

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): October 14, 2004

LYNCH CORPORATION

(Exact Name of Registrant as Specified in Charter)

<u>Indiana</u> (State or Other Jurisdiction of Incorporation)	<u>1-106</u> (Commission File Number)	<u>38-1799862</u> (IRS Employer Identification No.)
<u>50 Kennedy Plaza, Suite 1250, Providence, RI</u> (Address of Principal Executive Offices)		<u>02903</u> (Zip Code)

Registrant's telephone number, including area code: 401-453-2007

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 15a-12 under the Exchange Act (17 CFR 240.15a-12)
- Pre-commencement communications pursuant to Rule 15d-2(b) under the Exchange Act (17 CFR 240.15d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into Material Definitive Agreement.

Loan Agreement with First National Bank of Omaha.

In connection with the completion of the acquisition described in Item 2.01 hereof, on October 14, 2004, M-tron Industries, Inc., (“M-tron”), and Piezo Technology, Inc., (“PTI”), each wholly-owned subsidiaries of Lynch Corporation (the “Registrant”), entered into a loan agreement (the “Loan Agreement”) with First National Bank of Omaha (“FNBO”), which is filed as Exhibit 10.1 to this Current Report on Form 8-K. The Loan Agreement provides for loans in the amounts of \$2,000,000 (the “Term Loan”) and \$3,000,000 (the “Bridge Loan”), together with a \$5,500,000 revolving line of credit (the “Revolving Loan”). The Term Loan bears interest at the greater of FNBO’s prime rate plus 50 basis points, or 4.5%, and is to be repaid in monthly installments of \$37,514, with the then remaining principal balance plus accrued interest to be paid on the third anniversary of the Loan Agreement. The Bridge Loan bears interest at the same rate as the Term Loan. Accrued interest thereon is payable monthly and the principal amount thereof, together with accrued interest, is payable on the first anniversary of the Loan Agreement. The Revolving Loan bears interest at the greater of FNBO’s prime rate, or 4.5%. Amounts outstanding thereunder are to be repaid, together with accrued interest, on May 31, 2005. All outstanding obligations under the Loan Agreement are collateralized by security interests in the assets of M-tron and PTI, as well as by a mortgage on PTI’s premises.

The Loan Agreement contains a variety of affirmative and negative covenants of types customary in an asset-based lending facility, including those relating to reporting requirements, maintenance of records, properties and corporate existence, compliance with laws, incurrence of other indebtedness and liens, restrictions on certain payments and transactions and extraordinary corporate events. The Loan Agreement also contains financial covenants relating to maintenance of levels of minimal tangible net worth and working capital, and current, leverage and fixed charge ratios, and restricting the amount of capital expenditures. In addition, the Loan Agreement provides that the following will constitute events of default thereunder, subject to certain grace periods: (i) payment defaults; (ii) failure to meet reporting requirements; (iii) breach of other obligations under the Loan Agreement; (iv) default with respect to other material indebtedness; (v) final judgment for a material amount not discharged or stayed; and (vi) bankruptcy or insolvency.

Pursuant to an Unconditional Guaranty for Payment and Performance, filed as Exhibit 10.2 to this Current Report on Form 8-K, the Registrant guaranteed to FNBO the payment and performance of its subsidiaries’ obligations under the Loan Agreement and ancillary agreements and instruments.

Sale of Shares to Venator Merchant Fund, L.P.

On October 15, 2004, the Registrant entered into a Securities Purchase Agreement (the “Purchase Agreement”) with Venator Merchant Fund, L.P. (“Venator”), which is filed as Exhibit 10.3 to this Current Report on Form 8-K. Under the Purchase Agreement, the Registrant sold to Venator pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder, 136,643 shares of its Common Stock, par value \$0.01 per share (the “Common Stock”), for \$13.173 per share, or an aggregate purchase price of approximately \$1,800,000. Venator is an investment limited partnership controlled by the Registrant’s

Chairman of the Board, Marc J. Gabelli. The per share purchase price for the Common Stock is equal to the average of the closing prices of the Common Stock during the 60-trading day period ended on October 13, 2004. In connection with the transaction, the Registrant obtained a fairness opinion from Caymus Partners, LLC.

In addition, the Registrant entered into a Registration Rights Agreement with Venator dated October 15, 2004 (the "Registration Rights Agreement"), which is filed as Exhibit 10.4 to this Current Report on Form 8-K, to register the Common Stock purchased by Venator. The Registration Rights Agreement requires the Registrant to file a registration statement with the Securities and Exchange Commission for the resale of the Common Stock by Venator within 60 days after the closing date, and to cause the registration statement to become effective as promptly thereafter as practicable and to maintain the effectiveness of the registration statement for a minimum period of two years, subject to extension of that period as provided in the Registration Rights Agreement.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On October 15, 2004, M-tron completed its acquisition of all of the issued and outstanding shares of PTI for approximately \$8.7 million in cash. Such shares were purchased from the Amended and Restated Employee Stock Ownership Plan and Trust for Employees of Piezo Technology, Inc. dated September 23, 2002, and from the following individuals: William H. Horton, Robert B. Angove, Robert C. Helmbold, Yansheng S. Zhou, Michael D. Howard, David A. Symonds, Blaine D. Andersen, Parminder S. Beesla, Paul A. Dechen, Jr., Dominic A. Gutierrez, G. Eric Hague, Stephen E. Davis, Gary Archibald, Zurong Cai, Trung Lively and Huong Nguyen. The acquisition was partially funded by proceeds under the Loan Agreement. The Agreement for Purchase and Sale of Shares, dated September 14, 2004, relating to the PTI shares was previously filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed September 14, 2004.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

See Item 1.01-Entry into Material Definitive Agreement, discussing the Loan Agreement, by and among M-tron, PTI and FNBO, dated October 14, 2004.

Item 3.02 Unregistered Sales of Equity Securities.

See Item 1.01-Entry into Material Definitive Agreement, discussing the sale of shares to Venator pursuant to the Securities Purchase Agreement, by and between the Registrant and Venator, dated October 15, 2004.

Item 9.01 Financial Statements and Exhibits.

a) Financial Statements of Business Acquired

PTI's financial statements are not included in this Form 8-K but will be attached in a subsequent Form 8-K to be filed on or before December 30, 2004.

b) Pro Forma Financial Information

PTI's pro forma financial information is not included in this Form 8-K but will be attached in a subsequent Form 8-K to be filed on or before December 30, 2004.

c) Exhibits

Number	Exhibit
10.1	Loan Agreement, by and among M-tron, PTI and FNBO, dated October 14, 2004.
10.2	Unconditional Guaranty for Payment and Performance with FNBO, dated October 14, 2004.
10.3	Securities Purchase Agreement by and among the Registrant and Venator, dated October 15, 2004.
10.4	Registration Rights Agreement, by and among the Registrant and Venator, dated October 15, 2004.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LYNCH CORPORATION

By: /s/ John C. Ferrara
John C. Ferrara
President and Chief Executive Officer

October 20, 2004