SECURITIES & EXCHANGE COMMISSION EDGAR FILING

LGL Group, Inc.

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

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK
REPURCHASE SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

|X| ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

OR
|_| TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number 1-106

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

401(k) Savings Plan of Lynch Corporation and Participating Employers

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

The LGL Group, Inc.
140 Greenwich Avenue, 4th Floor
Greenwich, CT 06830

401(k) Savings Plan of Lynch Corporation
and Participating Employers

Financial Statements
and Supplemental Schedule

Years Ended December 31, 2006 and 2005

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Audited Financial Statements

Supplemental Schedule

Report of Independent Registered Public Accounting Firm

Board of Directors and Participants
401(k) Savings Plan of Lynch Corporation
and Participating Employers

We have audited the accompanying statements of net assets available for benefits of the 401(k) Savings Plan of Lynch Corporation and Participating Employers as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2006 and 2005, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2006 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Ernst & Young LLP

Providence, Rhode Island
June 25, 2007

401(k) Savings Plan of Lynch Corporation
and Participating Employers

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31	
	2006	2005
ASSETS		
Investments, at fair value	$4,642,668	$4,268,296
Contributions receivable:		
Participants	2,306	2,874
Employer	38,635	10,940
	40,941	13,814
Total assets	4,683,609	4,282,110
LIABILITIES		
Return of excess participant deferrals	--	6,976
Net assets available for benefits, at fair value	4,683,609	4,275,134
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	12,699	12,750
Net assets available for benefits	$4,696,308	$4,287,884

SEE ACCOMPANYING NOTES.

401(k) Savings Plan of Lynch Corporation
and Participating Employers

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31	
	2006	2005
ADDITIONS		
Interest and dividend income	$ 265,621	$ 250,429
Net appreciation in fair value of investments	271,999	6,585
	537,620	257,014
Contributions:		
Participants	274,793	248,712
Employer	39,035	43,906
	313,828	292,618
Total additions	851,448	549,632

DEDUCTIONS		
Benefits paid directly to participants	432,797	114,868
Fees	10,227	11,210
Total deductions	443,024	126,078
Net increase	408,424	423,554
Net assets available for benefits at beginning of year	4,287,884	3,864,330
Net assets available for benefits at end of year	$4,696,308	$4,287,884

SEE ACCOMPANYING NOTES.

401(k) Savings Plan of Lynch Corporation
and Participating Employers

Notes to Financial Statements

December 31, 2006

1. DESCRIPTION OF PLAN

The following description of the 401(k) Savings Plan of Lynch Corporation and Participating Employers (the Plan) provides only general information. For a more complete description of the Plan's provisions, participants should refer to the Plan Agreement, which is available from The LGL Group, Inc. (the Company), formerly Lynch Corporation.

GENERAL

The Plan is a defined contribution plan covering all employees of the Company and the employees of certain of its subsidiaries, who are at least 18 years of age and who have completed 1,000 hours of service during a consecutive 12-month period. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS

Participants may elect to contribute, on a pretax basis, between 1% and 15% of their total annual compensation to the Plan up to the maximum allowed under the Internal Revenue Code (the Code).

An annual mandatory employer matching contribution is made to each participant's account equal to 62.5% of the first $800 of the participant's contribution, as defined in the Plan agreement, generally on or about the closing date of the Plan year. In addition, the Company may make a discretionary matching contribution equal to a percentage of the first $800 of the participant's contribution. No such discretionary contribution was made in 2006 or 2005.

PARTICIPANTS' ACCOUNTS

Each participant's account is credited with the participant's contributions,

employer contributions, and Plan earnings. Allocations are based on participant earnings or account balances, as defined in the Plan Agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

1. DESCRIPTION OF PLAN (CONTINUED)

VESTING

Participants are vested immediately in all contributions to their accounts, including the Company's matching contributions (mandatory and discretionary, if any) and investment earnings.

PAYMENT OF BENEFITS

Participant benefits are paid as soon as practicable following termination of employment, permanent disability, retirement, death, or upon termination of the Plan in accordance with the terms of the Plan Agreement. All benefit payments are made in lump-sum payments for an amount equal to the fair value of the participant's vested account balance.

PARTICIPANT LOANS

Participants may borrow from their fund accounts a minimum of $1,000 or up to 50% of their account balance (not to exceed $50,000). All loans must, by their terms, require repayment over a period not to exceed five years, unless for the purchase of the participant's primary residence for which the term shall be determined by the Company. The loans are secured by the participant's account and bear interest at a reasonable rate as determined by the plan administrator.

PLAN TERMINATION

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA.

EXPENSES

The majority of the Plan's administrative expenses are paid by the Company.

2. SUMMARY OF ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting.

INVESTMENT VALUATION

The Plan's investments are stated at fair value. The shares of mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year end. Common stock is valued at the last reported sales price on the last business day of the year.

BANK OF AMERICA, N.A. STABLE ASSET FUND

Bank of America, N.A. Stable Asset Fund is a common collective trust (CCT) fund which invests in fully benefit-responsive contracts. The fair value of the traditional guaranteed investment contracts in the CCT is based on the discounted future cash flows. The fair values of the general fixed maturity synthetic guaranteed investment contracts in the CCT are calculated using the sum of all asset market values provided by a third party. The fair value of the constant duration synthetic guaranteed investment contracts in the CCT is calculated using the net asset value of the underlying fund. The fair value of the wrap contracts is determined using the market approach discounting methodology, which incorporates the difference between current market level rates for contract level wrap fees and the wrap fee being charged. The difference is calculated as a dollar value and discounted by the prevailing interpolated swap rate as of period end. Contract value represents contributions made plus interest accrued at the contract value, less withdrawals.

The LGL Group, Inc. Stock Fund (the Fund), formerly Lynch Corporation Stock Fund, is tracked on a unitized basis. The Fund consists of LGL Group, Inc. common stock and funds held in the Columbia Government Reserves Fund sufficient to meet the Fund's daily cash needs. The value of a unit reflects the combined market value of LGL Group, Inc. common stock and the cash investments held by the Fund. At December 31, 2006, 10,645 units were outstanding with a value of approximately $7.16 per unit (9,754 units were outstanding with a value of $8.39 per unit at December 31, 2005).

The participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENT

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the FSP). The FSP defines the circumstances in which an investment contract is considered fully benefit-responsive and provides certain reporting

and disclosure requirements for fully benefit-responsive investment contracts in defined contribution health and welfare and pension plans. The financial statement presentation and disclosure provisions of the FSP are effective for financial statements issued for annual periods ending after December 15, 2006, and are required to be applied retroactively to all prior periods presented for comparative purposes. The Plan has adopted the provisions of the FSP at December 31, 2006.

As required by the FSP, investments in the accompanying statements of net assets available for benefits include fully benefit-responsive investment contracts recognized at fair value. AICPA Statement of Position 94-4-1, Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans, as amended, requires fully benefit-responsive investment contracts to be reported at fair value in the Plan's statement of net assets available for benefits with a corresponding adjustment to reflect these investments at contract value. The requirements of the FSP have been applied retroactively to the statement of net assets available for benefits as of December 31, 2005 presented for comparative purposes. Adoption of the FSP had no effect on the statement of changes in net assets available for benefits for any period presented.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. INVESTMENTS

During 2006 and 2005, the Plan's investments (including investments purchased, sold, and held during the year) appreciated in fair value as follows:

	Year Ended December 31	
	2006	2005
Net appreciation in fair value of investments:		
Common stock	$ 2,208	$(63,460)
Mutual funds	269,791	70,045
	$271,999	$ 6,585

The fair value of individual investments that represents 5% or more of the Plan's net assets available for benefits is as follows:

	December 31	
	2006	2005
Franklin Mutual Qualified Fund	$1,691,484	$1,470,359
Bank of America, N.A. Stable Asset Fund	1,257,294	1,417,305
Franklin Mutual Discovery Fund	738,442	586,807

Columbia Government Reserves Fund	343,772	301,296

4. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

5. INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated May 27, 2003, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Sponsor has indicated that it will take the necessary steps, if any, to maintain its qualification.

6. SUBSEQUENT EVENTS

Effective January 31, 2007, the Plan was merged into the Piezo Technology, Inc. 401(k) Plan.

SUPPLEMENTAL SCHEDULE

401(k) Savings Plan of Lynch Corporation
and Participating Employers

EIN #38-1799862 Plan #004

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2006

Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Par or Maturity Value	Shares	Current Value
AMVESCAP National Trust Company	Franklin Mutual Qualified Fund	77,307	$1,691,484
	Bank of America, N.A. *Stable Asset Fund	125,729	1,257,294
	Franklin Mutual Discovery Fund	24,243	738,442
	*Columbia Government Reserves Fund	343,772	343,772
	*Columbia Acorn USA Fund	6,396	183,311
	*Columbia Core Bond Z Fund	3,659	38,606
	*AIM Global Aggressive Growth Fund	3,307	78,057
	American Century Value Fund	5,178	39,299
	*AIM Diversified Dividend Fund	3,012	41,117

	*Columbia Balanced Fund	877	20,926
	*AIM Global Health Care Fund	460	13,090
	*AIM Large Cap Growth	588	6,796
	*AIM Technology Fund	182	5,208
Bank of America, N.A.			
	*LGL Group, Inc. - Stock Fund	10,645	76,267
	*Lynch Interactive Corporation - Common Stock	18	56,008
	Sunshine PCS Corp. - Common Stock	2,205	33
	Morgan Group-Common Stock	1993	209
Participant loans*	4.25% to 9.5%		65,448
			$4,655,367

* Indicates party-in-interest to the Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

401(K) SAVINGS PLAN OF LYNCH CORPORATION
AND PARTICIPATING EMPLOYERS

Date: June 29, 2007 /s/ Jeremiah Healy

Name: Jeremiah Healy
Title: President and Chief Executive Officer
of The LGL Group, Inc.

EX-23.1 2 ex231to11k03725_12312006.htm

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-130763 and 33-91192) pertaining to the 401(k) Savings Plan of Lynch Corporation and Participating Employers of our report dated June 25, 2007, with respect to the financial statements and schedule of the 401(k) Savings Plan of Lynch Corporation and Participating Employers included in this Annual Report (Form 11-K) for the year ended December 31, 2006.

/s/ Ernst & Young LLP

ERNST & YOUNG LLP
Providence, Rhode Island
June 26, 2007