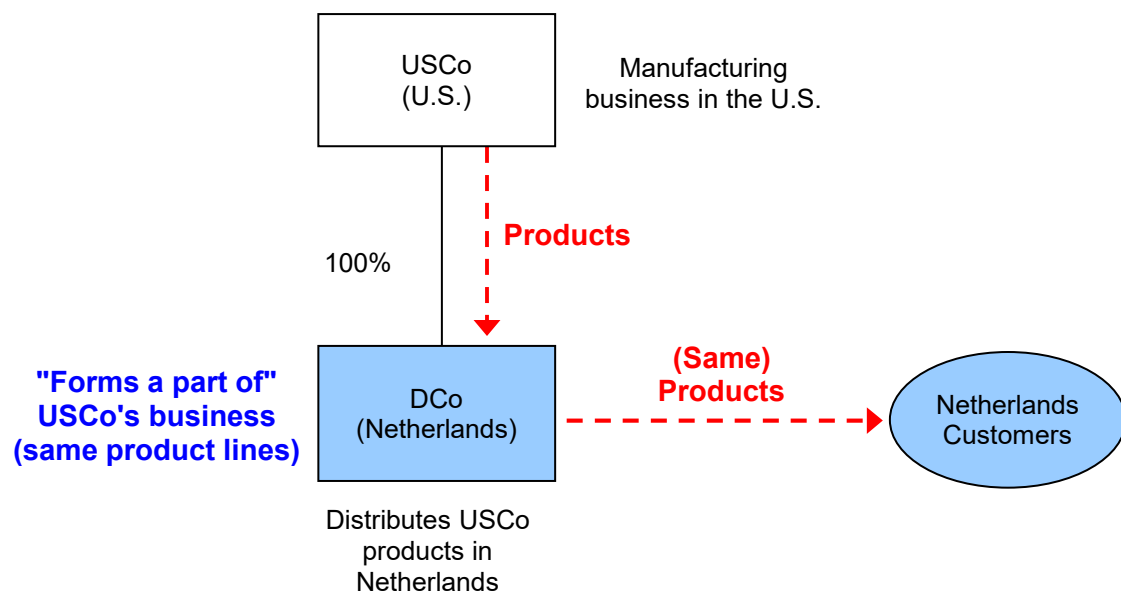


**Netherlands Protocol (2004)
Treasury Tech. Explan.,
Article 26, Paragraph 4,
Example 1**

**Netherlands Distributor Activity
"Forms a Part of"
U.S. Manufacturer Activity**

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Limitation on benefits:

**Active trade or
business test
("derived in
connection with")**

USCo is a corporation resident in the United States. USCo is engaged in an active manufacturing business in the United States. USCo owns 100 percent of the shares of DCo, a company resident in the Netherlands. DCo distributes USCo products in the Netherlands. Because the business activities conducted by the two corporations involve the same products, DCo's distribution business is considered to form a part of USCo's manufacturing business.