

- HEATING AND COOLING  
 WATER TRANSPORTATION COMPANIES

# ANNUAL REPORT

OF  
DEGS of Cincinnati, LLC *TCSOC*

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(Exact legal name of respondent)

If name was changed during year, show also the  
previous name and date of change

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Website URL (where this filing is available for public viewing)

221 East Fourth Street, EA602, Cincinnati, OH 45202  
(Address of principal business office at end of year)

TO THE  
  
PUBLIC UTILITIES COMMISSION OF OHIO



FOR THE  
YEAR ENDED DECEMBER 31, 2008

Name, title, address, telephone and fax number (including area code) of the person to be contacted  
concerning this report.

Yinchiou (Julie) Chu; lead Accounting Analyst; Phone (513) 419-5738 Fax (513) 419-5534  
221 East Fourth Street, EA602, Cincinnati, OH 45202

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**GENERAL INSTRUCTIONS, DEFINITIONS, ETC.**

1. The word "Respondent" in the following inquiries means the person, firm, association, or company in whose behalf the report is made.
2. The schedules and questions contained in this report were developed to be generally applicable to all heating and cooling, pipeline and water transportation companies. All instructions shall be followed and each question answered as fully and accurately as possible. Sufficient answer shall appear to show that no schedule, question, or line item has been overlooked. If a particular line item or schedule does not apply to the respondent, indicate this by answering "none", "-0-", or "not applicable", as appropriate, where it truly and completely states the fact.
3. If answers to an inquiry are given elsewhere in the report, incorporation of information by reference is sufficient.
4. Customary abbreviations may be used except that the exact name of the respondent shall be shown in full on the "Title Page" and in the "Verification" page.
5. Where the space provided is insufficient for the required data or it is necessary or desirable to insert additional statements or schedules, the insert pages shall show the number and title of the schedule to which it pertains, as well as the name of the respondent and the year covered, and shall be on 8 1/2" x 11" durable paper.
6. The information required with respect to any statement furnished is the minimum requirement. The respondent may add such further material information as is necessary to ensure that the required statements are not misleading.
7. All copies filed with the Commission must be legible and permanent. All entries shall be made in permanent ink or by a typewriter. Items of a reverse or contrary character shall be enclosed in parentheses, or indicated by a minus sign followed by the amount.
8. Amounts on any schedule (except as otherwise provided therein), may, at the option of the respondent, be rounded off to whole dollars provided that amounts are appropriately adjusted to agree with the rounded total.
9. The annual report shall be signed by a duly elected officer of the respondent and it shall be notarized.
10. The information required in this report, unless otherwise indicated, is to be reported for the entire company and not for the State of Ohio only.
10. Totals should be provided as indicated. The respondent shall ensure that schedule totals and subtotals are mathematically correct.
12. If a line item is supported by a detailed schedule elsewhere in this report, the respondent should ensure that the detailed schedule is completed and that the amounts on both schedules match.

## HISTORY

1.	Exact name of company making this report. <u>DEGS of Cincinnati, LLC</u>
2.	Date of organization <u>July 29, 1997</u>
3.	Under the laws of what Government, State or Territory organized? If more than one, name all. <u>DEGS of Cincinnati, LLC is a limited liability company formed under the laws of the State of Ohio.</u>
4.	If a consolidated or merged company, name all constituent and all merged companies. <u>On August 29, 1997, the former Cinergy Cooling Corp. was merged with and into Trigen-Cinergy Solutions of Cincinnati LLC, with said LLC being the surviving company jointly owned 51% by Cinergy Solutions Holding Company, Inc. (a subsidiary of Cinergy Corp.) and 49% by Trigen Solutions, Inc. (a subsidiary of Trigen Energy Corp.). Cinergy Solutions Holding Company, Inc. purchased the membership interest of Trigen Solutions, Inc. in October 2003. On October 17, 2003, through a restatement of the Articles of Organization, the name of Trigen-Cinergy Solutions of Cincinnati, LLC was changed to Cinergy Solutions of Cincinnati, LLC. On June 16, 2006, through an amendment to the Articles of Organization, the name of Cinergy Solutions of Cincinnati, LLC was changed to DEGS of Cincinnati, LLC.</u>
5.	Date and authority for each consolidation and each merger. <u>June 5, 1997 Finding and Order in Case No.: 97-445-CC-AIS; October 17, 2003 Filing date of name change with Secretary of State of Ohio; June 14, 2005 Name change approved in Case No. 05-634-CC-CAN. June 16, 2006 Filing date of name change with Secretary of State of Ohio; September 20, 2006 Name change approved in Case No. 06-1025-CC-CAN,</u>
6.	State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual. <u>Respondent is a limited liability company.</u>
7.	If a reorganized company, given name of original corporation, refer to laws under which it was organized, and state the occasion for the reorganization. <u>See Item 4 above.</u>
8.	State whether or not, the respondent during the year conducted any part of its business under a name, or names, other than shown, in response to inquiry No. 1. If so, give full particulars. <u>Respondent did not conduct any part of its business during the year under a name other than that shown in response to Inquiry No. 1.</u>
9.	Where are the books and records of the company kept? <u>139 East Fourth Street Cincinnati, OH 45202</u>
10.	Name below all classes of public service furnished by the respondent. <u>Respondent owns, operates and maintains a chilled water system in the downtown business district of Cincinnati, Ohio.</u>

## IDENTITY OF RESPONDENT

1. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual.  
Limited liability company
2. Date when operations began.  
August 29, 1997, See "History" (Page 2, Item 4).
3. If a consolidated or merged company, give names of each such incident, date, and Commission authority. If a reorganized company, give name of original corporation.  
See "History" (Page 2, Item 4).
4. If incorporated specify (a) Date of filing articles of incorporation, N/A  
(b) State in which incorporated, N/A
5. Commission Case Number granting operating authority and date issued.  
97-445-CC-AIS            6/05/97            Trigen-Cinergy Solutions of Cincinnati, LLC  
Name change to Cinergy Solutions of Cincinnati, LLC filed with Secretary of State of Ohio on October 17, 2003; name change approved June 14, 2005 in Case No. 05-634-CC-ACN.  
Name change to DEGS of Cincinnati, LLC filed with the Secretary of State of Ohio on June 16, 2006; name change approved September 20, 2006 in Case No. 06-1025-CC-ACN.
6. State whether or not the respondent during the year conducted any part of its business under a name or names other than that shown Title Page; if so, give full particulars.  
Respondent did not conduct any part of its business during the year under a name other than that shown on the Title Page.
7. Description of general service territory.  
The downtown business district of Cincinnati, Ohio.
8. List all affiliated companies with whom the respondent does business and their relationship to the respondent. If respondent is a partnership, provide this information for each partner. (Use separate page(s) if needed).  
State whether the affiliate is (a) a regulated public utility or, (b) a publicly held corporation.  
Respondent is solely owned 100% by Duke Energy Generation Services Holding Company, Inc. (a subsidiary of Duke Energy Corporation, a publicly held corporation).  
  
DEGS of Cincinnati, LLC purchased electricity from Duke Energy Ohio, Inc., a wholly owned subsidiary of Duke Energy Corporation, under the terms and conditions of a tariff approved by the Public Utilities Commission of Ohio (PUCO).  
  
Duke Energy Ohio, Inc., as owner of downtown Cincinnati office buildings, purchased cooling services from DEGS of Cincinnati, LLC.  
  
Respondent purchased engineering services from Cinergy Solutions-Utility, Inc., a wholly owned subsidiary of Duke Energy One, Inc. (a subsidiary of Duke Energy Corporation).
9. Did any corporation or corporations, telephone or other, hold control over the respondent at the close of the year? yes If control was so held, state:
  - a. The name and address of the controlling corporation or corporations.  
Duke Energy Generation Services Holding Company, Inc.  
139 East Fourth Street  
Cincinnati, OH 45202
  - b. The form of control, whether sole or joint.  
Sole ownership

- c. The extent of control.  
100%
  - d. Whether control was direct or indirect.  
Direct
  - e. If indirect, the name and address of the intermediary through which control was established.
10. Did any individual, association, or corporation hold control, as trustee, over the respondent at the close of the year? No If control was so held, state:
- a. The name and address of the trustee.
  - b. The name and address of the beneficiary or beneficiaries for whom the trust was maintained, if available.
11. Did the respondent hold control over other corporations at the close of the year? No If so, state:
- a. The name and address of corporation or corporations controlled.
  - b. The form of control, whether sole or joint.
  - c. Other parties, if any, to joint agreement for control.
  - d. The extent of control.
  - e. Whether control is direct or indirect.
  - f. If indirect, the name and address of the intermediary through which control was established.





### IMPORTANT CHANGES DURING THE YEAR

Report important changes of the types listed. Except as otherwise indicated data furnished should apply to the same period the report covers. Answers should be numbered in accordance with the inquiries and if "none" states the fact, it should be used. If information which answers an inquiry is given elsewhere in the report, incorporation of that information by reference will be sufficient.

1. Issuances of Capital Stock or long term debt during the year: Identify the securities, date, consideration received and Commission authorization.  
**None**
2. Changes in franchise rights.  
**None**
3. Changes in ownership or control (shareholders holding 5% or more of outstanding stock).  
**None**
4. Other important changes: Give brief particulars of each other important change which is not disclosed elsewhere in this report.  
**None**

SCHEDULE: 3

**VOTING POWERS AND ELECTIONS**

1. In the schedule below, show the particulars called for concerning the stockholders of respondent who, at the date of the latest closing of the stock-book of respondent prior to the actual filing of this report, had the twenty highest voting powers of the respondent. If any such holder held in trust, attach a statement showing the beneficial owners. If the stock-book was not closed within the year, show twenty such stockholders as of the close of the year. In the space provided, show total shares and notes of all stockholders.

Line No.	Name and Address of Stockholders	No. of Shares Held	No. of Voting Shares	Other Vote Empowered Securities
1.	<b>Not Applicable</b>			
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
	Total listed above Total all stockholders			

SCHEDULE: 4

**DIRECTORS, PROPRIETORS, PARTNERS**

1. Give the name of director or proprietor. (For partnerships identify each partner, identify which are general or limited partners, and show each partner's percent of interest.)

Line No.	Name and Address (City and State) (a)	Served Continuously From (b)	Term Expired or Current Term Will Expire (c)
1	Duke Energy Generation Services Holding Company, Inc. is the sole member		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			

(For corporations, show the data requested; for other forms of business organizations, show names of individuals holding comparable positions.)

16 Name of Chairman of the Board N/A

17 Name of Secretary of Board N/A

18 President Wouter van Kempen

19 Vice-President Stephen G De May, Thomas C McNay, Robert H Stewart II, David A Ledonne

20 Secretary David S Maltz

21. Treasurer Stephen Gerard De May

22. Controller Steven K Young (Comptroller)



## SCHEDULE: 5A

## NOTES TO BALANCE SHEET

**1. Summary of Significant Accounting Policies**

(a) **Nature of Operations** Trigen-Cinergy Solutions of Cincinnati, LLC ("Trigen-Cinergy Cincinnati"), an Ohio limited liability company, was created in the third quarter of 1997. In August 1997, the former Cinergy Cooling Corp. (CoolCo) was merged with and into Trigen-Cinergy Cincinnati, with Trigen-Cinergy Cincinnati being the surviving company jointly owned by Cinergy Solutions Holding Company, Inc. (51%) and Trigen Solutions, Inc. (49%). Trigen-Cinergy Cincinnati has an exclusive franchise from the City of Cincinnati which permits it to maintain and operate a chilled water system in the downtown business district of Cincinnati, Ohio. In August 1998, Trigen-Cinergy Cincinnati began providing operation and maintenance services to the General Services Administration (GSA). In October 2003, Cinergy Solutions Holding Company, Inc. purchased the membership interests of Trigen Solutions, Inc. and in a name change filed with the Secretary of State of Ohio on October 17, 2003 changed the name of Trigen-Cinergy Solutions of Cincinnati, LLC to Cinergy Solutions of Cincinnati, LLC. On June 16, 2006, in a name change filed with the Secretary of State of Ohio, Cinergy Solutions of Cincinnati, LLC changed its name to DEGS of Cincinnati, LLC. On December 1, 2007, the contract between DEGS of Cincinnati and GSA expired. DEGS of Cincinnati no longer provides operation and maintenance services to GSA. The franchise with the City of Cincinnati remains intact.

(b) **Presentation** The accompanying financial statements are prepared on the regulatory basis of accounting in accordance with the requirements of the Federal Energy Regulatory Commission (FERC), which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Management makes estimates and assumptions when preparing financial statements under GAAP. Actual results could differ, as these estimates and assumptions involve judgment. These estimates and assumptions affect various matters including:

- the reported amounts of assets and liabilities in the Balance Sheets at the dates of the financial statements;
- the disclosure of contingent assets and liabilities at the dates of the financial statements; and
- the reported amounts of revenues and expenses in the Statements of Income during the reported periods.

The accompanying financial statements reflect historical results and do not reflect the impacts of push-down accounting that was applied as a result of the merger between Cinergy Corp. and Duke Energy Corporation on April 3, 2006.

(c) **Federal and State Income Taxes** DEGS of Cincinnati, LLC is not a taxpaying entity for federal or state income tax purposes. However, for financial reporting purposes, federal and state income tax expense has been calculated for DEGS of Cincinnati, LLC from the corporate owner. Income of DEGS of Cincinnati, LLC is taxed to the corporate owner in its respective return.

(d) **Regulation** DEGS of Cincinnati, LLC is subject to regulation by the FERC under the Public Utility Holding Company Act of 2005, as amended, and the Public Utilities Commission of Ohio (PUCO). The accounting policies at DEGS of Cincinnati, LLC conform to the accounting requirements of the FERC's Uniform System of Accounts, as adopted by the PUCO. The City of Cincinnati exercises ratemaking authority over the utility under statutory and constitutional municipal home rule.

(e) **Utility Plant** Utility Plant is stated at the original cost of construction, which includes a proportionate share of overhead costs. Construction overhead costs included salaries, payroll taxes, fringe benefits, and other expenses.

(f) **Depreciation** DEGS of Cincinnati, LLC determines the provision for depreciation expense using the straight-line method. The depreciation rates are based on the estimated useful lives (the number of years we expect to be able to use the properties).

## SCHEDULE: 6



SCHEDULE: 6A

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**NOTES TO INCOME STATEMENT**

See Notes 1(a), (b), (c), (d), and (f) of the "Notes to Balance Sheet".





SCHEDULE: 8

**SPECIAL FUNDS ACCOUNTS 125 & 128 (125)**

Name of Fund (a)	Balance First of Year (b)	Additions Principal (c)	Income (d)	Deductions	Balance End of Year
None					
<b>TOTALS</b>	\$	\$	\$	\$	\$

SCHEDULE: 9

<b>NOTES AND OTHER ACCOUNTS RECEIVABLE</b>						
Notes Receivable				*Other Accounts Receivable		
Name of Debtor	Amount at Close of Year			Name of Debtor	Amount at Close of Year	
				Trade A/R, Net		521 423
Total				Total		521 423
<b>ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES</b>						
Name of Debtor	Consideration Received			Amount at Close of Year		
<b>Cinergy Investment, Inc.</b>					4 043	718
				Total	4 043	718
*Show major items only. Minor items may be reported in one group.						

SCHEDULE: 10 -

**CAPITAL STOCK**

1. Respondent shall enter the class of stock and a description of any pertinent details such as differences in voting rights, preferences as to dividends or assets, pledges, etc.
2. Respondent shall provide the information specified in column headings (b) through (h) and note any other pertinent information at the bottom of this schedule.

Class and Description of Capital Stock (a)	Par or Stated Value Amount (b)	Number of Shares Authorized (c)	Amount of Stock Issued and Outstanding (d)	Additional Paid In Capital (e)	Total (Col. (d) & (e)) (f)	Number of Shares of Treasury Stock (g)	Amount in Treasury Stock Account (h)
Paid-In Capital	\$		\$	\$9,192,254	\$9,192,254		\$
<b>TOTALS</b>	\$		\$	\$9,192,254	\$9,192,254		\$

SCHEDULE: 11

<b>LONG-TERM DEBT</b>				
1. List in account number order in column (a) a description of the long-term obligation, including those maturing in the coming year. 2. In the remaining columns (b) - (i) respond shall furnish the appropriate data.				
Description of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Interest Rate (d)	Original Amount of Debt (e)
<b>County of Hamilton, Ohio Local District Cooling Facilities Revenue Bonds, Series 1998</b>	09/28/1998	06/01/2023 <sup>(1)</sup>	(2)	\$8,000,000
(1) The bonds are subject to mandatory tender on June 1, 2009. (2) Initially issued at 5.7% through October 28, 1998. Thereafter, the rates will be determined by Morgan Stanley & Company Incorporated, as Remarketing Agent. The term rate for May 25, 1999 to May 31, 2004 was 4.9%; since June 1, 2004 the interest rate was 4.6%.				

SCHEDULE: 12

**NOTES PAYABLE**

Name of Creditor	Considerations Reserved	Date of Obligations	Date of Maturity	Credit Balance at Close of Year	
Duke Energy Generation Services Holding Company, Inc.				525	246
			Total	525	246

**ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES**

Name of Creditor	Considerations Reserved	Date of Obligations	Date of Maturity	Credit Balance at Close of Year	
Suez of DEGS, LLC					126
Cinergy Investment, Inc.				19	652
Duke Energy Business Services				11	909
			Total	31	687

**MATURED LONG TERM DEBT**

Name of Creditor	Considerations Reserved	Date of Obligations	Date of Maturity	Credit Balance at Close of Year	
None					
			Total		



SCHEDULE: 14

**BASES OF CHARGES FOR DEPRECIATION**

1. Provide separate schedules for each jurisdiction in which the respondent operates and for the overall operations of the respondent.
2. Under column (a) provide all subclasses for plant for which a separate depreciation rate is determined and a subtotal for each primary account
3. Under columns (b) thru (d) provide the life, net salvage, and rate prescribed by the Commission.

Jurisdiction \_\_\_\_\_  
 Overall Operations

Classes and Subclasses of Depreciation Plant						
	Account Number and Title of Plant Accounts and its Subclasses (a)	Life (Years) (b)	*Net Salvage (%) (c)	Depreciation		
				*Rate (%) (d)	*Reserve % (e)	
1	101000 Plant Equipment	40	2.50%			
2	101000 Customer Connections (Mechanical Rooms)	40	2.50%			
3	101000 Distribution Equipment	40	2.50%			
4						
5						
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33						

\*Composite rate for all depreciable accounts

\*Composite rate for all plant accounts

Ratio for all depreciable accounts  
Ratio for all plant accounts

## SCHEDULE: 15

## STATEMENT OF RETAINED EARNINGS

Account No.	Item	Page No.	Amount
	Balances-First of Year		1,438,781
	Changes:		
	Balance Transferred from Income		788,217
	Dividends Declared		-0-
	Miscellaneous Debits to Retained Earnings		-0-
	Miscellaneous Credits to Retained Earnings		-0-
	Balance-End of Year		2,226,998
	Notes to Statement of Retained Earnings:		

## SCHEDULE: 16

PARTNERSHIP CAPITAL STATEMENT <sup>(1)</sup>

Account No.	Item	Page No.	Amount
	Partnership Capital-Beginning of Year		-0-
	Net Income (Loss) for Year		-0-
	Partners' Capital Contributions		-0-
	Miscellaneous Credits		-0-
	Total Credits		-0-
	Partners' Drawings		-0-
	Prior Period Adjustment(s)		-0-
	Miscellaneous Debits		-0-
	Total Debits		-0-
	Partnership Capital-End of Year		-0-

(1) This statement should also be used by sole proprietors.

SCHEDULE: 17

<b>TAXES ACCRUED</b>						
Explain items recorded in column (e). Any amounts included for other than current taxes should be explained by footnote.						
Kind of Tax (a)	Balance First of Year (b)	Amount Accrued During Year (c)	Payments During Year (d)	Other Items Dr. or (Cr.) (e)	Balance End of Year (f)	
Property Taxes	(285,266)	344,840	59,574		-0-	
Franchise Taxes	97,079	203,000	197,079		103,000	
Income Taxes (see Note 1(c) of the "Notes to Balance Sheet" regarding income taxes)	(41,346)	(177,135)	(384,890)		166,409	
<b>Total</b>	<b>\$(229,533)</b>	<b>\$370,705</b>	<b>\$(128,237)</b>	<b>\$</b>	<b>\$ 269,409</b>	





## SCHEDULE: 20

## STATEMENT OF INTRASTATE-GROSS EARNINGS (1)

Line No.	Item	Amount		
		Total Company	Other Than Ohio Intrastate	Ohio Intrastate
1	Operating and Miscellaneous Revenue (Rent Revenue, Special Billings (revenue from work performed for others, rent revenue-nonoperating, return on regulated investment used to provide nonregulated products and services, etc.)	4,813,405	-0-	4,813,405
2	Other Revenue, Dividend and Interest Income, Gains From Disposition of Property -Operating and Nonoperating, Other Operating or Nonoperating Gains (foreign currency exchange or transfer, extinguishment of debt, company's share of earnings of affiliated company accounted for on equity method, income from sinking and other funds, etc.)	-0-	-0-	-0-
3	SUBTOTAL (1) + (2)	4,813,405	-0-	4,813,405
4	Earnings or receipts from sales to other public utilities for resale	( -0- )	( -0- )	( -0- )
5	TOTAL (3) + (4)	4,813,405	-0-	4,813,405
<p>(1) Intrastate means from one point in Ohio to another point in Ohio, or wholly within Ohio.</p>				

SCHEDULE: 21

IN ORDER TO ENSURE THAT PUCO CORRESPONDENCE IS DIRECTED TO THE APPROPRIATE PERSON AT THE CORRECT ADDRESS, PLEASE COMPLETE THE FOLLOWING.

Name, Title, Address, and Phone Number of the Company's Contact Persons to Receive Entries and Orders from the Docketing Division

Judy Stubbe Sr. Analyst, Corp Ethics & Compliance
Name Title

221 East Fourth Street, EA025, Cincinnati, OH 45202
Address

(513) 419-1860
Phone Number (Including Area Code)

Name, Title, Address, and Phone Number of Person to whom Invoice should be Directed

Yinchiou (Julie) Chu Lead Accounting Analyst, DEGS Accounting
Name Title

221 East Fourth Street, EA602, Cincinnati, OH 45202
Address

(513) 419-5738
Phone Number (Including Area Code)

Name and Address of the President

Wouter T. van Kempen President and Chief Operating Officer
Name President

139 East Fourth Street, EA502, Cincinnati, OH 45202
Address

VERIFICATION

The foregoing report must be verified by the President or Chief Officer of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

State of Ohio  
County of Hamilton

Wouter T. van Kempen makes oath and says that  
(Insert here the name of the affiant.)

he is President and Chief Operating Officer  
(Insert here the official title of deponent)

of DEGS of Cincinnati, LLC  
(Insert here the exact legal title or name of the respondent.)

that he has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from and including January 1, 2008, to and including December 31, 2008.

(Signature of affiant.)

Subscribed and sworn to before me, a Notary Public for the State of South Carolina, County of York, and this 29<sup>th</sup> day of April, 2009. My commission expires June 21, 2016.

(Signature of officer authorized to administer oaths.)



LISA SALVADOR  
NOTARY PUBLIC  
State of South Carolina  
My Commission Expires  
June 21, 2016