



The LGL Group, Inc.

(AMEX: LGL)

***G9: Think Equity's 9th Annual Growth Conference
September 13, 2012***



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. These risks and uncertainties are described in more detail in The LGL Group’s filings with the Securities and Exchange Commission.

In addition, non-GAAP financial measures may be presented. Management believes the non-GAAP financial information provided is useful to investors’ understanding and assessment of our ongoing core operations and prospects for the future. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. Management uses both GAAP and non-GAAP information in evaluating and operating the business internally and as such has determined that it is important to provide this information to investors.

Publicly traded global corporation

Formed in 1917

IPO in 1946

MtronPTI subsidiary 1965



\$32 million

Global revenue

\$5.70

\$9.89

\$14.8 million

\$7.9 million

\$2.1 billion

TTM annual revenue June 30, 2012

50% overseas

Stock price 9/10/2012

52-week high

market capitalization

available cash June 30, 2012

total annual worldwide market

~50 years experience

providing precision filter and timing solutions

Blue chip clients

long product cycles, preferred vendor relationships

Diverse markets

communications, mil/aero, instrumentation

World-class team

unparalleled experience

Worldwide manufacturing

high precision, quality certified

Industry leader

technology, reliability, convenience, and support





Over 400 people

10 sales and technical support sites

>30 representative firms

155,000 ft²

US and India manufacturing

Multiple contract factories



Platform Technology

Quartz timing used in all digital electronics
 Reliability leader in precision quartz oscillators
 Wide product range / performance / price

High frequency filters essential to wireless comm
 ~50 years of RF, VHF, UHF, μ wave filter leadership

Custom / semi-custom approach supports
 client cost down efforts

Technology experience enhances
 client product performance and reliability

Balance & synergy

- 55% Internet Communications Technology (ICT)
- 45% Mil / Aero, Instrumentation

High Performance Markets

ICT



Military



Aerospace



Instrumentation



Major OEMs

Provide mix of filter / oscillator products to all = **broad need visibility**

Focus on high performance / high reliability = **wide client base**

Long term support / sales relationships = trust, preference, sole source opportunities

ICT clients include:








Mil / Aero clients include:










Deep management expertise

Years of Industry Experience

Professional Background

Greg Anderson
President, CEO

20+

Mr. Anderson has experience in high-tech manufacturing businesses, which includes both low volume/high mix OEM custom products coupled with experience gained in high volume/low cost consumer products. He held positions with 3M Corporation prior to joining MtronPTI, such as Operations Managers and Business Development Manager.

LaDuane Clifton, CPA
CAO

15+

Mr. Clifton has experience in the financial, accounting, and insurance industries. He served as Chief Financial Officer of a21, Inc., and was also a senior auditor at KPMG LLP, with experience in many industries. He also held several accounting and finance positions with Aetna, Inc.

Dick Thompson
VP Sales – ICT & Commercial

20+

Mr. Thompson has 16 years sales and marketing experience in the FCD/ Filter markets. He previously held various engineering and management positions in the connector industry with Vishay-Dale, among others.

Paul Dechen
VP Sales – Mil / Aero & Instrumentation

26+

Mr. Dechen has experience in Mil / Aero sales and began his career in 1984 with Piezo Technology, an LGL legacy business as the VP of Business Development. He has held several sales roles within LGL.

Joe Doyle
VP Oscillator Engineering

30+

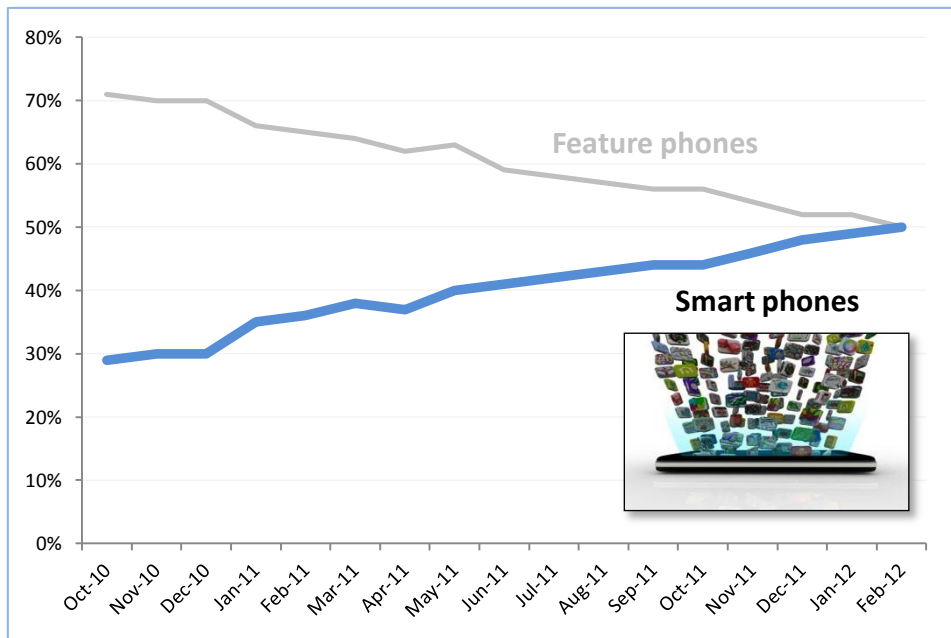
Mr. Doyle has experience in RF and integrated circuit design, semiconductor physics, and modeling. He held staff engineering positions at Motorola, and Executive Engineering, Quality, and Operations positions at Champion Technologies prior to LGL.

Mike Howard
VP Filter Engineering

40+

Mr. Howard has vast experience in filter engineering and began his career in 1970 as an engineer with Salford Electrical Instruments. He has lead LGL's filter engineering group since joining the Company in 1977. He is a senior member of the IEEE since 2005.

US Smart Phone Share Passes Feature Phones



Source: Nielson Mobile metrics

End users driving the shift

Most new phones are now smart phones

Tablet tsunami – shift away from TV / desktop

Carrier competition: lower cost, faster data

⇒ **Primary internet connection is wireless**

ICT spending stalled in 2011 but LTE accelerating with >200 4G / LTE phones on the market
Apple's iPhone5 / iPad and competition will continue the 4G / LTE push

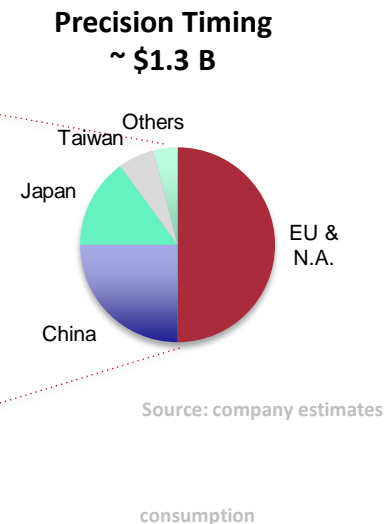
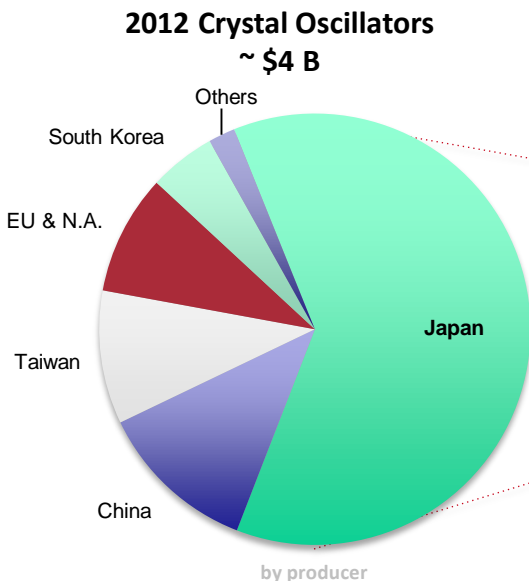
4G / LTE	\$13 B ₂₀₁₅	\$2.1 B ₂₀₁₁	\$0.6 B ₂₀₁₀	CAGR >45%
2G/3G/4G	\$51 B ₂₀₁₅		\$46 B ₂₀₁₀	CAGR 5%

North American leads today, spend is shifting to Asia Pacific (68% of total by 2015)

Mindcommerce – Jan 2012

~\$4 billion crystal oscillator market
6% CAGR through 2017

¹Source: Databeans 2012 Timing Devices Report



Fragmented / competitive

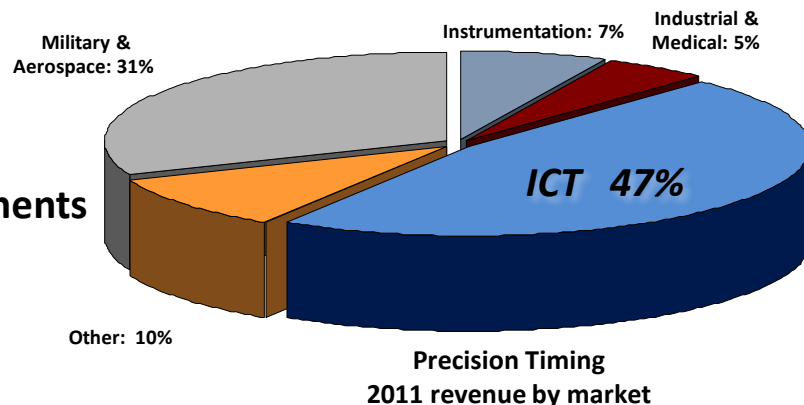
Large Japanese players target consumer devices

Precision players typically small divisions of large industrials or specialty engineering firms

M&A activity increasing

\$1.3 B Precision market dominated by ICT requirements

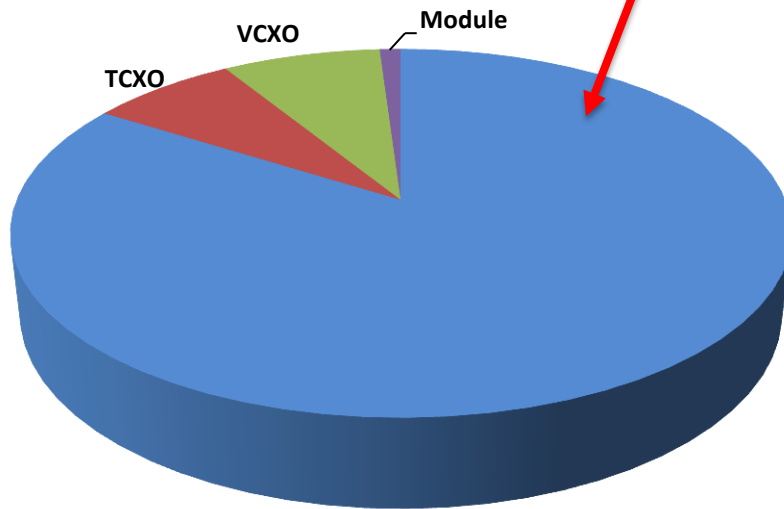
Source: company estimates



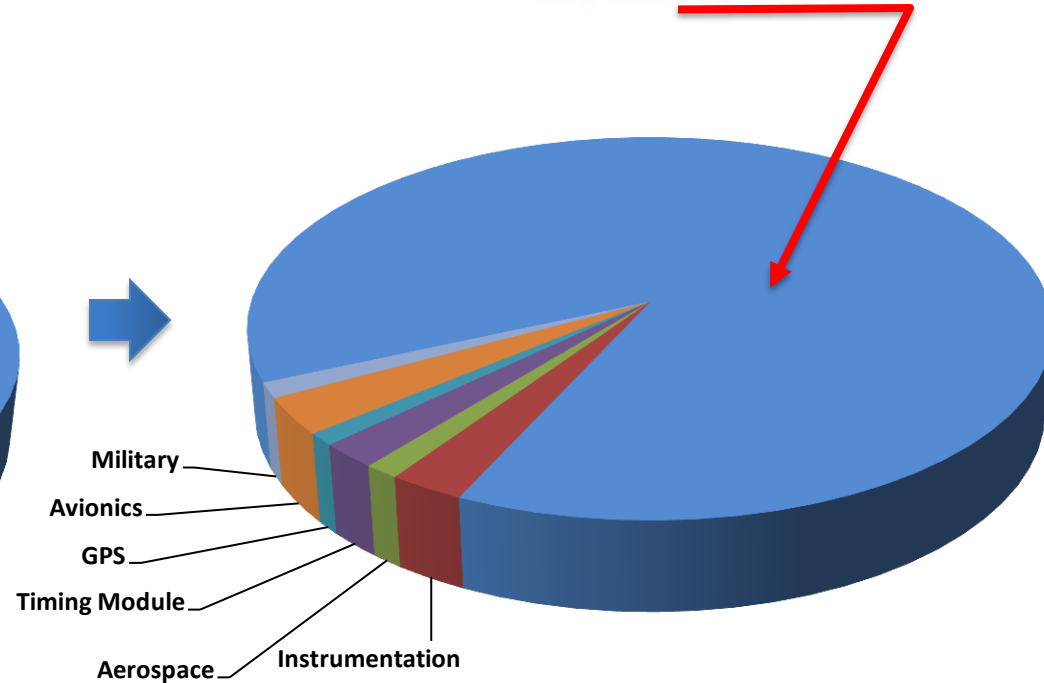
\$98M TAM₂₀₁₂ , growing at 18% CAGR to \$162M₂₀₁₅

Source: company projection; Heavy Reading's Ethernet Backhaul Quarterly Tracker Service, October 2011

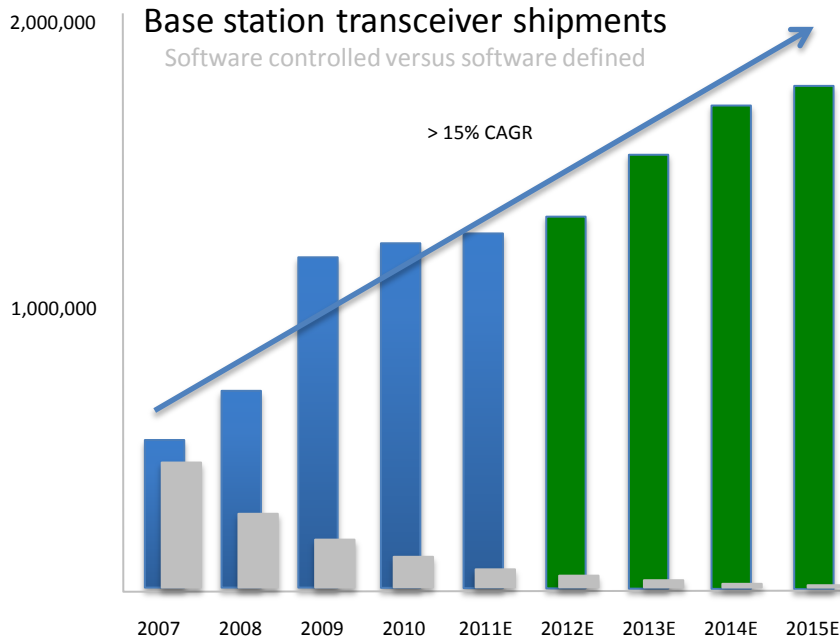
**Incoming engineering requests
focused on high stability OCXO**



**Near term oscillator bookings
4G / LTE support**



Software Defined Radio (SDR) now mainstream



Source: <http://www.wirelessinnovation.org/> SDR Rate of Adoption - 2011 study results

The switch to multi-band radios

All new public safety radios
93% of mobile infrastructure
Virtually all military tactical radios
Satellite 'modems'

- ⇒ *Proven cost effective approach*
- ⇒ *Enabling technology for future smart radios*

Half cell handset, half high performance applications

Cell handset RF components \$3.6B₂₀₁₁

5.6% CAGR to \$4.7B₂₀₁₆

Filters \$1.1B₂₀₁₂ with 10.5% CAGR to \$1.7B₂₀₁₆

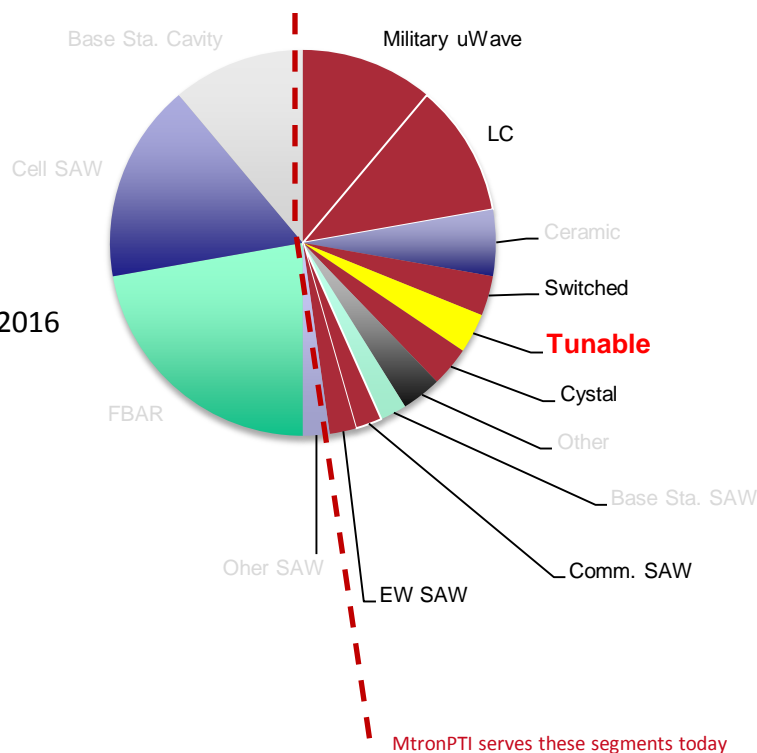
Precision filters **\$330M**₂₀₁₂, **10% CAGR** to **\$480M**₂₀₁₆

Radio architectures are changing to SDR

Multi-band radios driving tunable filter growth

Source: Lauren Robin, Activity Leader, Yole Development
 "RF filters, PAs, Antenna Switches & Tunability for Cellular Handsets", April 2012;
 Company estimates

Microwave / RF Filter Market 2012 ~ \$1.1B

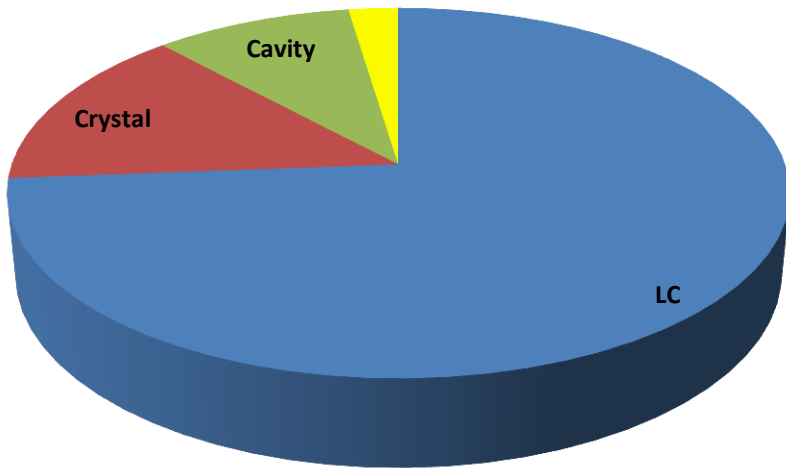


Source: company estimates

\$30M TAM₂₀₁₂ , growing at 10% CAGR to \$44M₂₀₁₆

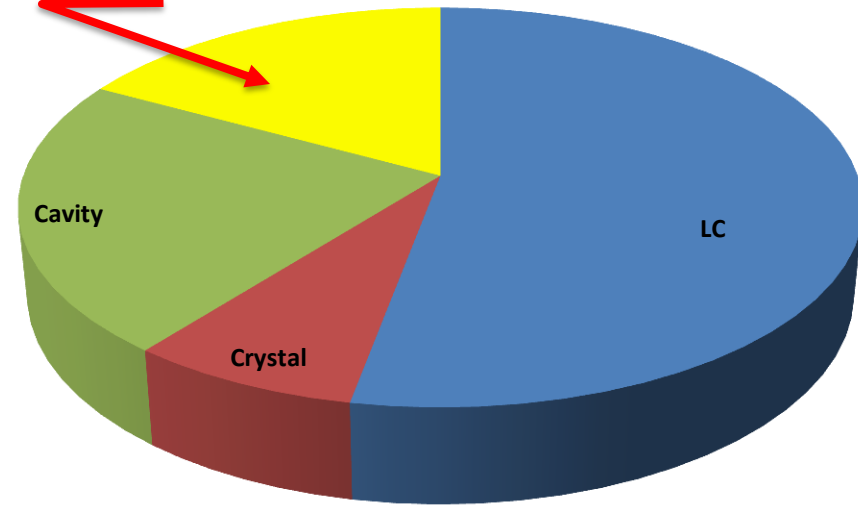
Source: company projection;

2012: tunable projects start



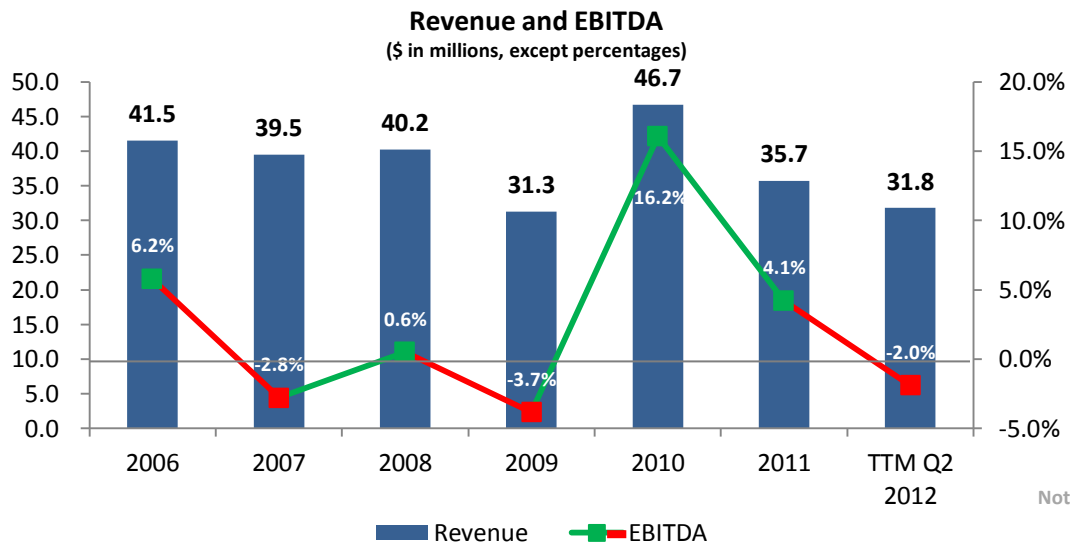
Near term filter bookings

tunable growing rapidly

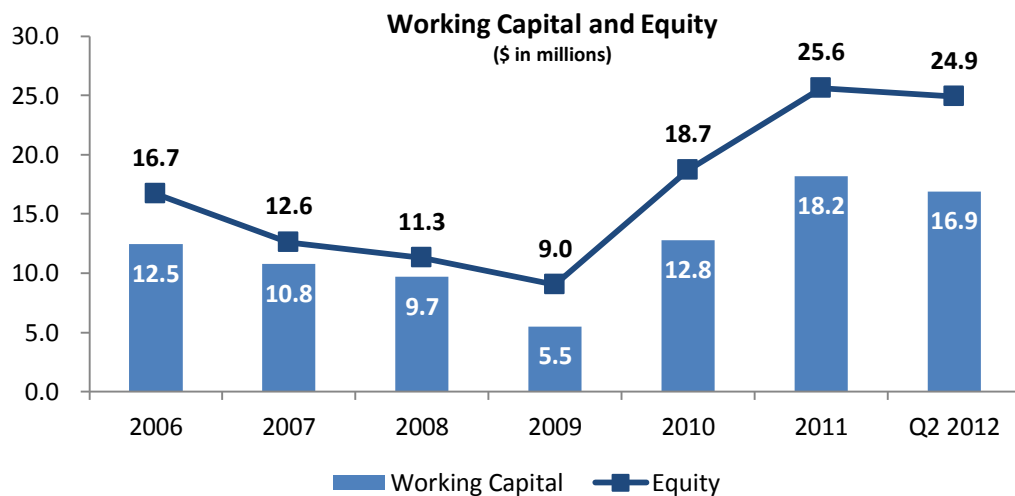


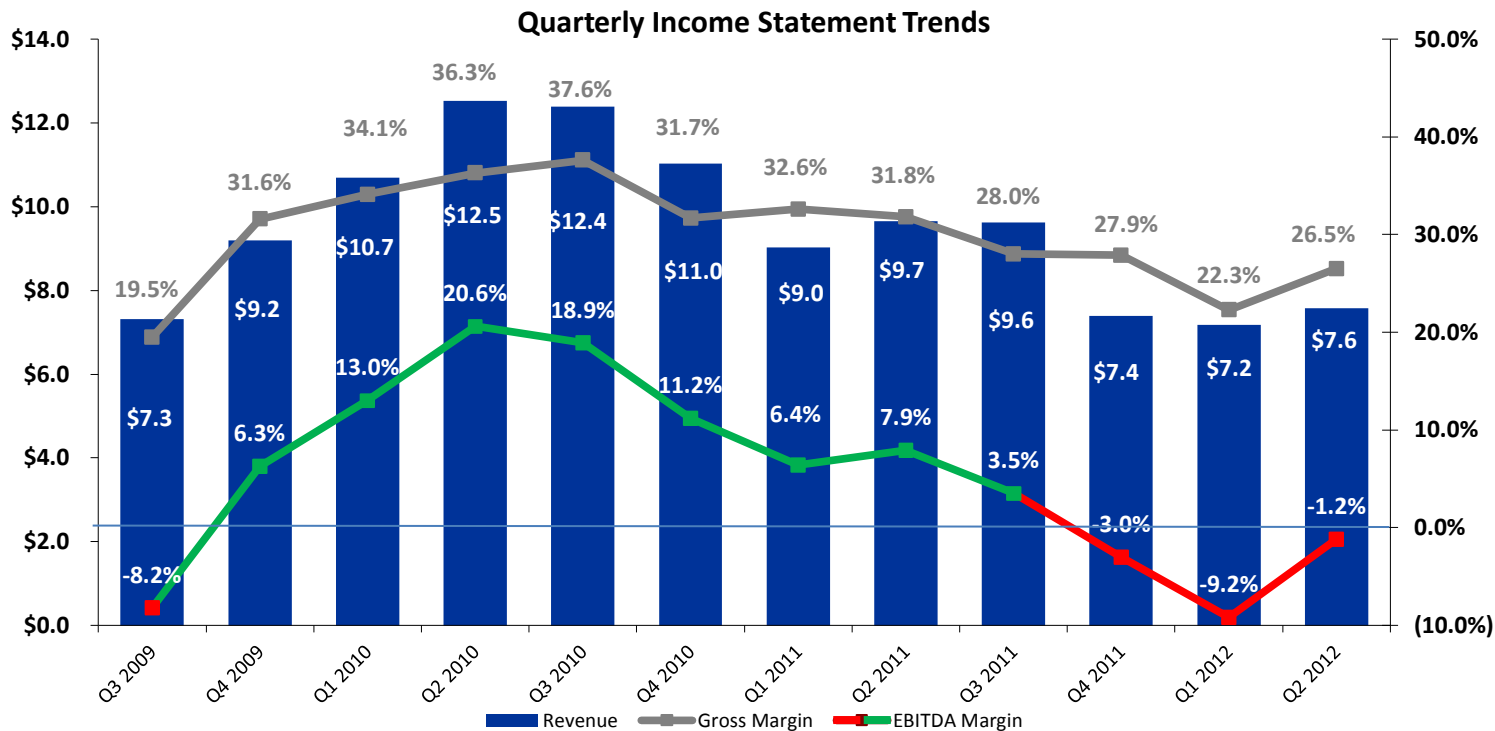


Strong operating leverage, strong balance sheet



Note: Revenues for 2006 through a portion of 2007 are adjusted to exclude Lynch Systems, whose operating assets were sold in 2007.





Capital Position as of June 30, 2012

Total Assets	\$ 31.4M
Net Working Capital	16.9M
Cash Adjusted Working Capital	8.1M
Cash and Cash Equivalents	11.9M
Total Debt	2.7M
Shareholder's Equity	24.9M

Overall weak macroeconomic climate

major clients and prospects are on the sidelines
delaying microelectronics expense

Newer technologies (ex. 4G) taking longer to coalesce

further delaying orders

Key competitors impacted as well

believe we've held share; gained in Ericsson and others

Analysts suggest semiconductor recovery second half of 2012

Positioned well to benefit from this anticipated pick-up

Strong operating leverage

PC Mag.com, April 30, 2012

MORE GROWTH FORECAST for 2012

"The current semiconductor cycle, which started mid-2011, will bottom out in the second quarter of 2012 and fab utilization rates will pick up and accelerate in the second half of this year," IDC analyst Mali Venkatesan said. "Overall, IDC expects 2012 semiconductor revenue growth to be in the 6 to 7 percent range."



Well positioned for growth

Capital position strong

moving forward to execute on both organic and JV/M&A strategies

Retained all major clients

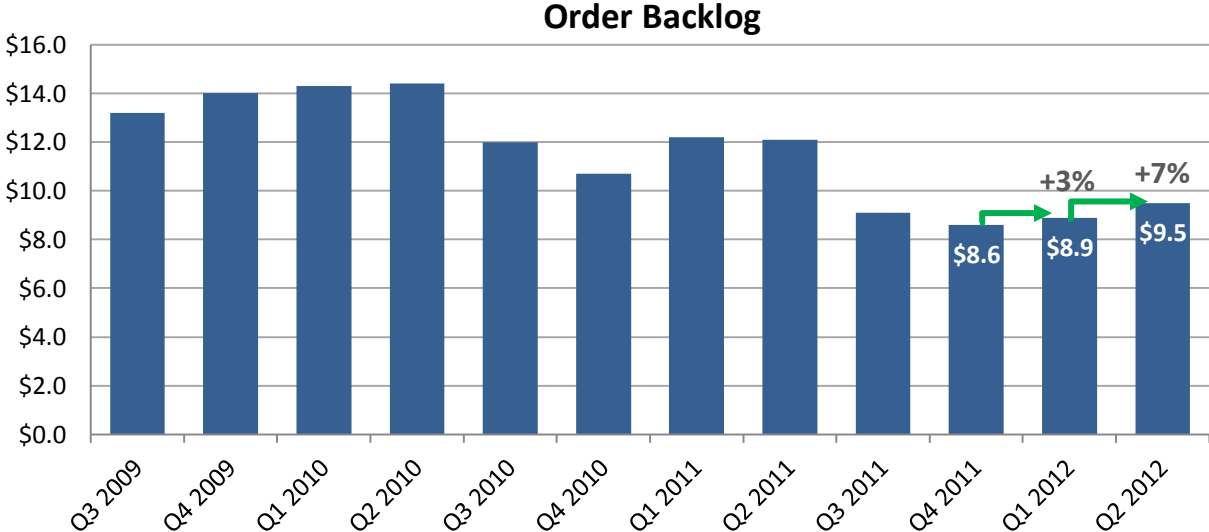
despite decline in their overall orders

Key components in clients' systems

very "sticky"
high switching costs

Added new major clients

great promise in 4G market





GAAP to non-GAAP reconciliations

Reconciliation of earnings before taxes (GAAP) to EBITDA (non-GAAP)

(000's except percentages)	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Revenue	\$ 7,321	\$ 9,201	\$ 10,701	\$ 12,535	\$ 12,397	\$ 11,023	\$ 9,020	\$ 9,646	\$ 9,629	\$ 7,387	\$ 7,174	\$ 7,582
Earnings (loss) before taxes (GAAP)	(958)	324	1,094	2,275	2,067	1,042	380	540	91	(444)	(859)	(326)
Add: interest expense (income)	103	118	105	112	71	16	12	29	41	27	27	28
Add: depreciation and amortization	255	142	189	192	202	174	187	190	208	199	169	204
EBITDA (Non-GAAP)	\$ (600)	\$ 584	\$ 1,388	\$ 2,579	\$ 2,340	\$ 1,232	\$ 579	\$ 759	\$ 340	\$ (218)	\$ (663)	\$ (94)
EBITDA as % of revenue	-8.2%	6.3%	13.0%	20.6%	18.9%	11.2%	6.4%	7.9%	3.5%	-3.0%	-9.2%	-1.2%

Computation of adjusted working capital

(000's)	6/30/2012
Accounts receivable, net	\$ 4,390
Inventory, net	5,900
Less: accounts payable	(2,182)
Adjusted working capital	\$ 8,108

The Company uses non-GAAP additional measures of operating results, net earnings and earnings per share adjusted to exclude certain costs, expenses, gains and losses we believe appropriate to enhance an overall understanding of our past financial performance and also our prospects for the future. These adjustments to our GAAP results are made with the intent of providing both management and investors a more complete understanding of the underlying operational results and trends and our marketplace performance. For example, the non-GAAP results are an indication of our baseline performance before gains, losses or other charges that are considered by management to be outside of our core business segment operational results. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net earnings or diluted earnings per share prepared in accordance with generally accepted accounting principles in the United States.



Strong capital position
Experienced management team
JV/M&A opportunities



~50 years experience
Blue chip clients
Diverse markets
World-class team

Quality certified, low cost worldwide manufacturing

Industry leading technology, reliability, convenience, support



Question and Answer

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