

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

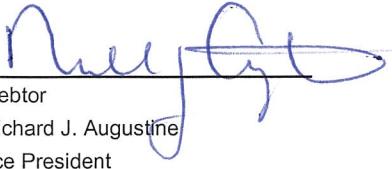
**Monthly Disbursements** **0**

**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  
Southern District of New York

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**Monthly Operating Report**

For the Period Ended: **31-Dec-09**

	<b>Dec-09</b>	<b>Cumulative To date</b>
<b>Revenues</b>		No Activity
Sales Receipts		0
Other Receipts		391,010
	0	0
Total Receipts	0	391,010
 <b>Expenses</b>		
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
	0	560,949
Total disbursements	0	560,949
 <b>Reorganization Expenditures</b>		0 (106,660)
 <b>Net Cash Flow</b>		0 (63,279)
 <b>Total Disbursement for Calculating US Trustees Quarterly Fees</b>		0 560,949

United States Bankruptcy Court  
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Monthly Operating Report

Statement of Operations

For the Period Ended:

31-Dec-09

	Dec-09	Cumulative To date
<b>Revenues</b>		
Interest Income	15,083	
Other Income	329,443	
 Total Operating Revenue	 0	 344,526
 <b>Expenses</b>		
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
 <b>Net Income/(Loss)</b>	 (54,286)	 (5,236,299)

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**Monthly Operating Report**

**Balance Sheet**

As of: **31-Dec-09**

	<b>Balance at end of Current Period</b>	<b>Balance at Petition Date</b>
<b>Current Assets</b>		
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	<u>16,690</u>	<u>358,866</u>
 <b>Other Assets</b>		
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	<u>16,690</u>	<u>38,361,854</u>
 <b>Liabilities</b>		
Postpetition Liabilities		
Accounts Payable & Accrued Exp	669,429	0
Note Payable	0	0
Other Liabilities		0
Total Postpetition Liabilities	<u>669,429</u>	<u>0</u>
Prepetition Liabilities		
Accounts Payable & Accrued Exp	0	658,830
Notes Payable	0	4,389,962
Other Liabilities	0	514,562
Total Prepetition Liabilities	<u>0</u>	<u>5,563,354</u>
Total Liabilities	<u>669,429</u>	<u>5,563,354</u>
Equity	(652,739)	32,798,500
<b>Total Liabilities and Equity</b>	<b><u>16,690</u></b>	<b><u>38,361,854</u></b>

United States Bankruptcy Court  
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**Monthly Operating Report**  
**Status of Post Petition Taxes**

As of: **31-Dec-09**

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

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As of: 31-Dec-09  
Questionnaire

		Yes	No
(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 coveages in effect?		XX