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

SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant /X/

Filed by a Party other than the Registrant / /

Check the appropriate box:

/ / Preliminary Proxy Statement

/ / Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

/X/ Definitive Proxy Statement

/ / Definitive Additional Materials

/ / Soliciting Material Pursuant to ss. 240.14a-12

Lynch Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.

/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

LYNCH CORPORATION
140 GREENWICH AVE, 4TH FLOOR
GREENWICH, CONNECTICUT 06830

NOTICE OF THE 2006 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JUNE 20, 2006

May 5, 2006

To the Shareholders of Lynch Corporation:

NOTICE IS HEREBY GIVEN that the 2006 Annual Meeting of Shareholders of Lynch Corporation, an Indiana corporation (the "Corporation"), will be held at The Greenwich Museum, 101 West Putnam Avenue, Greenwich, Connecticut on Tuesday, June 20, 2006, at 9:30 a.m. for the following purposes:

1. To elect five directors to serve until the 2007 Annual Meeting of Shareholders and until their successors are duly elected and qualify;

2. To approve an amendment to the Corporation's Restated Articles of Incorporation to change our name from "Lynch Corporation" to "The LGL Group, Inc.";

3. To ratify the appointment of Ernst & Young LLP as the Corporation's independent auditors for the fiscal year ended December 31, 2006; and

4. To transact such other business as may properly come before the 2006 Annual Meeting of Shareholders or any adjournments thereof.

Information relating to the above matters is set forth in the attached Proxy Statement. As determined by the Board of Directors, only shareholders of record at the close of business on April 20, 2006 are entitled to receive notice of, and to vote at, the 2006 Annual Meeting of Shareholders and any adjournments thereof.

THE BOARD OF DIRECTORS ENCOURAGES ALL SHAREHOLDERS TO PERSONALLY ATTEND THE 2006 ANNUAL MEETING OF SHAREHOLDERS. YOUR VOTE IS VERY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND ARE REQUESTED TO PROMPTLY DATE, COMPLETE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED ACCOMPANYING POSTAGE-PAID ENVELOPE IN ORDER THAT THEIR SHARES OF COMMON STOCK MAY BE REPRESENTED AT THE 2006 ANNUAL MEETING OF SHAREHOLDERS. YOUR COOPERATION IS GREATLY APPRECIATED.

By Order of the Board of Directors

EUGENE HYNES
SECRETARY

LYNCH CORPORATION
140 GREENWICH AVENUE, 4TH FLOOR
GREENWICH, CONNECTICUT 06830

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of Lynch Corporation (the "Corporation") in connection with the solicitation of proxies for use at the 2006 Annual Meeting of Shareholders to be held at The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut on June 20, 2006, at 9:30 a.m. and at any adjournments thereof. This Proxy Statement and the accompanying proxy are first being mailed to shareholders on or about May 5, 2006.

Only shareholders of record at the close of business on April 20, 2006 are entitled to notice of, and to vote at, the 2006 Annual Meeting of Shareholders. As of the close of business on such date, 2,154,702 shares of the Corporation's Common Stock, $0.01 par value (the "Common Stock"), were outstanding and eligible to be voted by their holders. Each share of Common Stock is entitled to one vote on each matter submitted to shareholders. Where specific instructions are given in the proxy, the proxy will be voted in accordance with such instructions. If no such instructions are given, the proxy will be voted FOR the nominees for director named below, FOR approval of an amendment to the Corporation's Restated Articles of Incorporation, FOR ratification of the appointment of the Corporation's independent auditors and in the discretion of the proxies with respect to any other matter that is properly brought before the 2006 Annual Meeting of Shareholders. Any shareholder giving a proxy may revoke it at any time before it is voted at the 2006 Annual Meeting of Shareholders by delivering to the Secretary of the Corporation a written notice of revocation, a duly executed proxy bearing a later date or by appearing at the 2006 Annual Meeting of Shareholders and revoking his or her proxy and voting in person.

No action may be taken on any matter to be acted upon at the meeting unless a quorum is present with respect to that matter. For each matter to be acted upon at the meeting, a quorum consists of a majority of the votes entitled to be cast by the holders of all shares of Common Stock outstanding on the record date for the meeting. The election of directors shall be determined by a plurality of the votes cast.

An automated system administered by the Corporation's transfer agent tabulates the votes. Under the laws of Indiana (the Corporation's domicile), abstentions and broker non-votes are not counted for purposes of determining whether a proposal has been approved, but will be counted for purposes of determining whether a quorum is present. A broker non-vote occurs when a bank, broker or other nominee holding shares for a beneficial owner does not receive voting instructions from the beneficial owner on a particular matter and the nominee cannot vote the shares under AMEX rules.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Five directors are to be elected at the 2006 Annual Meeting of Shareholders to serve until the 2007 Annual Meeting of Shareholders and until their successors are duly elected and qualify. Except where authority to vote for directors has been withheld, it is intended that the proxies received pursuant to this solicitation will be voted FOR the nominees named below. If for any reason any nominee does not stand for election, such proxies will be voted in favor of the remainder of those named and may be voted for substitute nominees in place of those who do not stand. Management, however, has no reason to expect that any of the nominees will be not stand for election. The election of directors shall be determined by a plurality of the votes cast.

The By-laws of the Corporation provide that the Board of Directors shall consist of no fewer than five and no more than 13 members. Each of the five nominees currently serves as a director of the Corporation. Biographical summaries and ages of the nominees are set forth below. Data with respect to the number of shares of the Common Stock beneficially owned by each of the nominees is set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" herein. All such information has been furnished to the Corporation by the nominees.

Name	Age	Served as Director From	Business Experience and Principal Occupation for Last Five Years; and Directorships in Public Corporations and Investment Companies
Marc Gabelli	38	2004	Chairman (September 2004 to present) and Director (May 2003 to May 2004) of the Corporation; Managing director (1996 to 2004) and President (2004 to present) of GGCP, Inc. (the parent company of GAMCO Investors, Inc. ("GAMCO") a private corporation that makes investments for its own account; President of Gemini Capital Management LLC; President of the general partner of Venator Merchant Fund, LP. ("Venator Fund")
E. Val Cerutti	66	1990	Business Consultant (since 1992); Consulting Vice Chairman (2006 to present) and President and Chief Operating Officer (1975 to 1992) of Stella D'Oro Biscuit Co., Inc., producer of bakery products; current Director or Trustee of four registered investment companies included within the Gabelli Funds Mutual Fund Complex; Director of Approach, Inc., a private company providing computer consulting services (1999-2005); former Chairman of Board of Trustees of Fordham Preparatory School.

Name	Age	Served as Director From	Business Experience and Principal Occupation for Last Five Years; and Directorships in Public Corporations and Investment Companies
John C. Ferrara	54	2004	President and Chief Executive Officer (October 2004 to present) of Lynch Corporation; Private investor from March 2002 to present; President and Chief Executive Officer (2001 to March 2002) and Chief Financial Officer (1999 to 2001) of Space Holding Corporation, a private multimedia company dedicated to space, science and technology; Executive Vice President and Chief Financial Officer (1998 to 1999) of Golden Books Family Entertainment, Inc., a NASDAQ listed publisher, licenser and marketer of entertainment products; Vice President and Chief Financial Officer (1989 to 1997) of Renaissance Communications Corp., a NYSE listed owner and operator of television stations; Director of GAMCO and Lynch Interactive Corporation ("LIC").
Avrum Gray	70	1999	Chairman and Chief Executive Officer of G-Bar Limited Partnership and affiliates (1982 to present), proprietary computer based derivative arbitrage trading companies; Chairman of the Board, Lynch Systems, Inc., (1997 through 2001); Director of Nashua Corp., a NASDAQ listed manufacturer of paper products and labels (2001 to present); Director of SL Industries, Inc., an AMEX listed manufacturer of power and data quality equipment and systems (since 2001); Director of Material Sciences Corporation, a NYSE listed provider of material-based solutions for electronic, acoustical, thermal and coated metal applications

			(since 2003); Director of LIC (2006 to present); Current member of Illinois Institute of Technology Financial Markets and Trading Advisory Board; Former member of Illinois Institute of Technology Board of Overseers MBA Program; Former Chairman of Chicago Presidents Organization; Former Chairman of the Board of Trustees of Spertus College; Former Presidential Appointee to The U.S. Dept. of Commerce ISAC 16.
Anthony R. Pustorino, CPA	80	2002	Professor Emeritus, Pace University (2001 to Present), Professor of Accounting, Pace University (1965 to 2001), and former Assistant Chairman,

			Accounting Department at Pace University; President and Shareholder of Pustorino, Puglisi & Co., P.C., CPAs (1961 to 1989); Instructor, Fordham University (1961-1965); Assistant Controller, Olivetti-Underwood Corporation (1957-1961); CPA with Peat, Marwick, Mitchell & Co., CPAs (1953-1957); former Chairman, Board of Directors of New York State Board for Public Accountancy; former Chairman, CPA Examination Review Board of National Association of State Boards of Accountancy; former Member of Council of American Institute of Certified Public Accountants; former Vice President, Treasurer, Director and member of Executive Committee of New York State Society of Certified Public Accountants; current Director or Trustee of fourteen registered investment companies included within the Gabelli Funds Mutual Fund Complex.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ITS NOMINEES FOR THE BOARD OF DIRECTORS FOR TERMS TO EXPIRE AT THE 2007 ANNUAL MEETING OF SHAREHOLDERS.

CORPORATE GOVERNANCE

The Board of Directors met on 10 occasions during the year ended December 31, 2005. Each of the directors attended at least 75% of the aggregate of (i) the total number of meetings of the Board of Directors (held during the period for which he was a director); and (ii) the total number of meetings held by all committees of the Board of Directors on which he served (during the periods that he served). The Board of Directors has three committees, the principal duties of which are described below.

AUDIT COMMITTEE: The members of the Audit Committee are Messrs. Pustorino (Chairman), Cerutti and Gray. The Board of Directors has determined that all audit committee members are financially literate and independent under the current listing standards of the American Stock Exchange ("AMEX"). Mr. Pustorino serves as Chairman and qualifies as an "audit committee financial expert." The Audit Committee met seven times during 2005. The Audit Committee operates in accordance with its charter, which is available on our website at WWW.LYNCHCORP.COM. The charter gives the Audit Committee the authority and responsibility for the appointment, retention, compensation and oversight of our independent auditors, including pre-approval of all audit and non-audit services to be performed by our independent auditors. The Audit Committee also reviews the independence of the independent auditors, reviews with management and the independent auditors the annual financial statements prior to their filing with the Securities and Exchange Commission (the "SEC"), reviews the report by the independent auditors regarding management procedures and policies and determines whether the independent auditors have received satisfactory access to the Corporation's financial records and full cooperation of corporate personnel in connection with their audit of the Corporation's records. The Audit Committee also reviews the Corporation's financial reporting process on behalf of the Board of Directors, reviews the financial information issued to shareholders and others, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of discussions in the financial statements, and monitors the systems of internal control and the audit process. Management has primary responsibility for the financial statements and the reporting process. See "Report of the Audit Committee" herein.

COMPENSATION COMMITTEE: The members of the Compensation Committee are Messrs. Cerutti (Chairman), Gray and Pustorino. All members of the Compensation Committee are "independent" in accordance with AMEX rules. The Compensation Committee met twice during 2005. The responsibilities of the Compensation Committee are to review and approve compensation and benefits policies and objectives, determine whether the Corporation's officers and directors are compensated in accordance with these policies and objectives and carry out the Board of Directors' responsibilities relating to compensation of the Corporation's executives. The Compensation Committee Charter is available at WWW.LYNCHCORP.COM.

NOMINATING COMMITTEE: The members of the Nominating Committee are Messrs. Gray (Chairman), Cerutti and Pustorino. All members of the Nominating Committee are "independent" in accordance with the rules of the AMEX. The Nominating Committee did not meet during 2005. The responsibilities of the Nominating Committee are to identify individuals qualified to become Board members and recommend that the Board select director nominees for the annual meetings of shareholders. The Nominating Committee Charter is available at WWW.LYNCHCORP.COM.

In evaluating and determining whether to nominate a candidate for a position on the Board of Directors, the Nominating Committee utilizes a variety of methods and considers criteria such as high professional ethics and values, relevant management and/or manufacturing experience and a commitment to enhancing shareholder value. Candidates may be brought to the attention of the Nominating Committee by current Board members, shareholders, officers or other persons. The Nominating Committee will review all candidates in the same manner regardless of the source of the recommendation.

The Nominating Committee will consider nominees recommended by shareholders when properly submitted. Shareholder recommendations should include the nominee's name, the nominee's business and professional experience and membership on other boards sufficient to demonstrate qualifications to serve on the Corporation's Board of Directors and the shareholder's name and address. Shareholder recommendations should be addressed to Corporate Secretary, Lynch Corporation, 140 Greenwich Ave, 4th Floor, Greenwich, Connecticut 06830. For purposes of potential nominees to be considered at the 2007 Annual Meeting of Shareholders, the Corporate Secretary must receive this information by January 5, 2007.

Shareholders may communicate with the Board of Directors, including the non-management directors, by sending an e-mail to GHYNES@LYNCHCORP.COM or by sending a letter to Lynch Corporation, 140 Greenwich Ave, 4th Floor, Greenwich, Connecticut 06830. The Corporate Secretary will submit such correspondence to

the Chairman of the Board or to any specific director to whom the correspondence is directed.

CODE OF ETHICS: The Corporation has adopted a code of ethics as part of its Amended and Restated Business Conduct Policy, that applies to all employees of the Corporation including its principal executive, financial and accounting officers.

COMPENSATION OF DIRECTORS

A director who is an employee of the Corporation is not compensated for services as a member of the Board of Directors or any committee thereof. In 2005, Directors who were not employees received (i) a cash retainer of $5,000 per quarter; (ii) a fee of $2,000 for each meeting of the Board of Directors attended in person or telephonically that has a duration of at least one hour; (iii) a fee of $1,500 for each Audit Committee meeting attended in person or telephonically that has a duration of at least one hour; and (iv) a fee of $750 for each Compensation Committee, each Executive Committee and each Nominating Committee meeting attended in person. In addition, the Audit Committee Chairman receives an additional $4,000 annual cash retainer and the Nominating and Compensation Committee Chairmen receive an additional $2,000 annual retainer.

Marc Gabelli, the Chairman, receives a $100,000 annual fee, payable in equal quarterly installments. Mr. Gabelli has volunteered to defer payment of his annual fee, payable in cash, to a later date.

SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 20, 2006, certain information with respect to all persons known to the Corporation to own beneficially more than 5% of the Common Stock of the Corporation, which is the only class of voting stock of the Corporation outstanding. The table also sets forth information with respect to the Corporation's Common Stock beneficially owned by directors, each of the executive officers named in the Summary Compensation Table herein, and by all directors and executive officers as a group. The number of shares beneficially owned is determined under rules of the SEC. Under such rules, beneficial ownership includes any shares as to which a person has sole or shared voting or investment power or any shares that such person can acquire within 60 days (e.g., through exercise of stock options or conversion of securities). Except as otherwise indicated, the shareholders listed in the table have sole voting and investment power with respect to the Common Stock indicated. The following information is reflected in filings with the SEC.

Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership	Percent of Class(2)
Marc Gabelli	528,384(3)	23.9%
Mario J. Gabelli	371,152(4)	17.0%

E. Val Cerutti	1,445(5)	*
John C. Ferrara	75,622(6)	3.3%
Avrum Gray	13,385(7)	*
Eugene Hynes	25,000(8)	1.1%
Anthony R. Pustorino	1,504	*
All Directors and Executive Officers as a group (7 in total)	1,016,492(9)	44.0%

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* Represents holdings of less than 1%

(1) The address of each holder of more than 5% of the Common Stock is 401 Theodore Fremd Ave., Rye, New York 10580-1430.

(2) The applicable percentage of ownership for each beneficial owner is based on 2,188,510 shares of Common Stock outstanding as of April 20, 2006. Shares of Common Stock issuable upon exercise of options, warrants or other rights beneficially owned that are exercisable within 60 days are deemed outstanding for the purpose of computing the percentage ownership of the person holding such securities and rights but are not deemed outstanding for computing the percentage ownership of any other person.

(3) Includes (i) 1,000 shares of Common Stock owned directly by Marc Gabelli and (ii) 507,384 shares beneficially owned by Venator Fund and Venator Global, LLC ("Venator Global") and 20,000 shares issuable upon the exercise of options held by Marc Gabelli at a $13.173 per share exercise price. Venator Global, which is the sole general partner of Venator Fund, is deemed to have beneficial ownership of the securities owned beneficially by Venator Fund. Marc Gabelli is the President of Venator Global.

(4) Includes (i) 248,674 shares of Common Stock owned directly by Mario J. Gabelli (including 13,181 held for the benefit of Mario J. Gabelli under the LIC 401(k) Savings Plan); (ii) 1,203 shares owned by a charitable foundation of which Mario J. Gabelli is a trustee; (iii) 96,755 shares owned by a limited partnership in which Mario J. Gabelli is the general partner and has an approximate 5% interest; and (iv) 24,519 shares owned by LIC, of which Mario J. Gabelli is Chairman and the beneficial officer of approximately 23% of the outstanding common stock. Mario J. Gabelli disclaims beneficial ownership of the shares owned by such charitable foundation, by LIC and by such limited partnership, except to the extent of his 5% interest in such limited partnership.

(5) 1,445 shares are jointly owned with Mr. Cerutti's wife, with whom he

shares voting and investment power.

(6) Includes 75,000 shares issuable upon the exercise of options held by Mr. Ferrara at a $13.173 per share exercise price.

(7) Includes (i) 5,114 shares owned by Mr. Gray; (ii) 751 shares owned by a partnership of which Mr. Gray is the general partner; (iii) 2,407 shares owned by a partnership of which Mr. Gray is one of the general partners; (iv) 2,105 shares owned by Mr. Gray's wife; and (v) 3,008 shares owned by a partnership of which Mr. Gray's wife is one of the general partners.

(8) Represents 25,000 shares issuable upon the exercise of options held by Mr. Hynes at a $13.173 per share exercise price.

(9) Includes an aggregate of 120,000 shares issuable upon exercise of options held by all Directors and Executive Officers as a group.

EXECUTIVE COMPENSATION

The following table sets forth the compensation received in the Corporation's last two fiscal years by the Corporation's current Chairman of the Board and the two most highly compensated executive officers.

SUMMARY COMPENSATION TABLE

		Annual Compensation		
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)
Marc Gabelli.......................................	2005	0	0	100,000(2)
Chairman of the Board(1)	2004	0	0	36,369(3)
John C. Ferrara....................................	2005	250,000	100,000	0
President and Chief Executive Officer	2004	79,808(4)	0	0
Eugene Hynes.......................................	2005	150,000	50,000	0
Vice President, Secretary and Treasurer	2004	43,269(5)	0	0

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(1) Marc Gabelli was elected Chairman of the Board of Directors on September 20, 2004.

(2) Annual Chairman's fee.

(3) Includes Chairman's fee of $27,446 and non-employee director's fees of $8,923.

(4) Mr. Ferrara was elected as President and Chief Executive Officer of the Corporation on October 1, 2004.

(5) Mr. Hynes was elected as Vice President, Secretary and Treasurer of the Corporation on October 1, 2004.

OPTION GRANTS IN LAST FISCAL YEAR

The following table presents information regarding stock options granted to named executive officers in 2005:

	Individual Grants				Potential Realizable Value At Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to in Fiscal Year (#)	Exercise Price ($/Sh)	Expiration Date	5% ($)	10% ($)

Marc Gabelli..............	20,000	16.7%	13.173	5/25/2010	72,789	160,845
John C. Ferrara...........	75,000	62.5%	13.173	5/25/2010	272,959	603,169
Eugene Hynes..............	25,000	20.8%	13.173	5/25/2010	90,986	201,056

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION VALUES

The following table presents information regarding the fiscal year-end value of the named executive officers' unexercised options. There were no options exercised by the named executive officers during 2005.

Name	Number of Securities Underlying Unexercised Options At Fiscal Year-End (#) Exercisable/unexercisable	Value of Unexercised In-the-money Options At Fiscal Year-End ($) Exercisable/unexercisable
Marc Gabelli............	20,000/0	0/0
John C. Ferrara.........	75,000/0	0/0
Eugene Hynes............	25,000/0	0/0

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

OVERVIEW AND PHILOSOPHY

The Compensation Committee of the Board of Directors is responsible for developing and making recommendations to the Board of Directors with respect to the Corporation's executive compensation policies and administering the various executive compensation plans. In addition, the Compensation Committee recommends to the Board of Directors the annual compensation to be paid to the Chief Executive Officer and each of the other executive officers of the Corporation, as well as to other key employees.

EXECUTIVE OFFICER COMPENSATION PROGRAM

The objectives of the Corporation's executive compensation program are to:

o Support the achievement of desired corporate performance;

o Provide compensation that will attract and retain superior talent and reward performance;

o Ensure that there is appropriate linkage between executive compensation and the enhancement of shareholder value; and

o Evaluate the effectiveness of the Corporation's incentives for key executives.

The executive compensation program is designed to provide an overall level of compensation opportunity that is competitive with companies of comparable size, capitalization and complexity. Actual compensation levels, however, may be greater or less than average competitive levels based upon annual and long-term corporate performance, as well as individual performance. The Compensation Committee uses its discretion to recommend executive compensation at levels warranted in its judgment by corporate and individual performance.

The Corporation's executive officer compensation program comprises base salary, cash bonus compensation, 401(k) Savings Plan, and other benefits generally available to employees of the Corporation.

BASE SALARY

Base salary levels for the Corporation's executive officers are intended to be competitive. In recommending salaries, the Compensation Committee also takes into account individual experience and performance and specific issues relating to the Corporation. A summary of the compensation awarded to the Chief Executive Officer and the other executive officers is set forth in the Summary Compensation Table herein. Initial salaries for the Corporation's executive officers were based upon a variety of factors, including their respective proposed responsibilities with the Corporation, their background and experience and the size and nature of the Corporation's business.

BONUS PLAN

The Corporation has in place a bonus plan that is based on an objective measure of corporate performance and on subjective evaluation of individual performance for its executive officers and other key personnel. In general, the plan provides for an annual bonus pool equal to 20% of the excess of the consolidated pre-tax profits of the Corporation for a calendar year over 25% of the Corporation's average shareholders equity at the beginning of such year. Shareholders' equity is the average of shareholders equity at the beginning of the period and at the beginning of the two preceding years. The Compensation Committee in its discretion may take into consideration other factors and circumstances in determining the amount of the bonus pool and awarding bonuses such as progress toward achievement of strategic goals and qualitative aspects of management performance. The breakdown of the bonus pool is not based upon a formula but upon judgmental factors. For 2005, the Compensation Committee awarded a discretionary bonus to Mr. Ferrara, President and Chief Executive Officer, of $100,000 and to Mr. Eugene Hynes, Vice President and Secretary, of $50,000. The bonuses were awarded for their efforts to position the Corporation for growth by significantly improving the Corporation's balance sheet and operating performance.

LYNCH CORPORATION 401(K) SAVINGS PLAN

All employees of the Corporation and certain of its subsidiaries are eligible to participate in the Lynch Corporation 401(k) Savings Plan, after having completed one year of service (as defined therein) and having reached the age of 18.

The 401(k) Savings Plan permits employees to make contributions by deferring a portion of their compensation. Participating employees also share in contributions made by their respective employers. The annual mandatory employer contribution to each participant's account is equal to 62.5% of the first $800 of the participant's contribution. In addition, the employer may make a discretionary contribution of up to 37.5% of the first $800 of the participant's contribution. A participant's interest in both employee and employer contributions and earnings thereon are fully vested at all times. Employee and employer contributions are invested in guaranteed investment contracts, certain mutual funds or Common Stock of the Corporation, as determined by the participants.

The Corporation's executive officers were participants in the 401(k) Savings Plan in 2005.

OTHER BENEFITS

The Corporation provides medical, life insurance and disability benefits to the executive officers that are generally available to Corporation employees.

COMPENSATION OF CHAIRMAN OF THE BOARD

At a meeting of the Board of Directors on September 20, 2004, based upon the recommendation of the Nominating Committee, the Board unanimously elected Marc Gabelli Chairman of the Board of Directors. The Committee recommended a Chairman's fee of $100,000 per year, payable quarterly.

COMPENSATION OF CHIEF EXECUTIVE OFFICER

At a meeting of the Board of Directors on October 6, 2004, based upon the recommendation of the Nominating Committee, the Board unanimously (with Mr. Ferrara abstaining) elected John C. Ferrara as President and Chief Executive Officer, effective October 1, 2004. The Committee recommended an annual salary of $250,000 for Mr. Ferrara.

COMPENSATION COMMITTEE

E. Val Cerutti (Chairman)
Avrum Gray (Member)
Anthony R. Pustorino (Member)

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

From March 18, 2004, the Compensation Committee comprises Messrs.

Cerutti, Gray and Pustorino, all of whom are non-employee independent directors.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return on the Common Stock of the Corporation for the last five fiscal years ended December 31, 2005, with the cumulative total return over the same period (i) on the broad market, as measured by the AMEX Market Value Index, and (ii) on a peer group, as measured by a composite index based on the total returns earned on the stock of the publicly traded companies included in the Media General Financial Services database under the two Standard Industrial Classification (SIC) codes within which the Corporation conducts the bulk of its business operations: SIC Code 355, Special Industry Machinery; and SIC Code 367, Electronic Components Accessories. The data presented in the graph assumes that $100 was invested in the Corporation's Common Stock and in each of the indexes on December 31, 2000 and that all dividends were reinvested.

INSERT CHART HERE

	FISCAL YEAR ENDING					
	12/31/2000	12/31/2001	12/31/2002	12/31/2003	12/31/2004	12/31/2005
Lynch Corporation.....	$ 100.00	$ 41.86	$ 18.02	$ 24.30	$ 33.72	$ 19.19
AMEX Market Index..........	$ 100.00	$ 95.39	$ 91.58	$ 124.66	$ 142.75	$ 157.43
Peer Group (355, 367)............	$ 100.00	$ 91.57	$ 50.43	$ 92.07	$ 72.27	$ 78.69

TRANSACTIONS WITH CERTAIN AFFILIATED PERSONS

On May 12, 2005, Venator Fund made a loan to the Corporation in the amount of $700,000 due September 11, 2005 or within seven days after demand by Venator Fund. On September 8, 2005, the Corporation entered into a Letter Agreement extending the maturity date of its Promissory Note in the principal amount of $700,000 to Venator Fund. The maturity date of the Promissory Note, which was to have been September 11, 2005 or within seven days after demand by Venator Fund, was changed to November 10, 2005 or within seven days after demand by Venator Fund. The loan was paid by the Corporation on December 22, 2005.

Venator Fund is an investment limited partnership controlled by the Corporation's Chairman of the Board, Marc Gabelli. The loan was approved by the Audit Committee of the Board of Directors of Lynch.

INDEPENDENT AUDITORS

Ernst & Young LLP audited the consolidated financial statements of the Corporation for the year ended December 31, 2005 and has reported the results of its audit to the Audit Committee of the Board of Directors. A representative of Ernst & Young LLP is expected to be present at the 2006 Annual Meeting of Shareholders, will have the opportunity to make a statement if the representative desires to do so and will be available to respond to appropriate questions from shareholders

AUDIT FEES

The aggregate audit fees billed for each of the last two fiscal years by Ernst & Young LLP were $342,500 for 2005 and $463,000 for 2004. Audit fees include services relating to auditing the Corporation's annual financial statements, reviewing the financial statements included in the Corporation's quarterly reports on Form 10-Q and certain accounting consultations. The amount for 2004, has been changed from the amount shown in the Corporation's 2004 proxy statement to include $125,000 of audit fees associated with the 2004 audit that finalized after the 2004 proxy was filed.

AUDIT RELATED FEES

The aggregate audit related fees billed for each of the last two fiscal years by Ernst & Young LLP totaled $22,000 for 2005 and $156,812 for 2004. Audit related fees include services relating to employee benefit plans and the Corporation's acquisition of Piezo Technology, Inc., in 2004.

TAX FEES

The aggregate tax fees billed for each of the last two fiscal years by Ernst & Young LLP totaled $32,000 for 2005 and $75,233 for 2004. Tax fees include services performed relating to tax compliance and customs services.

ALL OTHER FEES

The Corporation was not billed for any other services by Ernst & Young LLP during 2005 or 2004.

REPORT OF THE AUDIT COMMITTEE

The members of the Audit Committee are Messrs. Pustorino, Cerutti and Gray. The Board of Directors has determined that all Audit Committee members are financially literate and independent under the current AMEX standards. Mr. Pustorino serves as Chairman and qualifies as an "audit committee financial expert." The Audit Committee operates under a revised written charter adopted by the Board of Directors on February 5, 2004.

The Audit Committee has met and held discussions with management and the independent auditors. In our discussion, management has represented to the Audit Committee that the Corporation's consolidated financial statements were prepared in accordance with Generally Accepted Accounting Principles. The Audit Committee has reviewed and discussed the consolidated financial statements with both management and Ernst & Young LLP, the Corporation's independent auditors. The Audit Committee meets with our independent auditors, with and without management present, to discuss the results of their examinations, the evaluations of the Corporation's internal controls and the overall quality of the Corporation's financial reporting. There were 7 such meetings in 2005. The Audit Committee discussed with the independent auditors, matters required to be discussed by Codification of Statements on Auditing Standards No. 61 (Communication with Audit Committees).

The Corporation's independent auditors also provided to the Committee the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee has considered and discussed with Ernst & Young the firm's independence and the compatibility of the non-audit services provided by the firm with its independence.

Based on the Audit Committee's review of the audited financial statements and the various discussions noted above, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2005, and the Board has approved this recommendation.

AUDIT COMMITTEE

Anthony R. Pustorino (Chairman)
E. Val Cerutti (Member)
Avrum Gray (Member)

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities and Exchange Act of 1934, as amended, requires the Corporation's directors, executive officers and holders of more than 10% of the Corporation's Common Stock to file with the SEC and the AMEX initial reports of ownership and reports of changes in the ownership of Common

Stock and other equity securities of the Corporation. Such persons are required to furnish the Corporation with copies of all Section 16(a) filings. Mr. Marc Gabelli, Mr. Ferrara and Mr. Hynes each failed to file one Form 4 on a timely basis during the year ended December 31, 2005. The Forms 4 related to grants of stock options to the relevant officer on May 26, 2005. The details of each of these stock option grants were subsequently reported on Form 5s.

PROPOSAL NO. 2

AMENDMENT TO THE RESTATED ARTICLES OF INCORPORATION

TO CHANGE THE NAME OF THE COMPANY TO THE LGL GROUP, INC.

The Corporation's Board of Directors has adopted, and recommends that shareholders approve at the 2006 Annual Meeting, a proposal to amend the Corporation's Restated Articles of Incorporation to change the name of the Corporation to The LGL Group, Inc. This proposal will be approved if a majority of the votes entitled to be cast vote in favor of the proposal.

The Corporation was incorporated under the name "Lynch Corporation" in 1928. The Corporation believes that the name "Lynch Corporation" does not optimally reflect the current scope of the Corporation's activities as these activities are currently less identified with those of its subsidiary, Lynch Systems, Inc. In addition, although six years have passed since the spin-off of Lynch Interactive Corporation from the Corporation, there continues to be some confusion between the two by investors, shareholders and unrelated parties. The Board of Directors believes that the Corporation's interest is better served by the proposed name, "The LGL Group, Inc."

If this proposal is adopted, the change of name will not affect in any way the validity or transferability of currently outstanding shares of the Corporation's Common Stock. Stock certificates will continue to represent the same number of shares, remain authentic, and it will not be necessary for shareholders to surrender stock certificates. Instead, when certificates are presented for transfer, new certificates bearing the name "The LGL Group, Inc." will be issued.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE ARTICLES OF AMENDMENT TO THE CORPORATION'S RESTATED ARTICLES OF INCORPORATION TO EFFECT THE PROPOSED NAME CHANGE.

PROPOSAL NO. 3

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2006. Although the selection of independent auditors does not require ratification, the Board of Directors has directed that the appointment of Ernst & Young LLP be submitted to stockholders for ratification due to the significance of their appointment to the Corporation. If stockholders do not ratify the appointment of Ernst & Young LLP as the Corporation's independent auditors, the Audit Committee of the Board of Directors will consider the appointment of other certified public accountants. A representative of Ernst & Young LLP will be present at the Meeting, will be available to respond to appropriate questions and will have the opportunity to make a statement if they desire. The approval of the proposal to ratify the appointment of Ernst & Young LLP requires the affirmative vote of a majority of the votes cast by all stockholders represented and entitled to vote thereon.

The Audit Committee reviews audit and non-audit services performed by Ernst & Young LLP as well as the fees charged by Ernst & Young LLP for such services. In its review of non-audit service fees, the Audit Committee considers, among other things, the possible effect of the performance of such services on the auditor's independence.

PRE-APPROVAL POLICIES AND PROCEDURES

All audit and non-audit services to be performed by the Corporation's independent accountant must be approved in advance by the Audit Committee. Consistent with applicable law, limited amounts of services, other than audit, review or attest services, may be approved by one or more members of the Audit Committee pursuant to authority delegated by the Audit Committee, provided each such approved service is reported to the full Audit Committee at its next meeting. All of the engagements and fees for the Corporation's fiscal year ended December 31, 2005 were approved by the Audit Committee.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE CORPORATION'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2006.

PROPOSALS OF SHAREHOLDERS

Proposals of shareholders intended to be presented at the 2007 Annual Meeting of Shareholders must be received by the Office of the Secretary, Lynch Corporation, 140 Greenwich Avenue, 4th Floor, Greenwich, Connecticut 06830, by no later than December 29, 2006, for inclusion in the Corporation's proxy statement and form of proxy relating to the 2007 Annual Meeting of Shareholders.

The date after which notice of a shareholder proposal intended to be submitted for the 2007 Annual Meeting of Shareholders outside the processes of Rule 14a-8 will be considered untimely is March 21, 2007. If not received by that date, the persons named in the form of proxy accompanying the notice of meeting may vote on any such proposal in their discretion.

MISCELLANEOUS

The Board of Directors knows of no other matters that are likely to come before the 2006 Annual Meeting of Shareholders. If any other matters should properly come before the 2006 Annual Meeting of Shareholders, it is the intention of the persons named in the accompanying form of proxy to vote on such matters in accordance with their best judgment.

The solicitation of proxies is made on behalf of the Board of Directors of the Corporation, and the cost thereof will be borne by the Corporation. The Corporation has employed the firm of Morrow & Co. Inc., 470 West Avenue, 3rd Floor, Stamford, Connecticut, 06902 to assist in this solicitation at a cost of $4,000, plus out-of-pocket expenses. The Corporation will also reimburse brokerage firms and nominees for their expenses in forwarding proxy material to beneficial owners of the Common Stock of the Corporation. In addition, officers and employees of the Corporation (none of whom will receive any compensation therefor in addition to their regular compensation) may solicit proxies. The solicitation will be made by mail and, in addition, may be made by telegrams, personal interviews and the telephone.

ANNUAL REPORT

The Corporation's Annual Report to Shareholders for the fiscal year ended December 31, 2005 is being sent herewith to each shareholder. Such Annual Report, however, is not to be regarded as part of the proxy soliciting material.