

UTP Balance Sheet Prior to A's Sale (in millions)

<u>Assets</u>		<u>Liabilities/Equity</u>	
<u>Value</u>	<u>Basis</u>	<u>Value</u>	<u>Basis</u>
\$5	\$5	Property 1	
\$9	\$9	Property 2	
		\$2	\$1.752-7 Liability
			Partner's Equity:
		\$3	A (25%)
		\$3	B (25%)
		\$6	C (50%)
		<u>\$12</u>	<u>Total Equity</u>
			\$14

Gain/Loss on Sale of A's PRS Interest to D (in millions)

1.	Amount realized on sale	\$3
2.	Less basis of PRS interest	
	Original	\$5
	\$1.752-7 liability reduction	<u>(\$2)</u>
	Difference	<u>(\$3)</u>
3.	Gain/Loss	\$0