET (LOSS) INCOME	$ **(588)**	$ (786)
BASIC & DILUTED (LOSS) INCOME PER SHARE	$ **(0.13)**	$ (0.17)
COMMON STOCK DIVIDENDS PAID	$ **0.22**	$ 0.21

Consolidated Balance Sheets

(in thousands and data is unaudited (see Notes)) ASSETS	March 2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ **4,913**	$ 5,160
Trade accounts receivable, less allowances	**16,911**	13,484
Inventories	**48,878**	47,815
Prepaid expenses and other current assets	**2,770**	4,566
TOTAL CURRENT ASSETS	**73,472**	71,025
PROPERTY, PLANT AND EQUIPMENT, net	**44,784**	47,190
DEFERRED INCOME TAXES (5)	**148**	-
OTHER ASSETS, net	**22,771**	22,302
TOTAL ASSETS	$ **141,175**	$ 140,517
LIABILITIES AND STOCKHOLDERS' EQUITY	**2015**	2014
CURRENT LIABILITIES		
Accounts and taxes payable & accrued expenses	$ **19,805**	$ 28,875
Current portion of long-term liabilities	**232**	255
TOTAL CURRENT LIABILITIES	**20,037**	29,130
LONG-TERM DEBT	**16,014**	10,773
OTHER POSTRETIREMENT LIABILITIES (5)(6)	**28,656**	17,150
DEFERRED INCOME TAXES (5)	**-**	3,524
STOCKHOLDERS' EQUITY		
Preferred Stock	**530**	530
Class A Common Stock	**3,466**	3,460
Class B Convertible Common Stock	**1,478**	1,484
Additional paid-in capital	**15,256**	15,050
Retained earnings	**106,157**	101,250
Accumulated other comprehensive income (loss) (5)	**(32,488)**	(23,891)
Treasury stock, at cost	**(17,931)**	(17,943)
TOTAL STOCKHOLDERS' EQUITY	**76,468**	79,940
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ **141,175**	$ 140,517

To Our Shareholders:

First quarter 2015 sales were $38.5 million, an increase of 8% over the first quarter of 2014. Improvements in sales were experienced in our residential businesses (up 9%) as well as our commercial businesses (up 6%). Net loss in the first quarter was $(588) thousand, or $(0.13) per share, compared to a net loss of $(786) thousand, or $(0.17) per share, reported for the first quarter of 2014. The first quarter 2014 net loss was favorably impacted by a $451 thousand gain resulting from the settlement of a multiemployer pension withdrawal liability as explained in Note 3 of the attached financial statements. Excluding the impact of this one-time favorable item from 2014 results, net loss in the first quarter of 2015 would have been $649 thousand better than the first quarter of 2014.

Cost of goods sold ("COGS") as a percentage of sales for the current quarter was 80.4%, compared to first quarter 2014 total of 80.6%. Excluding the first quarter of 2013 that was favorably impacted by the unusually high demand from Super Storm Sandy, the COGS percentage of sales in 2015 is the lowest level achieved over the last six years. Selling, general and administrative expenses were lower in the current quarter in both dollar terms ($8.2 million vs. $8.4 million) and as a percentage of sales (21.3% vs. 23.4%) compared to the first quarter of 2014. Other income (expense) was expense of $(248) thousand compared to income of $207 thousand in the first quarter of 2014 which was favorably influenced by the $451 thousand gain from the multiemployer pension withdrawal liability noted above. Excluding this nonrecurring item would result in 2014 expense of $(244) which is comparable to the current year total.

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 financial results as an indicator of total year expectations.

Balance Sheet Condition

The Company's balance sheet has appropriate levels of working capital to support current business activity. Long-term debt was higher this quarter at $16.0 million, but remains at a very favorable percentage of total capital. Net cash used in operations was higher by $2.3 million as inventory and accounts receivable increased to support the higher sales volume achieved in the first quarter of 2015.

Annual Meeting and Dividends

Our annual meeting was held on April 27, 2015 at which time our stockholders voted favorably on two proposals described as follows: the election of Douglas S. Brossman, Christopher R. Drew, George W. Hodges and Albert Morrison III as directors for three year terms ; the election of Donald A. Stern as a director for a one year term; and the appointment of Baker Tilly Virchow Krause, LLP, or other auditing firm as the Board may select, as independent auditors for the 2015 year.

Following the annual meeting, the Board of Directors declared a quarterly common stock dividend of $0.22 per share; and a semi-annual preferred stock dividend of $1.50 per share. These dividends are payable June 16, 2015 with a record date of June 9, 2015.

Douglas S. Brossman
President and CEO