

BURNHAM HOLDINGS, INC. REPORTS FIRST QUARTER RESULTS

Lancaster, PA

April 22, 2013

Burnham Holdings, Inc. (Pink Sheets: BURCA), the parent company of fourteen subsidiaries that are leading domestic manufacturers of boilers, and related HVAC products and accessories (including furnaces, radiators, and air conditioning systems) for residential, commercial and industrial applications, today reported its financial results for the quarter ended March 31, 2013.

First quarter sales were \$41.1 million, a 12% increase from 2012, and our highest first quarter sales in the last five years. Net Income for the first quarter was \$623 thousand, or \$0.14 per share, compared to a loss of \$(947) thousand, or \$(0.21) per share, reported for the same quarter of 2012, and is our first profitable first quarter since 2004. Cost of goods sold ("COGS") as a percentage of sales for the current quarter was 76.4%, better than last year's first quarter of 80.7%. This COGS percentage decline reflects our 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, as well as a favorable product mix. Selling, administrative, and general expenses were higher in dollars from the prior year (mainly from the increased sales volume), but 1.8% lower as a percentage of sales, 20.7% versus the prior year's 22.5%. Other income (expense) was a net expense of \$186 thousand for the quarter, lower than the prior year's net of \$302 thousand as interest expense declined from the lower borrowing levels.

This strong first quarter versus last year was influenced by carry-over demand for residential boilers resulting from the October, 2012 Super Storm Sandy (discussed in the 2012 Annual Report), and the ongoing recovery efforts in the impacted areas. Our residential businesses were able to quickly respond to the un-forecasted demand, and to maintain this level of support into 2013. While we believe this recovery effort will continue throughout 2013, we do not believe that we will continue to see the same level of demand as we saw in late 2012 and early 2013. We therefore caution using the first quarter results as an indicator of total year expectations as the impacts of the storm may distort the normal seasonal nature of our businesses.

Although current general business conditions remain challenging in many of our markets, we are optimistic about longer-term prospects for the business. Existing boilers and furnaces will continue to be replaced, and systems will be upgraded over time due to age or operating costs. Our broad lineup of high-efficiency residential and commercial products, offered through our subsidiaries, positions us well in the market. We are able to provide top-quality, high-value equipment for virtually any application.

The Company's balance sheet has appropriate levels of working capital consistent with current business activity. Our long-term debt of \$13.0 million was comprised of \$10.7 million of bank debt (\$6.5 million lower than last year) and \$2.3 million of the mark-to-market of interest rate derivatives. The Statement of Cash Flows presents net cash used in operations of \$4.2 million compared to prior year's cash used of \$2.0 million. This increase in the use of funds for the quarter results from the payment of higher income taxes (from the strong 2012 results) and other normal changes in working capital levels. Inventory levels have increased from the prior year as we replenish stock from the high demand incurred within the residential subsidiaries, combined with optimizing manufacturing schedules in light of the current market estimates, which are regularly evaluated and adjusted as needed.

The Burnham Holdings, Inc. 2013 Annual Meeting of Stockholders is being held today in Lancaster, PA beginning at 11:30 a.m. An announcement regarding the results of today's Stockholder voting and the Board of Directors determination regarding declaration of a quarterly dividend will be released later this afternoon.

Consolidated Statements of Operations

(In thousands, except per share data)

(Data is unaudited (see Notes))

	Three Months Ended	
	March 31, 2013	April 1, 2012
Net sales	\$ 41,133	\$ 36,597
Cost of goods sold	31,443	29,531
Gross profit	9,690	7,066
Selling, administrative and general expenses	8,531	8,243
Operating income (loss)	1,159	(1,177)
Other income (expense):		
Mark-to-market (5)	21	28
Interest and investment income	50	15
Interest expense	(257)	(345)
Other income (expense)	(186)	(302)
Income (loss) before income taxes	973	(1,479)
Income tax expense (benefit)	350	(532)
NET INCOME (LOSS)	\$ 623	\$ (947)
Basic and Diluted income (loss) per share	\$ 0.14	\$ (0.21)
Dividends paid per share	\$ 0.20	\$ 0.18

Notes:

- (1) The accompanying unaudited financial statements contain adjustments that are necessary for a fair presentation of the interim results, and these adjustments are applied consistently for the periods presented. 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 ended December 31, 2012. 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.
- (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 at March 31, 2013 includes 2,974,124 of Class A shares and 1,521,311 of Class B shares.
- (4) In both 2013 and 2012, the Company made voluntary pre-tax contributions of \$1.3 million to its defined benefit pension plan. These payments increased the plan assets available for benefit payments (reducing "Other postretirement liabilities") and did not impact the Statement of Operations.
- (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, 2012 and 2011, 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 2012 Annual Report for more details).

Authorized by Douglas B. Springer, Vice President and CFO, Burnham Holdings, Inc.

Consolidated Balance Sheets

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

	March 31, 2013	April 1, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,700	\$ 4,809
Trade accounts receivable, less allowances	12,769	12,297
Inventories	51,671	49,834
Prepaid expenses and other current assets	3,365	3,223
TOTAL CURRENT ASSETS	72,505	70,163
PROPERTY, PLANT AND EQUIPMENT, net	47,184	49,290
DEFERRED INCOME TAXES (6)	3,624	3,222
OTHER ASSETS, net	21,707	22,375
TOTAL ASSETS	\$ 145,020	\$ 145,050
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts and taxes payable & accrued expenses	\$ 26,408	\$ 24,647
Current portion of long-term liabilities	303	356
TOTAL CURRENT LIABILITIES	26,711	25,003
LONG-TERM DEBT	12,984	19,511
OTHER POSTRETIREMENT LIABILITIES (4)(6)	36,486	37,787
STOCKHOLDERS' EQUITY		
Preferred Stock	530	530
Class A Common Stock	3,423	3,405
Class B Convertible Common Stock	1,521	1,523
Additional paid-in capital	14,875	14,537
Retained earnings	101,010	94,551
Accumulated other comprehensive income (loss) (6)	(34,567)	(33,839)
Treasury stock, at cost	(17,953)	(17,958)
TOTAL STOCKHOLDERS' EQUITY	68,839	62,749
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 145,020	\$ 145,050

Consolidated Statements of Cash Flows

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

	Three months ended	
	March 31, 2013	April 1, 2012
Net income (loss)	\$ 623	\$ (947)
Depreciation and amortization	1,170	1,174
Pension and postretirement liabilities expense	413	306
Contributions to pension trust (4)	(1,256)	(1,256)
Other net adjustments	(496)	(1,484)
Changes in operating assets and liabilities	(4,687)	163
NET CASH USED IN OPERATING ACTIVITIES	(4,233)	(2,044)
Net cash used in the purchase of assets	(565)	(334)
Proceeds from borrowings	5,500	3,500
Proceeds from stock option exercise	157	31
Principal payments on debt and lease obligations	-	(28)
Dividends paid	(899)	(805)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(40)	320
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,740	4,489
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 4,700	\$ 4,809