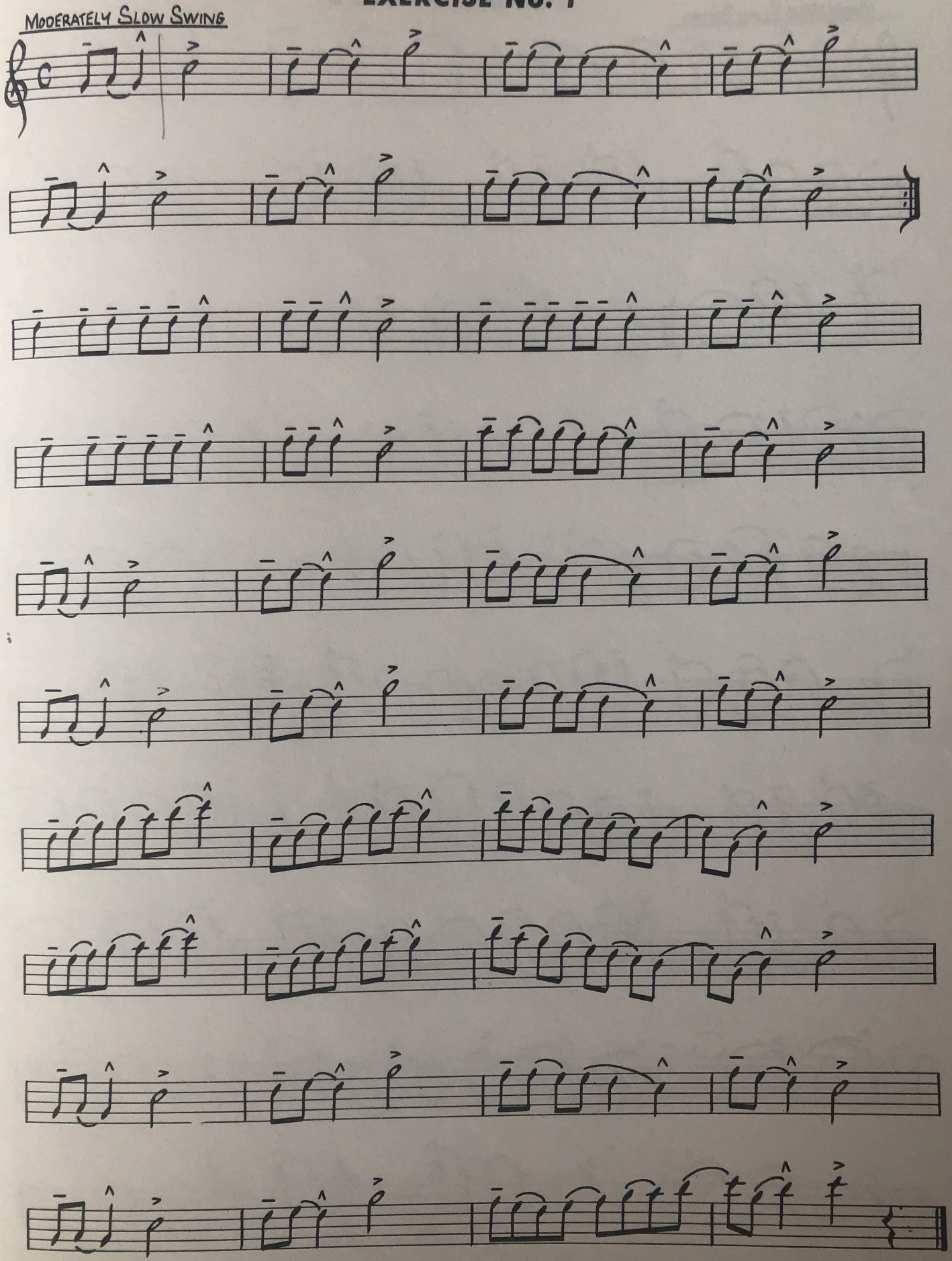EXERCISE No. 1