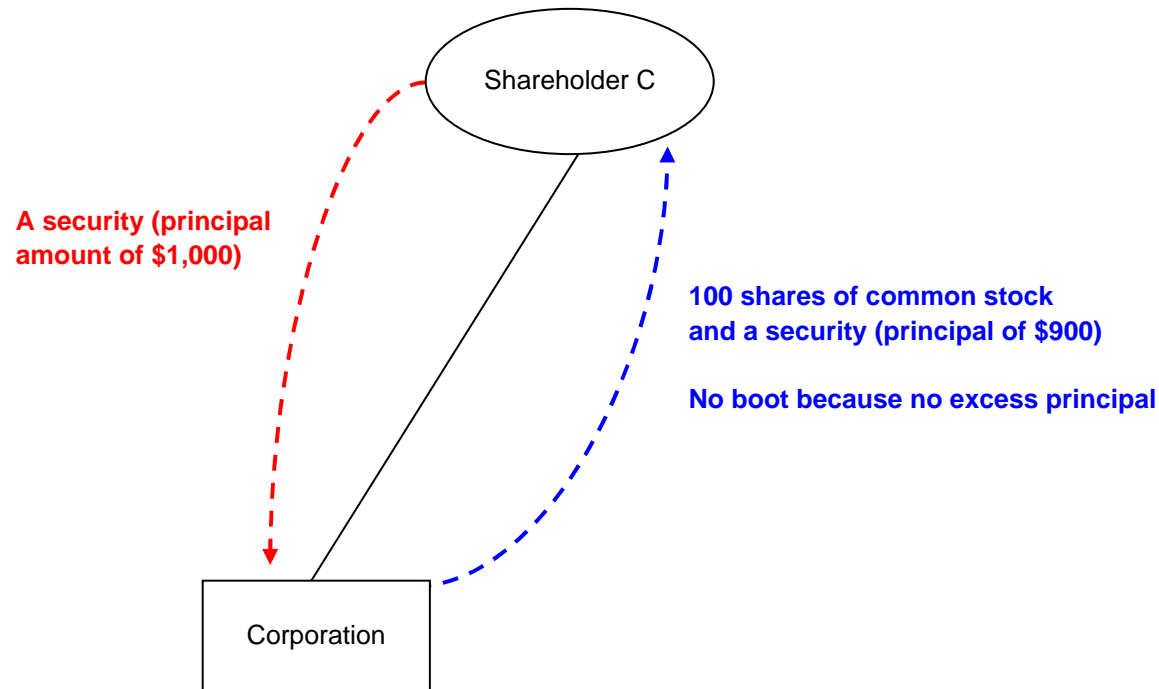


**Reg. 1.356-3(c),
Example 3**

**No Boot If No
Excess Principal**

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C, an individual, exchanged a security in the principal amount of \$1,000 for 100 shares of common stock and a security in the principal amount of \$900. No part of the security received is treated as "other property."

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