

Computation of §1.752-7 Liability Reduction (in millions)

1. Basis of UTP's LTP interest	\$12
2. Less adjusted value of UTP's LTP interest	<u>(\$10.5)</u>
3. Difference between 1 and 2	\$ 1.5
4. Remaining built-in loss from §1.752-7 liability	<u>\$ 1.5</u>
5. §1.752-7 liability reduction (lesser of 3 or 4)	\$ 1.5

Gain/Loss on Sale of UTP's PRS Interest to E (in millions)

1. Amount realized on sale	\$10.5
2. Less basis of PRS interest	
Original	\$12
§1.752-7 liability reduction	<u>(\$ 1.5)</u>
Difference	<u>(\$10.5)</u>
3. Gain/Loss	\$ 0

Partner's Bases in UTP Interests after Sale of LTP Interest
(in millions)

	<u>B</u>	<u>C</u>	<u>D</u>
Basis prior to sale	\$3	\$6	\$3
Share of §1.752-7 liability Reduction	<u>(\$0.375)</u>	<u>(\$0.75)</u>	<u>(\$0.375)</u>
Basis after sale	\$2.625	\$5.25	\$2.625