

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Lexington Precision Corporation and Lexington Rubber Group, Inc
Debtor

Case No. 08-11153 & 08-11156
Reporting Period: September 2008

Federal Tax I.D. # 22-1830121 & 13-3525759

CORPORATE MONTHLY OPERATING REPORT – September 2008

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	Waived**
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	No	Waived**
Copies of bank statements		No	Waived**
Cash disbursements journals		No	Waived**
Statement of Operations	MOR 2	Yes	Consolidated Statement of Operations
Reorganization items paid	MOR-2 (Cont.)	Yes	No explanation necessary.
Balance Sheet	MOR-3	Yes	Consolidated Statement of Operations
Status of Post-petition Taxes	MOR-4	Yes	No explanation necessary.
Copies of IRS Form 6123 or payment receipt		No	Waived**
Copies of tax returns filed during reporting period		No	Waived**
Summary of Unpaid Post-petition Debts	MOR-4	Yes	No explanation necessary.
Listing of Aged Accounts Payable		No	All post-petition accounts payable are current.
Accounts Receivable Reconciliation and Aging	MOR-5	Yes	No explanation necessary.
Taxes Reconciliation and Aging	MOR-5	Yes	No explanation necessary.
Payments to Insiders and Professional	MOR-6	Yes	No explanation necessary.
Post Petition Status of Secured Notes	MOR-6	Yes	No explanation necessary.
Debtor Questionnaire	MOR-7	Yes	No explanation necessary.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor _____

Date _____

Signature of Authorized Individual* /s/ Dennis J. Welhouse _____

Date October 24, 2008

Printed Name of Authorized Individual Dennis J. Welhouse

Date October 24, 2008

Senior Vice President and CFO

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

** Inclusion of this and certain other information has been waived per discussions with Official Creditors' Committee and the Office of the United States Trustee.

PRELIMINARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS				CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
	OPER	PAYROLL	TAX	OTHER	
CASH BEGINNING OF MONTH					
RECEIPTS					
ACCOUNTS RECEIVABLE					724,764.91
DIP LOANS					-
OTHER: Premier Tool and Die					
OTHER: Miscellaneous Receipts					21,610.47
TOTAL RECEIPTS					746,375.38
DISBURSEMENTS					
NET PAYROLL					
PAYROLL TAXES					
SALES, USE, & OTHER TAXES					
INVENTORY PURCHASES					
SECURED/ RENTAL/ LEASES					
INSURANCE					
ADMINISTRATIVE					
SELLING					
OTHER (ATTACH LIST)					
OWNER DRAW *					
TRANSFERS (TO DIP ACCTS)					
PROFESSIONAL FEES					
U.S. TRUSTEE QUARTERLY FEES					
COURT COSTS					
TOTAL DISBURSEMENTS					2,750,422.37
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)					
CASH – END OF MONTH					

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	\$2,750,422.37
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	\$0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$0.00
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	\$2,750,422.37

PRELIMINARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS				CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
	OPER	PAYROLL	TAX	OTHER	
CASH BEGINNING OF MONTH					
RECEIPTS					
ACCOUNTS RECEIVABLE					5,546,839.01
DIP LOANS					-
OTHER: Cobra					
OTHER: Miscellaneous Receipts					49,437.76
TOTAL RECEIPTS					5,596,276.77
DISBURSEMENTS					
NET PAYROLL					
PAYROLL TAXES					
SALES, USE, & OTHER TAXES					
INVENTORY PURCHASES					
SECURED/ RENTAL/ LEASES					
INSURANCE					
ADMINISTRATIVE					
SELLING					
OTHER (ATTACH LIST)					
OWNER DRAW *					
TRANSFERS (TO DIP ACCTS)					
PROFESSIONAL FEES					
U.S. TRUSTEE QUARTERLY FEES					
COURT COSTS					
TOTAL DISBURSEMENTS					4,168,516.81
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)					
CASH – END OF MONTH					

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	\$4,168,516.81
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	\$0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$0.00
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	\$4,168,516.81

PRELIMINARY CONSOLIDATED STATEMENTS OF EARNINGS**MONTH****in thousands of dollars**

Case no's 08-11153 & 08-11156

	MONTH	
	Actual	
Gross sales	5,518	100.7 %
Returns	29	0.5
Discounts & allowances	11	0.2
Net sales	5,478	100.0
Cost of sales:		
Material cost	1,739	31.7
Direct labor	638	11.6
Factory overhead	2,420	44.2
Total	4,797	87.6
Gross profit	681	12.4
Selling, general & admin. expense:		
Marketing & sales	104	1.9
General & administrative (1)	793	14.5
Total	897	16.4
Operating profit	(216)	(3.9)
Nonoperating expense (income):		
Interest expense (2)	675	12.3
Interest (income)	(15)	(0.3)
Total	660	12.0
Earnings (loss) before taxes	(876)	(16.0)
Income taxes	4	0.1
Earnings (loss) from continuing operations	(880)	(16.1)
Income (loss) from discontinued operations	3	0.1
Net income (loss)	(877)	(16.0) %
EBITDA:		
Operating Profit	(216)	(3.9) %
Depreciation	401	7.3
Amortization (operating only)	17	0.3
EBITDA	202	3.7 %

Other Data & Statistics:

Average number of employees (#)	606	NA
Sales per employee (\$)	109	NA

(1) Includes \$408,000 of expenses incurred in connection with the Company's efforts to refinance and or restructure the Company during September 2008.

(2) Includes \$34,000 of interest for the holders of the Company's DIP loan during September 2008. Excludes interest expense of \$14,000 allocated to discontinued operations for the month of September 2008.

REORGANIZATION ITEMS		
Professional Fees		
DeWolff, Boberg & Associates, Inc.	102,800.00	
Stout Risius Ross, Inc.	44,010.75	
Weil, Gotshal & Manges LLP	498,895.19	
W.Y. Campbell & Company	120,000.00	
U. S. Trustee Quarterly Fees - LRG		
U. S. Trustee Quarterly Fees - LPC		
Interest Paid to Lexington on Accumulated Cash from Chapter 11 - DIP Cash (<i>see continuation sheet</i>)	10,243.53	
Interest Paid to Lexington on Accumulated Cash from Chapter 11 - Operating Cash (<i>see continuation sheet</i>)	6,453.24	
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (<i>attach schedule</i>)		
DIP Interest	34,444.45	
CapitalSource Reimbursement	75,588.31	
O'Melveny & Myers LLP - Attorney for DIP Lenders	2,279.66	
Total Reorganization Expenses		
Income Taxes		
Net Profit (Loss)		

**"Insider" is defined in 11 U.S.C. Section 101(31).

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS

OTHER OPERATIONAL EXPENSES

OTHER INCOME

OTHER EXPENSES

OTHER REORGANIZATION EXPENSES

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

PRELIMINARY CONSOLIDATED BALANCE SHEETS

in thousands of dollars

Case no's 08-11153 & 08-11156

ASSETS	Actual
Current assets:	
Cash	6,596
Marketable securities	116
Accounts receivable	10,108
Inventories	10,855
Prepaid expenses and other current assets	1,631
Deferred income taxes	98
Current assets of discontinued operations	<u>20</u>
Total current assets	<u>29,424</u>
Plant & equipment	
Land	2,225
Buildings	13,392
Machinery & equipment	<u>111,673</u>
	127,290
Accumulated depreciation	<u>108,095</u>
Plant & equipment, net	<u>19,195</u>
Plant & equipment of discontinued operations, net	1,257
Goodwill	7,623
Deferred financing expenses	–
Other assets	<u>669</u>
	<u>58,168</u>
LIABILITIES & SHAREHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	8,704 (1)
Accrued income taxes	(8)
Accrued interest expense	12,111
Accrued expenses, excluding income taxes and interest	5,084
Short-term debt	18,219 (2)
Current portion of LTD	55,964
Current liabilities of discontinued operations	<u>266 (1)</u>
Total current liabilities	<u>100,340</u>
Long-term debt, net of current portion	–
Long-term portion of post-retirement obligation	275
Other long term liabilities	114
Deferred income taxes	98
Shareholders' deficit:	
Common stock	1,240
Add'l paid-in-capital	13,195
Accumulated deficit	(56,996)
Accumulated other comprehensive loss	<u>(98)</u>
Total shareholders' deficit	<u>(42,659)</u>
	<u>58,168</u>

(1) As of September 30, 2008, accounts payable and current liabilities of discontinued operations include prepetition accounts payable in the amount of approximately \$5,820,000 and \$174,000, respectively. Accounts payable also includes \$1,197,000 of reorganization expenses.

(2) Includes revolving line of credit in the amount of \$14,219,000 and the DIP loan in the amount of \$4,000,000.

Lexington Precision Corporation - Consolidated

Case No. 08-11153 & 08-11156

Preliminary Status of Post-Petition Taxes

September 2008

	9/3	9/4	9/10	9/11	9/12	9/17	9/18	9/19	9/22	9/23	9/24	9/25	9/29	9/30	Totals
Federal															
FICA - Employee	3,921.03	17,756.47	3,774.97	17,323.46	20,632.71	3,619.98	18,241.26	-	-	-	3,549.50	17,456.78	20,077.00	-	126,353.16
FICA - Employer	3,921.04	17,756.63	3,774.95	17,323.34	20,632.53	3,619.97	18,241.37	-	-	-	3,549.48	17,456.72	20,077.10	-	126,353.13
Unemployment	2.99	50.63	3.50	42.03	1.38	3.50	38.48	-	-	-	3.50	41.68	-	-	187.69
Income	4,324.34	19,238.71	4,163.53	18,764.17	34,663.86	4,039.11	20,746.95	-	-	-	3,911.94	18,717.82	33,635.45	-	162,205.88
Other:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Federal Taxes	12,169.40	54,802.44	11,716.95	53,453.00	75,930.48	11,282.56	57,268.06				11,014.42	53,673.00	73,789.55		415,099.86
State and Local															
GA - Georgia															
Withholding	-	3,688.88	-	3,771.04	3,514.31	-	4,290.36	-	-	-	-	3,813.37	3,338.11	-	22,416.07
Unemployment	-	71.24	-	45.25	-	-	50.64	-	-	-	-	110.20	-	-	277.33
Real Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NY - New York															
Withholding	-	1,869.88	-	1,801.41	1,992.67	-	2,102.66	-	-	-	-	2,007.50	2,055.58	-	11,829.70
Unemployment	-	74.10	-	73.34	-	-	76.00	-	-	-	-	(112.10)	-	-	111.34
Real Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other: DI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OH - Ohio															
Withholding	1,203.59	677.34	1,153.11	664.29	4,113.01	1,104.97	637.77	-	-	-	1,086.96	607.97	4,088.20	-	15,337.21
Unemployment	31.52	16.75	54.49	16.75	145.59	60.80	16.75	-	-	-	60.78	16.75	-	-	420.18
Real Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PA - Pennsylvania															
Withholding	81.86	-	82.42	-	126.62	78.75	-	-	-	-	89.68	-	89.25	-	548.58
Unemployment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SC - South Carolina															
Withholding	-	2,710.98	-	2,436.13	2,806.13	-	2,386.49	-	-	-	-	2,265.23	2,634.77	-	15,239.73
Unemployment	-	153.16	-	130.86	-	-	114.80	-	-	-	-	81.51	-	-	480.33
Real Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AK - Akron City, OH															
BR - Brewster VLG, OH	-	21.81	-	19.68	-	-	19.57	-	-	-	-	17.49	-	-	78.54
CA - Canton City, OH	-	17.61	-	17.16	-	-	18.19	-	-	-	-	15.89	-	-	68.85
CO - Columbiana, OH	5.42	-	5.40	-	-	6.28	-	-	-	-	5.40	-	-	-	22.50
CS - Col SD, OH	5.07	-	5.06	-	-	5.88	-	-	-	-	5.06	-	-	-	21.07
GI - Girard City, OH	47.91	-	44.98	-	-	42.87	-	-	-	-	45.70	-	-	-	181.46
GR - Green City, OH	-	-	-	-	43.75	-	-	-	-	-	-	-	43.75	-	87.50
HU - Hubbard City, OH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MD - McDonald VII, OH	48.10	-	50.24	-	31.85	48.17	-	-	-	-	50.73	-	31.85	-	260.94
NC - No Canton Ci, OH	-	-	-	-	47.37	-	-	-	-	-	-	-	47.37	-	94.74
NF - New Franklin, OH	-	12.19	-	8.06	-	-	11.90	-	-	-	-	11.33	-	-	43.48
NI - Niles City, OH	33.99	-	35.60	-	89.74	36.34	-	-	-	-	34.95	-	89.74	-	320.36
NP - New Philadel, OH	-	-	-	-	20.23	-	-	-	-	-	-	-	20.23	-	40.46
PP - Pepper Pike	-	-	-	-	95.02	-	-	-	-	-	-	-	95.02	-	190.04
PY - Pymatuning T, PA	11.36	-	11.36	-	-	9.72	-	-	-	-	11.36	-	-	-	43.80
SH - Sharon City, PA	5.61	-	5.61	-	41.24	5.61	-	-	-	-	5.61	-	29.07	-	92.75
SL - Springfield LS, OH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP - Sharpsville, PA	4.99	-	4.99	-	-	5.15	-	-	-	-	7.07	-	-	-	22.20
ST - Struthers Ci, OH	8.47	-	8.37	-	-	6.54	-	-	-	-	8.43	-	-	-	31.81
SW - Stow City, OH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WA - Warren City, OH	111.71	-	118.41	-	-	98.44	-	-	-	-	94.51	-	-	-	423.07
YT - Youngstown C, OH	14.22	-	-	-	-	-	-	-	-	-	-	-	-	-	14.22
Total State and Local	1,613.82	9,313.94	1,580.04	8,983.97	13,067.53	1,509.52	9,725.13				1,506.24	8,835.13	12,562.94		68,698.26
Total Payroll Taxes	13,783.22	64,116.38	13,296.99	62,436.97	88,998.01	12,792.08	66,993.19				12,520.66	62,508.13	86,352.49		483,798.12
Non-Payroll Taxes															
Southwestern Central School 2008-2009 School Tax Bill (7/1/08 - 6/30/09)	-	-	-	-	-	-	-	-	-	-	-	-	3,575.72	-	3,575.72
2008 Stark County, OH Personal Property Tax (1)	-	-	-	-	-	-	-	37,258.58	-	-	-	-	-	-	37,258.58
2008 Trumbull County, OH Personal Property Tax (1)	-	-	-	-	-	-	-	-	-	36,649.80	-	-	-	-	36,649.80
New York State Use Tax (June, July, and August 2008)	-	-	-	-	-	-	-	-	1,355.12	-	-	-	-	-	1,355.12
Georgia Department of Revenue August 2008 Use Tax	-	-	591.60	-	-	-	-	-	-	-	-	-	-	-	591.60
Total Non Payroll Taxes			591.60					37,258.58	1,355.12	36,649.80			3,575.72		79,430.82
Total Taxes	13,783.22	64,116.38	13,888.59	62,436.97	88,998.01	12,792.08	66,993.19	37,258.58	1,355.12	36,649.80	12,520.66	62,508.13	89,928.21		563,228.94

(1) Because the Debtors are uncertain as to whether these taxes are prepetition or postpetition taxes, the Debtors have paid these taxes in an abundance of caution.

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Over 91	Total
	Current	0-30	31-60	61-90			
Accounts Payable							
Wages Payable							
Taxes Payable							
Rent/Leases-Building							
Rent/Leases-Equipment							
Secured Debt/Adequate	There are no unpaid post petition debts. All debts are either paid or within credit terms.						
Professional Fees							
Amounts Due to Insiders							
Other:							
Other:							
Total Post-petition Debts							

PRELIMINARY ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	11,119,658.99
Plus: Amounts billed during the period	5,565,512.20
Less: Amounts collected during the period	6,271,603.92
Less: Miscellaneous adjustments	12,954.13
Total Accounts Receivable at the end of the reporting period	10,400,613.14

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	5,085,678.04	-	-	-	5,085,678.04
31 - 60 days old	-	3,555,120.25	-	-	3,555,120.25
61 - 90 days old	-	-	927,897.18	-	927,897.18
91+ days old	-	-	-	831,917.67	831,917.67
Total Accounts Receivable	5,085,678.04	3,555,120.25	927,897.18	831,917.67	10,400,613.14
Less: Bad Debts (Amount considered uncollectible)	-	-	-	-	527,000.00
Plus: Accrual adjustment	-	-	-	-	234,000.00
Net Accounts Receivable	-	-	-	-	10,107,613.14

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old			All taxes are current.		
91+ days old					
Total Taxes Payable					
Total Accounts Payable					

PRELIMINARY DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?		X
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?	Yes	See footnote (1)

(1) Michael A. Lubin, Chairman of the Board, and William B. Conner, a Director of the Company, received DIP interest during September 2008 in the amounts of \$17,222.22 and \$12,916.67, respectively.