

FOR IMMEDIATE RELEASE

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**Lynch Corporation Reports Net Income of \$366,000 for First Quarter 2006,
Compared With Net Income of \$50,000 for First Quarter 2005**

GREENWICH, Conn., May 11, 2006 — Lynch Corporation (ASE: LGL) today announced that consolidated revenues for the three months ended March 31, 2006 were \$12,091,000, an increase of 14% from \$10,595,000 for the three months ended March 31, 2005. For the three months ended March 31, 2006, the company reported net income of \$366,000, or \$0.17 per share, compared to net income of \$50,000, or \$0.03 per share, for the three months ended March 31, 2005. Average shares outstanding were 2,154,702 for the three months ended March 31, 2006 and 1,632,126 for the three months ended March 31, 2005.

For the three months ended March 31, 2006, consolidated revenues increased \$1,496,000 or 14%, to \$12,091,000 from the three months ended March 31, 2005. The increase in revenues came from both MtronPTI and Lynch Systems. For the three months ended March 31, 2006, revenues at MtronPTI increased by \$1,364,000, or 16%, to \$9,748,000 primarily due higher international revenues resulting from an improved business environment. MtronPTI designs and manufactures components that control the frequency of electronic signals in communications systems.

For the three months ended March 31, 2006, revenues at Lynch Systems increased by \$132,000, or 6% to \$2,343,000 primarily due to increase in machine parts sales. Lynch Systems, Inc. produces advanced manufacturing systems for the electronic display and consumer glass industries.

The operating profit for three months ended March 31, 2006 was \$386,000, compared to \$227,000 for the three months ended March 31, 2005. For the three months ended March 31, 2006, MtronPTI had an operating profit of \$975,000, an improvement of \$396,000 compared to the three months ended March 31, 2005, primarily due to increased revenues and a slight improvement in gross margin. For the three months ended March 31, 2006, Lynch Systems had an operating loss of \$260,000, compared to an operating profit of \$74,000 in the three months ended March 31, 2005, primarily due lower margins in 2006 as compared to 2005 resulting from sales of high margin CRT machines in the first quarter of 2005. For the three months ended March 31, 2006, corporate expenses were \$329,000, a decrease of \$97,000 compared to the three months ended March 31, 2005 primarily due to lower professional fees.

Investment income for the three months ended March 31, 2006 was \$235,000, an increase of \$225,000 compared to the three months ended March 31, 2005 due to a \$202,000 realized gain on sale of marketable securities. Interest expense for the three months ended March 31, 2006 was \$163,000, a decrease of \$22,000 compared to the three months ended March 31, 2005 primarily due to lower debt outstanding, partially offset by higher interest rates. For the three months ended March 31, 2006, other expense was \$8,000, compared to other income of \$3,000 for the three months ended March 31, 2005.

The net income for the three months ended March 31, 2006 was \$366,000, compared to net income of \$50,000 for the three months ended March 31, 2005.

EBITDA from operations improved \$96,000 to \$1,048,000 for the three months ended March 31, 2006, compared to EBITDA from operations of \$952,000 for the three months ended March 31, 2005. EBITDA at MtronPTI improved \$421,000 to \$1,236,000 for the three months ended March 31, 2006, compared to \$815,000 for the three months ended March 31, 2005. EBITDA loss at Lynch Systems was \$188,000 for the three months ended March 31, 2006, compared to an EBITDA of \$137,000 for the three months ended March 31, 2005.

Total backlog of manufactured products at March 31, 2006 was \$14,636,000, a \$776,000 increase compared to the backlog at December 31, 2005. The backlog at March 31, 2006 at MtronPTI was \$9,660,000, a \$754,000 increase from December 31, 2005. The backlog at March 31, 2006 at Lynch Systems was \$4,976,000, a \$22,000 increase from December 31, 2005.

At March 31, 2006, the cash and cash equivalents were \$3,465,000, compared to \$5,512,000 at December 31, 2005. The total assets and total debt at March 31, 2006 were \$32,273,000 and \$8,061,000, respectively, compared to \$32,664,000 and \$9,084,000 at December 31, 2005.

Lynch is a holding company for two manufacturing subsidiaries:

- MtronPTI which designs and manufactures components that control the frequency of electronic signals in communications systems.
- Lynch Systems, Inc., which produces advanced manufacturing systems for the electronic display and consumer glass industries.

For more information on the company and its products and services, contact Gene Hynes, Vice President, Lynch Corporation, 140 Greenwich Avenue, 4th Floor, Greenwich, Connecticut 06830, (203) 622-1150, or visit the company's Web site: www.lynchcorp.com.

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Caution Concerning Forward Looking Statements

This document includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors. More detailed information about those factors is contained in Lynch Corporation’s filings with the Securities and Exchange Commission.

LYNCH CORPORATION
STATEMENTS OF OPERATIONS
(Dollars In Thousands, Except Per Share Data)

PRESS RELEASE

	Three months Ended March 31,	
	2006	2005
SALES		
MtronPTI	\$ 9,748	\$ 8,384
Lynch Systems	2,343	2,211
Consolidated Total	<u>12,091</u>	<u>10,595</u>
OPERATING EXPENSES		
MtronPTI	8,773	7,805
Lynch Systems	2,603	2,137
Operating Expense	<u>11,376</u>	<u>9,942</u>
Corporate expenses – unallocated	329	426
Consolidated Total	<u>11,705</u>	<u>10,368</u>
OPERATING PROFIT (LOSS)		
MtronPTI	975	579
Lynch Systems	(260)	74
Operating Profit (Loss)	<u>715</u>	<u>653</u>
Corporate expenses – unallocated	(329)	(426)
Consolidated Total	<u>386</u>	<u>227</u>
OTHER INCOME(EXPENSE)		
Investment income	235	10
Interest expense	(163)	(185)
Other income (expense)	(8)	3
Consolidated Total	<u>64</u>	<u>(172)</u>
INCOME BEFORE INCOME TAXES	450	55
PROVISION FOR INCOME TAXES	<u>(84)</u>	<u>(5)</u>
NET INCOME	<u>\$ 366</u>	<u>\$ 50</u>
WEIGHTED AVERAGE SHARES OUTSTANDING	2,154,702	1,632,126
BASIC & DILUTED INCOME PER SHARE:	<u>\$ 0.17</u>	<u>\$ 0.03</u>
EARNINGS (LOSS) BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)		
MtronPTI	1,236	815
Lynch Systems	(188)	137
EBITDA from Operations	<u>1,048</u>	<u>952</u>
Corporate expenses – unallocated	(328)	(425)
Consolidated Total	<u>\$ 720</u>	<u>\$ 527</u>

LYNCH CORPORATION
RECONCILIATION OF NON-GAAP RESULTS
(Dollars in Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2006	2005
RECONCILIATION OF NON-GAAP EBITDA		
Operating profit as reported	\$ 386	\$ 227
Depreciation and amortization	334	300
Non-GAAP EBITDA	<u>\$ 720</u>	<u>\$ 527</u>

Year-to-date comparisons must take into account non-recurring expenses and gains in both years.

EBITDA is presented because it is a widely accepted financial indicator of value and ability to incur and service debt. EBITDA is not a substitute for operating income or cash flow from operating activities.

LYNCH CORPORATION
SELECTED BALANCE SHEET DATA
(Dollars in Thousands, Except Share Data)

PRESS RELEASE

SELECTED BALANCE SHEET DATA	Mar. 31, 2006	Dec. 31, 2005
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CASH AND CASH EQUIVALENTS	\$ 3,465	\$ 5,512
RESTRICTED CASH	650	650
MARKETABLE SECURITIES, NET OF MARGIN LIABILITY	3,242	2,408
PROPERTY PLANT AND EQUIPMENT – COST	21,281	21,228
TOTAL ASSETS	32,273	32,664
TOTAL DEBT	8,061	9,084
TOTAL LIABILITIES	16,442	17,976
SHAREHOLDERS' EQUITY	15,831	14,688
BACKLOG -		
MTRON/PTI	9,660	8,906
LYNCH SYSTEMS	4,976	4,954
TOTAL BACKLOG	<u>14,636</u>	<u>13,860</u>
SHARES OUTSTANDING	2,154,702	2,154,702