

FOR IMMEDIATE RELEASE

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**Lynch Corporation Reports Net Income of \$50,000 For First Quarter 2005, Compared
With Net Loss Of \$808,000 For First Quarter 2004**

GREENWICH, Conn., May 16 — Lynch Corporation (ASE: LGL) today announced that consolidated revenues for the three months ended March 31, 2005 were \$10,595,000, an increase of 56% from \$6,812,000 for the three months ended March 31, 2004. For the three months ended March 31, 2005, the company reported net income of \$50,000, or \$0.03 per share, compared to a net loss of \$808,000, or \$0.54 per share, for the three months ended March 31, 2004. Average shares outstanding were 1,632,126 for the three months ended March 31, 2005 and 1,497,150 for the three months ended March 31, 2004.

The increase in revenues at MtronPTI was partially offset by lower revenues at Lynch Systems. For the three months ended March 31, 2005, revenues at MtronPTI increased by \$3,871,000, or 86%, to \$8,384,000, primarily due to the contribution of the PTI acquisition and revenue growth in Asia Pacific. For the three months ended March 31, 2005, revenues at Lynch Systems declined by \$88,000 to \$2,211,000, primarily due to lower revenues on glass press machines.

Operating income for the three months ended March 31, 2005 was \$227,000, compared to an operating loss of \$763,000 for the comparable period in 2004. For the three months ended March 31, 2005, MtronPTI had an operating profit of \$579,000, an improvement of \$517,000 compared to the prior year, primarily due to an 86% revenue increase and improvement in gross margin, as previously noted. For the three months ended March 31, 2005, Lynch Systems had operating income of \$74,000, compared to an operating loss of \$392,000 in the comparable period in 2004, primarily due to improvement in gross margin and lower operating expenses. Corporate expenses for the three months ended March 31, 2005, were \$426,000, approximately the same as the comparable period in 2004. At corporate, lower compensation costs in 2005 were partially offset by higher audit fees.

Investment income for the three months ended March 31, 2005 was \$10,000, \$6,000 more than the comparable period in 2004. Interest expense for the three months ended March 31, 2005, was \$185,000, \$134,000 more than the comparable period in 2004 primarily due to interest on new loans relating to the acquisition of PTI and borrowing at Lynch Systems. For the three months ended March 31, 2005, other income was \$3,000, compared to other income of \$27,000 for the comparable period in 2004.

EBITDA from operations improved \$971,000 to \$826,000 for the three months ended March 31, 2005 compared to an EBITDA loss from operations of \$145,000 for the comparable period in 2004. EBITDA at MtronPTI improved \$563,000 to \$752,000 for the three months ended March 31, 2005 compared to \$189,000 for the comparable period in 2004. EBITDA at Lynch Systems

improved \$408,000 to \$74,000 for the three months ended March 31, 2005 compared to an EBITDA loss of \$334,000 for the comparable period in 2004.

Total backlog of manufactured products at March 31, 2005 was \$18,100,000, a \$500,000 increase compared to the backlog at December 31, 2004. The backlog at M-tronPTI increased \$400,000 to \$8,100,000 from December 31, 2004. The backlog at March 31, 2005 at Lynch Systems increased \$100,000 to \$10,000,000 from December 31, 2004.

At March 31, 2005, the cash and cash equivalents were \$2,356,000, compared to \$2,580,000 at December 31, 2004. The total assets and total debt at March 31, 2005 were \$34,404,000 and \$12,165,000, respectively, compared to \$33,883,000 and \$12,561,000 at December 31, 2004.

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,	
	2005	2004
SALES		
MtronPTI	\$ 8,384	\$ 4,513
Lynch Systems	2,211	2,299
Consolidated Total	<u>10,595</u>	<u>6,812</u>
OPERATING EXPENSES		
MtronPTI	7,805	4,451
Lynch Systems	2,137	2,691
Operating Profit (Loss)	<u>9,942</u>	<u>7,142</u>
Corporate expenses – unallocated	426	433
Consolidated Total	<u>10,368</u>	<u>7,575</u>
OPERATING PROFIT (LOSS)		
MtronPTI	579	62
Lynch Systems	74	(392)
Operating Profit (Loss)	<u>653</u>	<u>(330)</u>
Corporate expenses – unallocated	(426)	(433)
Consolidated Total	<u>227</u>	<u>(763)</u>
OTHER INCOME(EXPENSE)		
Investment income	10	4
Interest expense	(185)	(51)
Other income (expense)	3	27
Consolidated Total	<u>(172)</u>	<u>(20)</u>
INCOME (LOSS) BEFORE INCOME TAXES	55	(783)
(PROVISION FOR) BENEFIT FROM INCOME TAXES	<u>(5)</u>	<u>(25)</u>
NET INCOME (LOSS)	<u>\$ 50</u>	<u>\$ (808)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING	1,632,126	1,497,150
BASIC & DILUTED INCOME (LOSS) PER SHARE:	<u>\$ 0.03</u>	<u>\$ (0.54)</u>
EARNINGS (LOSS) BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)		
MtronPTI	752	189
Lynch Systems	74	(334)
EBITDA from Operations	<u>826</u>	<u>(145)</u>
Corporate expenses – net	(299)	(344)
Consolidated Total	<u>\$ 527</u>	<u>\$ (489)</u>

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

	Three Months Ended March 31,	
	2005	2004
RECONCILIATION OF NON-GAAP EBITDA		
Net income (loss) as reported	\$ 50	\$ (808)
Provision for (benefit from) income taxes	5	25
Interest expense	185	51
Investment income	(10)	(4)
Other income (expense)	(3)	(27)
Operating loss	227	(763)
Depreciation and amortization	300	274
Non-GAAP EBITDA	<u>\$ 527</u>	<u>\$ (489)</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	<u>Dec. 31, 2005</u>	<u>Dec. 31, 2004</u>
CASH AND CASH EQUIVALENTS	\$ 2,356	\$ 2,580
RESTRICTED CASH	1,000	1,125
MARKETABLE SECURITIES, NET OF MARGIN LIABILITY	2,449	2,043
PROPERTY PLANT AND EQUIPMENT – COST	21,131	21,125
TOTAL ASSETS	34,404	33,883
TOTAL DEBT	12,165	12,561
TOTAL LIABILITIES	23,918	23,890
SHAREHOLDERS' EQUITY	10,486	9,993
BACKLOG -		
MTRON/PTI *	8,100	7,700
LYNCH SYSTEMS	10,000	9,900
SHARES OUTSTANDING AT DATE	1,632,126	1,632,126

* Includes \$4.7 million of backlog for PTI