

United States Bankruptcy Court
Southern District of New York

In re: US Energy Systems, Inc.

Case No.: 08-10054 (RDD)

Filing Date: 1/9/2008

Monthly Operating Report
For the Period Ended: 31-Dec-09

Debtor's Address:
40 Tower Lane, Avon, Ct 06001

Debtor's Attorney
Hunton & Williams LLP

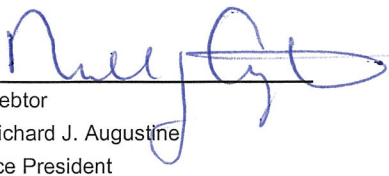
Monthly Disbursements 0

Monthly Operating Income/(Loss) (54,286)

Because the Debtors act primarily as holding companies for operating subsidiaries which are not included in any Chapter 11 filings, the Debtors have limited operations.

The undersigned, having reviewed the attached report and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury, that the information contained herein is complete, accurate and truthful to the best of my knowledge and belief.

Disclaimer; please note that the numbers included in this report are subject to audit and final review. Any potential changes will not effect the Schedule of Cash Receipts and Disbursements.



For Debtor
By: Richard J. Augustine
Its Vice President

21-Jan-10
Date

United States Bankruptcy Court
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Monthly Operating Report

For the Period Ended:

31-Dec-09

	Dec-09	Cumulative To date
Revenues	No Activity	
Sales Receipts		0
Other Receipts		391,010
		0
Total Receipts	0	391,010
Expenses		
Payroll & Benefits	0	177,992
Corporate Operating Expenses	0	201,844
Consultants	0	88,325
Directors Fees/Expenses	0	55,610
Public company Expenses	0	37,179
Interest	0	0
Total disbursements	0	560,949
Reorganization Expenditures	0	(106,660)
Net Cash Flow	0	(63,279)
Total Disbursement for Calculating US Trustees Quarterly Fees	0	560,949

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Statement of Operations

For the Period Ended:

31-Dec-09

	Dec-09	Cumulative To date
Revenues		
Interest Income		15,083
Other Income		329,443
Total Operating Revenue	0	344,526
Expenses		
SG&A Expenses		1,162,874
Loss From Joint Ventures		(54,495)
Payroll		0
Corporate Operating Expenses		0
Consultants		0
Directors Fees/Expenses		8,044
Public company Expenses		33,419
Depreciation & Amortization		75,667
Reorganization Expense	54,286	3,695,006
Accounting & Legal		0
Interest Expense		660,310
Minority Interest Expense		0
Total Expenses	54,286	5,580,825
Net Income/(Loss)	(54,286)	(5,236,299)

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Monthly Operating Report
Balance Sheet

As of: 31-Dec-09

	Balance at end of Current Period	Balance at Petition Date
Current Assets		
Cash Operating	10,426	113,597
marketable Securities	0	6,566
Accounts Receivable	6,264	9,367
Prepaid Expenses	0	229,336
Other Current Assets		
Total Current Assets	16,690	358,866
Other Assets		
Furniture & Fixtures - net	0	251,434
Investments in Subsidiaries	0	38,752,223
Intercompany - Subsidiaries	0	(2,042,160)
Debt Issuance Costs Net	0	1,041,491
Total Assets	16,690	38,361,854
Liabilities		
Postpetition Liabilities		
Accounts Payable & Accrued Exp	669,429	0
Note Payable	0	0
Other Liabilities		0
Total Postpetition Liabilities	669,429	0
Prepetition Liabilities		
Accounts Payable & Accrued Exp	0	658,830
Notes Payable	0	4,389,962
Other Liabilities	0	514,562
Total Prepetition Liabilities	0	5,563,354
Total Liabilities	669,429	5,563,354
Equity	(652,739)	32,798,500
Total Liabilities and Equity	16,690	38,361,854

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Monthly Operating Report
Status of Post Petition Taxes

As of: 31-Dec-09

	Beginning Tax Liability	Amount Withheld/ Accrued	Amount Paid	Ending Tax Liability
Payroll Taxes				
Payroll Taxes Employee & Employer	0	0	0	0
Other	0			0
Total Federal	0	0	0	0
Other taxes				
Sales	0			0
Excise	0			0
Real Property	0			0
Personal Property	0			0
Other				
Total State & Local	0	0	0	0
Total taxes	0	0	0	0

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As of: 31-Dec-09

Questionnaire

	<u>Yes</u>	<u>No</u>
(1) Have any assets been sold or transferred outside the normal course of business?		XX
(2) Have any funds been disbursed from any account other than a debtor in possession account?		XX
(3) Are workers compensation, general liability and other necessary insurance coverages in effect?	XX	