

## FOR IMMEDIATE RELEASE

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## CONTACTS

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### **The LGL Group, Inc. Reports Second Quarter Earnings**

GREENWICH, Conn., August 14, 2006 — The LGL Group, Inc. (ASE: LGL), formerly Lynch Corporation, today announced that consolidated revenues for the three months ended June 30, 2006 were \$13,146,000, compared to \$14,913,000 for the three months ended June 30, 2005.

For the three months ended June 30, 2006, the company reported net income of \$499,000, or \$0.23 per share, compared to net income of \$1,351,000, or \$0.83 per share, for the three months ended June 30, 2005. Average shares outstanding were 2,154,702 for the three months ended June 30, 2006 and 1,630,539 for the three months ended June 30, 2005.

For the three months ended June 30, 2006, consolidated revenues decreased \$1,767,000 or 12%, to \$13,146,000 from the three months ended June 30, 2005. The net decrease in revenues came from the glass machinery segment (Lynch Systems).

#### **MTronPTI has “significantly higher” foreign revenues**

The decrease was partially offset by an increase in the frequency control segment (MTronPTI). For the three months ended June 30, 2006, revenues at MTronPTI increased by \$1,725,000, or 16%, to \$10,574,000 primarily due to significantly higher foreign and slightly higher domestic 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 June 30, 2006, revenues at Lynch Systems decreased by \$3,492,000, or 58% to \$2,572,000 primarily due to a lack of sales for CRT glass products. Historically, Lynch Systems has been subject to market cyclicity. Order backlog, however, is a key indicator of future revenues and the backlog at June 30, 2006 was \$6,582,000, an increase from \$4,954,000 at December 31, 2005. Lynch Systems, Inc. produces advanced manufacturing systems for the electronic display and consumer glass industries.

The operating profit for three months ended June 30, 2006 was \$458,000, compared to \$2,001,000 for the three months ended June 30, 2005. For the three months ended June 30, 2006, MTronPTI had an operating profit of \$1,127,000, an improvement of \$489,000 compared to the three months ended June 30, 2005, primarily due to increased revenues and an improvement in gross margin. For the three months ended June 30, 2006, Lynch Systems had an operating loss of \$351,000, compared to an operating profit of

\$1,774,000 in the three months ended June 30, 2005, primarily due to reduced revenues as described above which additionally created lower margins in 2006 as compared to 2005. Lynch Systems results for the second quarter of 2005 included sales of high margin CRT machines. For the three months ended June 30, 2006, corporate expenses were \$318,000, a decrease of \$93,000 compared to the three months ended June 30, 2005.

Investment income for the three months ended June 30, 2006 was \$283,000, an increase of \$276,000 compared to the three months ended June 30, 2005 due to a \$286,000 realized gain on sale of marketable securities. Interest expense for the three months ended June 30, 2006 was \$179,000, a decrease of \$29,000 compared to the three months ended June 30, 2006 primarily due to lower debt outstanding, partially offset by higher interest rates. For the three months ended June 30, 2006, there was no other income or expense compared to other income of \$77,000 for the three months ended June 30, 2005.

The net income for the three months ended June 30, 2006 was \$499,000, compared to net income of \$1,351,000 for the three months ended June 30, 2005.

EBITDA from operations decreased \$1,690,000 to \$1,104,000 for the three months ended June 30, 2006, compared to \$2,794,000 for the three months ended June 30, 2005.

EBITDA at MtronPTI improved \$436,000 to \$1,383,000 for the three months ended June 30, 2006, compared to \$947,000 for the three months ended June 30, 2005. EBITDA loss at Lynch Systems was \$279,000 for the three months ended June 30, 2006, compared to EBITDA of \$1,847,000 for the three months ended June 30, 2005.

Total backlog orders of manufactured products at June 30, 2006 were \$16,186,000, a \$2,326,000 increase compared to the backlog at December 31, 2005. The backlog at June 30, 2006 at MtronPTI was \$9,604,000, a \$698,000 increase from December 31, 2005. The backlog at June 30, 2006 at Lynch Systems was \$6,582,000, a \$1,628,000, increase from December 31, 2005.

At June 30, 2006, the cash and cash equivalents were \$2,840,000, compared to \$5,512,000 at December 31, 2005. The total assets and total debt at June 30, 2006 were \$33,320,000 and \$8,610,000, 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 John C. Ferrara, President, LGL Group, 140 Greenwich Avenue, 4<sup>th</sup> Floor, Greenwich,

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[www.LGLGroup.com](http://www.LGLGroup.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.