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

#### **Company Reports Revenues of \$10.7 million and EPS of \$0.22**

GREENWICH, Conn., May 14, 2007--The LGL Group, Inc. (AMEX:LGL), formerly Lynch Corporation, today announced that its income for the first quarter of 2007 increased 30% for the three months ended March 31, 2007. The company reported net income of \$474,000 or \$0.22 per fully diluted share, compared to net income of \$366,000 or \$0.17 per fully diluted share, for the three months ended March 31, 2006.

LGL Group, Inc. is a holding company for two manufacturing subsidiaries:

Mtron/PTI designs and manufactures components that control the frequency of electronic signals in communications systems.

Lynch Systems produces advanced manufacturing systems for the electronic display and consumer glass industries.

For the first quarter 2007, consolidated revenues were \$10.7 million compared to \$12.1 million for the first quarter 2006. Revenues at Mtron/PTI decreased by \$371,000 to \$9.38 million from \$9.75 million due to a decline in oscillator sales. Revenues at Lynch Systems decreased a little over \$1 million from \$2.3 million to \$1.3 million due to a decline in sales of consumer glass machines. Historically, Lynch Systems has been subject to market cyclicalities.

The consolidated gross margin as a percentage of revenues for the first quarter of 2007 decreased to 22.1% from 29.3% for the first quarter of 2006. Mtron/PTI's gross margin as a percentage of revenues for the first quarter decreased to 20.9% from 30.8% for the comparable period in 2006. This margin decline resulted from higher manufacturing costs at the Orlando factory caused by a combination of unexpected yield losses and rework costs. Lynch Systems' gross margin as a percentage of revenues for the first quarter increased to 31% from 23.4% for the comparable period in 2006 because 89% of sales this quarter were from higher margin spare parts. Spare parts represented 42% of sales in the 2006 period.

The consolidated operating loss was \$888,000 for the first quarter 2007 compared to operating profit of \$386,000 for the comparable period in 2006. The operating profit at MtronPTI decreased \$1,217,000, resulting in a \$242,000 loss for the first quarter 2007, compared with a \$975,000 profit for the first quarter 2006. The operating profit declined due to a 10% margin decline which reduced operating profit by \$925,000. Lower sales volumes reduced operating income by \$114,000 and higher engineering and selling expenses further reduced operating income by \$178,000 compared to the same period in 2006. The operating loss at Lynch Systems decreased \$63,000 to a \$197,000 loss for the first quarter 2007, compared with an operating loss of \$260,000 for the comparable period in 2006. At Lynch, cost reductions of \$211,000 more than offset the \$148,000 decline in gross margin which resulted from lower sales volumes.

For the first quarter 2007, corporate expenses were \$449,000 compared to the first quarter 2006 expenses of \$329,000. The \$120,000 increase was a result of increased legal fees, new fees paid to Caymus Partners for investment banking services, a one-time executive recruitment fee associated with the replacement of the Chief Financial Officer, and higher directors' fees due to increasing the board from 6 to 9 members in the first quarter of 2007.

Investment income for the first quarter 2007 was \$1.5 million compared to \$235,000 for the first quarter 2006, due to gains on the sale of the remainder of its portfolio of available for sale securities at corporate headquarters. Interest expense for the first quarter 2007 was \$96,000 versus \$163,000 for the same quarter prior year-- a decrease of \$67,000, primarily due to a lower level of debt outstanding.

Earnings before interest, taxes, depreciation, and amortization ("EBITDA"), a non-GAAP performance measure, is \$557,000 in the first quarter of 2007. EBITDA at MtronPTI decreased \$1.2 million to \$47,000 in the first quarter, from \$1.2 million in the same quarter in 2006. EBITDA at Lynch Systems improved \$32,000 from an \$188,000 loss to a \$156,000 loss for the first quarter 2007. A non-GAAP EBITDA to net income reconciliation is provided below.

Net income for the first quarter 2007 was \$474,000 compared to net income of \$366,000 in the first quarter of 2006, an increase of \$108,000. Basic and fully diluted income per share was \$0.22 compared to \$0.17 per share for first quarter 2006. Net income was higher due to the first quarter 2007 investment gain of \$1,526,000 which offset consolidated operating losses.

Total backlog of manufactured products at March 31, 2007 was \$9.7 million. Mtron/PTI had backlog orders of \$8.4 million at March 31, 2007 and Lynch Systems had backlog orders of \$1.3 million at March 31, 2007.

At March 31, 2007, the Company's total assets and total debt were \$28.2 million and \$6.75 million, respectively, compared to \$31 million and \$7.4 million at

December 31, 2006. Net working capital was \$11.5 million, comprised of current assets of \$21 million and current liabilities of \$9.7 million. The ratio of current assets to current liabilities was 2.19 to 1 at March 31, 2007, compared to 2.12 to 1 at December 31, 2006.

For more information on the company and its products and services, contact Jeremiah Healy, President and CEO, or Steve Pegg, CFO, LGL Group, Inc., 140 Greenwich Avenue, 4th Floor, Greenwich, Connecticut 06830, (203) 622-1150, or visit the company's Web site: [www.LGLGroup.com](http://www.LGLGroup.com).

#### 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.

**THE LGL GROUP, INC.**  
**STATEMENTS OF OPERATIONS**  
(Dollars In Thousands, Except Per Share Data)

	Quarter ended March 31,	
	2007	2006
<b>SALES</b>		
MtronPTI	\$ 9,377	\$ 9,748
Lynch Systems	<u>1,290</u>	<u>2,343</u>
Consolidated Total	10,667	12,091
<b>OPERATING EXPENSES</b>		
MtronPTI	9,619	8,773
Lynch Systems	<u>1,487</u>	<u>2,603</u>
Operating Expense	11,106	11,376
Corporate expenses – unallocated	<u>449</u>	<u>329</u>
Consolidated Total	11,555	11,705
<b>OPERATING PROFIT (LOSS)</b>		
MtronPTI	(242)	975
Lynch Systems	<u>(197)</u>	<u>(260)</u>
Operating Profit (Loss)	(439)	715
Corporate expenses – unallocated	<u>(449)</u>	<u>(329)</u>
Consolidated Total	(888)	386
<b>OTHER INCOME(EXPENSE)</b>		
Investment income	1,526	235
Interest expense	(96)	(163)
Other income (expense)	<u>(10)</u>	<u>(8)</u>
Consolidated Total	1,420	64
<b>INCOME BEFORE INCOME TAXES</b>	532	450
<b>PROVISION FOR INCOME TAXES</b>	(58)	(84)
<b>NET INCOME</b>	<u>\$ 474</u>	<u>\$ 366</u>

WEIGHTED AVERAGE SHARES OUTSTANDING	2,154,702	2,154,702
BASIC & DILUTED INCOME (LOSS) PER SHARE:	\$ 0.22	\$ 0.17
EARNINGS (LOSS) BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)		
Mtron/PTI	47	1,236
Lynch Systems	<u>(156)</u>	<u>(188)</u>
EBITDA from Operations	(109)	1,048
Corporate	<u>(448)</u>	<u>(328)</u>
Consolidated Total	<u>\$ (557)</u>	<u>\$ 720</u>

**THE LGL GROUP, INC.**  
**RECONCILIATION OF NON-GAAP RESULTS**  
(Dollars in Thousands)

	Quarter ended March 31,	
	<u>2007</u>	<u>2006</u>
<b>RECONCILIATION OF NON-GAAP EBITDA</b>		
Net income as reported	\$ 474	\$ 366
Add Back:		
Provision for income taxes	58	84
Interest expense	96	163
Other income (expense)	10	8
Deduct:		
Investment income	1,526	235
Operating (loss) profit as reported	<u>\$ (888)</u>	<u>\$ 386</u>
Depreciation and amortization	<u>331</u>	<u>334</u>
Non-GAAP EBITDA	<u>\$ (557)</u>	<u>\$ 720</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.

**THE LGL GROUP, INC.**  
**SELECTED BALANCE SHEET DATA**  
(Dollars in Thousands)

SELECTED BALANCE SHEET DATA	March 31, 2007	Dec. 31, 2006
CASH AND CASH EQUIVALENTS	\$4,662	\$4,429
RESTRICTED CASH	\$1,196	\$96
MARKETABLE SECURITIES, NET OF MARGIN LIABILITY	\$55	\$2,610
ACCOUNTS RECEIVABLE (NET OF ALLOWANCES)	\$6,531	\$6,976
PROPERTY PLANT AND EQUIPMENT – COST	\$22,026	\$21,983
TOTAL ASSETS	\$28,235	\$30,958
TOTAL DEBT	\$6,750	\$7,383
TOTAL LIABILITIES	\$12,649	\$14,250
SHAREHOLDERS' EQUITY	\$15,586	\$16,707
BACKLOG -		
MTRON/PTI	\$8,430	\$8,065
LYNCH SYSTEMS	\$1,296	\$1,853
TOTAL BACKLOG	\$9,726	\$9,918
SHARES OUTSTANDING	2,154,702	2,154,702