

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: January 2010

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

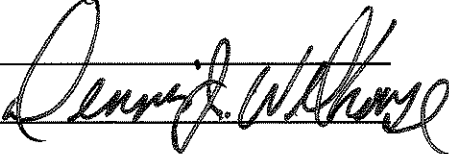
PRELIMINARY CORPORATE MONTHLY OPERATING REPORT – January 2010

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 _____
 Signature of Authorized Individual* 
 Printed Name of Authorized Individual Dennis J. Welhouse
 Senior vice President and CFO

Date _____
 Date March 9, 2010
 Date March 9, 2010

*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.

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					841,725.66
DIP LOANS					-
OTHER: Premier Tool and Die					13,295.00
OTHER: Miscellaneous Receipts					17,443.26
TOTAL RECEIPTS					872,463.92
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					2,482,971.91
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	\$2,482,971.91
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	\$2,482,971.91

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					3,752,981.74
DIP LOANS					-
OTHER: Cobra					-
OTHER: Miscellaneous Receipts					14,083.92
TOTAL RECEIPTS					3,767,065.66
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					3,911,434.18
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	\$3,911,434.18
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	\$3,911,434.18

PRELIMINARY

LEXINGTON PRECISION CORPORATION – CONSOLIDATED

January 2010

CONSOLIDATED STATEMENTS OF EARNINGS

MONTH

in thousands of dollars

Case no's 08-11153 & 08-11156

	<u>MONTH</u>	
	<u>Actual</u>	
Gross sales	5,536	100.7 %
Returns	30	0.5
Discounts & allowances	8	0.1
Net sales	<u>5,498</u>	<u>100.0</u>
Cost of sales:		
Material cost	1,745	31.7
Direct labor	639	11.6
Factory overhead (1)	2,442	44.4
Total	<u>4,826</u>	<u>87.8</u>
Gross profit	<u>672</u>	<u>12.2</u>
Selling, general & admin. expense:		
Marketing & sales	73	1.3
General & administrative (2)	678	12.3
Total	<u>751</u>	<u>13.7</u>
Operating profit	<u>(79)</u>	<u>(1.4)</u>
Nonoperating expense (income):		
Interest expense (3) (4)	643	11.7
Interest (income)	(4)	(0.1)
Total	<u>639</u>	<u>11.6</u>
Earnings (loss) before taxes	(718)	(13.1)
Income taxes	<u>2</u>	<u>0.0</u>
Earnings (loss) from continuing operations	(720)	(13.1)
Income (loss) from discontinued operations	<u>(9)</u>	<u>(0.2)</u>
Net income (loss)	<u>(729)</u>	<u>(13.3) %</u>
EBITDA:		
Operating Profit	(79)	(1.4) %
Depreciation	310	5.6
Amortization (operating only)	17	0.3
EBITDA	<u>248</u>	<u>4.5 %</u>

Other Data & Statistics:

Average number of employees (#)	500	NA
Sales per employee (\$)	132	NA

- (1) Factory overhead includes \$40,000 of expenses incurred in connection with the Company's plan to close its facility in Vienna, Ohio, and move the production to its other rubber molding facilities.
- (2) Includes \$350,000 of expenses incurred in connection with the company's efforts to refinance and or restructure the Company during January 2010.
- (3) Excludes interest expense of \$14,000 allocated to discontinued operations for the month of January 2010.
- (4) Includes \$148,000 of interest on missed interest payments for the holders of the Company's unsecured debt and \$34,000 of interest for the holders of the Company's DIP loan during January 2010.

REORGANIZATION ITEMS		
Professional Fees		
Stout Risius Ross, Inc.	43,178.41	
Andrews Kurth		
Weil, Gotshal & Manges LLP		
W.Y. Campbell & Company		
Nixon Peabody		
Goldin Associates		
U. S. Trustee Quarterly Fees - LRG	13,000.00	
U. S. Trustee Quarterly Fees - LPC	13,000.00	
Interest Paid to Lexington on Accumulated Cash from Chapter 11 - DIP Cash ^(see continuation sheet)	5,046.06	
Interest Paid to Lexington on Accumulated Cash from Chapter 11 - Operating Cash ^(see continuation sheet)	227.13	
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses ^(attach schedule)		
DIP Interest	34,444.45	
CapitalSource Reimbursement	172,642.47	
Epiq Bankruptcy Solutions, LLC	4,337.02	
O'Melveny & Myers LLP - Attorney for DIP Lenders	48,684.31	
Intralinks, Inc.	4,040.63	
AccuVal Associates, Inc.		
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

LEXINGTON PRECISION CORPORATION – CONSOLIDATED

January 2010

CONSOLIDATED BALANCE SHEETS

in thousands of dollars

Case no's 08-11153 & 08-11156

ASSETS

	<u>Actual</u>
Current assets:	
Cash	2,872
Marketable securities	155
Accounts receivable	8,025
Inventories	7,968
Prepaid expenses and other current assets	2,375
Deferred income taxes	–
Current assets of discontinued operations	<u>34</u>
Total current assets	<u>21,429</u>
Plant & equipment	
Land	2,168
Buildings	11,130
Machinery & equipment	<u>103,562</u>
	116,860
Accumulated depreciation	<u>102,880</u>
Plant & equipment, net	<u>13,980</u>
Plant & equipment of discontinued operations, net	1,134
Goodwill	7,623
Deferred financing expenses	–
Other assets	<u>1,420</u>
	<u>45,586</u>

LIABILITIES & SHAREHOLDERS' DEFICIT

Current liabilities:	
Accounts payable	9,867 (1)
Accrued income taxes	6
Accrued interest expense	19,602
Accrued operating expenses	3,299 (2)
Short-term debt	18,360 (3)
Current portion of LTD	51,652
Current portion of discontinued operations	<u>275 (1)</u>
Total current liabilities	<u>103,061</u>
Long-term debt, net of current portion	–
Long-term portion of post-retirement obligation	216
Other long term liabilities	77
Deferred income taxes	–
Shareholders' deficit:	
Common stock	1,247
Add'l paid-in-capital	13,207
Accumulated deficit	(72,163)
Accumulated other comprehensive loss	<u>(59)</u>
Total shareholders' deficit	<u>(57,768)</u>
	<u>45,586</u>

(1) As of January 31, 2010, accounts payable includes prepetition accounts payable in the amount of \$5,432,000 and \$1,563,000 of billings from attorneys, investment advisors and other fees and expenses incurred in connection with the Company's filing under chapter 11 of the Bankruptcy Code. At January 31, 2010, current liabilities of discontinued operations included prepetition accounts payable in the amount of \$174,000.

(2) As of January 31, 2010, accrued expenses includes \$364,000 of fees and expenses accrued in connection with the Company's filing under chapter 11.

(3) Includes revolving line of credit in the amount of \$14,219,000, the DIP loan in the amount of \$4,000,000, and insurance premium financing in the amount of \$141,000.

Lexington Precision Corporation - Consolidated

Case No. 08-11153 & 08-11156

**Status of Post-Petition Taxes
January 2010**

	1/6	1/7	1/13	1/14	1/20	1/21	1/27	1/28	Totals
Federal									
FICA - Employee	242.48	14,283.71	430.89	35,947.46	331.19	20,199.67	20,179.85	20,470.54	112,085.79
FICA - Employer	242.48	14,283.62	430.90	35,947.53	331.17	20,199.70	20,179.87	20,470.57	112,085.84
Unemployment	25.36	1,493.48	45.06	3,754.94	34.63	2,112.16	1,706.50	2,140.49	11,312.62
Income	211.72	10,631.27	564.90	42,414.67	378.23	19,490.94	31,307.12	18,444.31	123,443.16
Other: Cobra credit	-	-	-	-	-	-	-	-	-
Total Federal Taxes	722.04	40,692.08	1,471.75	118,064.60	1,075.22	62,002.47	73,373.34	61,525.91	358,927.41
State and Local									
GA - Georgia									
Withholding	-	2,814.80	-	6,744.12	-	4,575.41	3,393.46	4,576.33	22,104.12
Unemployment	-	4,552.83	-	9,550.69	-	6,384.10	4,111.39	6,579.48	31,178.49
Real Property	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
NY - New York									
Withholding	-	1,429.62	-	4,552.01	-	2,643.75	1,733.00	2,605.12	12,963.50
Unemployment	-	4,485.37	-	10,233.63	-	6,484.77	3,385.51	6,380.33	30,969.61
Real Property	-	-	-	-	-	-	-	-	-
Other: DI	-	-	-	-	-	-	-	-	-
OH - Ohio									
Withholding	79.37	290.74	183.29	2,734.91	125.97	376.79	2,577.38	354.58	6,723.03
Unemployment	272.59	987.32	554.83	6,267.34	406.93	1,295.44	4,970.75	1,245.21	16,000.41
Real Property	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
PA - Pennsylvania									
Withholding	-	-	-	-	-	-	-	-	-
Unemployment	-	-	-	-	-	-	-	-	-
Real Property	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
SC - South Carolina									
Withholding	-	2,225.88	-	6,109.57	-	3,530.50	4,434.34	3,539.23	19,839.52
Unemployment	-	2,028.25	-	4,524.73	-	2,877.42	1,933.09	2,941.25	14,304.74
Real Property	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
MA - Massachusetts									
Withholding	-	-	-	-	-	-	-	-	-
Unemployment	-	-	-	-	-	-	-	-	-
Real Property	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
TN - Tennessee									
Withholding	-	-	-	-	-	-	-	-	-
Unemployment	-	-	-	-	-	-	-	-	-
Real Property	-	-	-	-	-	-	-	-	-
SC - South Carolina									
Withholding	-	-	-	-	-	-	-	-	-
Unemployment	-	-	-	-	-	-	-	-	-
Real Property	-	-	-	-	-	-	-	-	-
AK - Akron City, OH		16.17		16.17		16.17		16.17	64.68
BR - Brewster VLG, OH		11.23		11.69		15.47		13.29	51.68
CA - Canton City, OH									
CO - Columbiana, OH									
CS - Col SD, OH									
GI - Girard City, OH									
GR - Green City, OH				31.30			44.25		75.55
HU - Hubbard City, OH									
MD - McDonald VII, OH									
NC - No Canton CI, OH									
NF - New Franklin, OH		7.26		7.26		8.90		7.33	30.75
NI - Niles City, OH	10.19		21.53		12.68		20.91		65.31
NP - New Philadel, OH				22.23			22.23		44.46
PP - Pepper Pike				86.36			86.36		172.72
PY - Pymatuning T, PA									
SH - Sharon City, PA									
SL - Springfield LS, OH									
SP - Sharpsville, PA									
ST - Struthers CI, OH									
SW - Stow City, OH									
WA - Warren City, OH									
YT - Youngstown C, OH									
Total State and Local	362.15	18,849.47	759.65	50,892.01	545.58	28,208.72	26,712.67	28,258.32	154,588.57
Total Payroll Taxes	1,084.19	59,541.55	2,231.40	168,956.61	1,620.80	90,211.19	100,086.01	89,784.23	513,515.98
Non-Payroll Taxes									
GA Dept. of Revenue - Sales and Use Tax - Nov. '09				1,671.65					1,671.65
Pickens County GA - Property Tax	115,129.05								115,129.05
Gilmer County GA - Property Tax							10,704.42		10,704.42
New York State Sales and Use Tax							1,353.53		1,353.53
2010 Ohio Estimated Corporation Franchise Tax							3,000.00		3,000.00
York County SC - Property tax				126,315.52					126,315.52
South Carolina Sales and Use tax				4,205.10					4,205.10
Ohio Dept. of Taxation - Sales and Use tax						661.22			661.22
Total Non Payroll Taxes	115,129.05	-	-	132,192.27	-	661.22	15,057.95	-	263,040.49
Total Taxes	116,213.24	59,541.55	2,231.40	301,148.88	1,620.80	90,872.41	115,143.96	89,784.23	776,556.47

MOR - 4 (1)

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due				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					

MOR - 4 (2)

PRELIMINARY

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	7,201,508.89
Plus: Amounts billed during the period	5,602,544.56
Less: Amounts collected during the period	4,594,707.40
Less: Miscellaneous adjustments	6,567.57
Total Accounts Receivable at the end of the reporting period	8,202,778.48

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	5,303,596.71	-	-	-	5,303,596.71
31 - 60 days old	-	1,901,888.61	-	-	1,901,888.61
61 - 90 days old	-	-	683,949.61	-	683,949.61
91+ days old	-	-	-	313,343.55	313,343.55
Total Accounts Receivable	5,303,596.71	1,901,888.61	683,949.61	313,343.55	8,202,778.48
Less: Bad Debts (Amount considered uncollectible)	-	-	-	-	220,000.00
Plus: Accrual adjustment	-	-	-	-	42,000.00
Net Accounts Receivable	-	-	-	-	8,024,778.48

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					
91+ days old					
Total Taxes Payable					
Total Accounts Payable					

All taxes are current.

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 January 2010 in the amounts of \$17,222.22 and \$12,916.67, respectively.