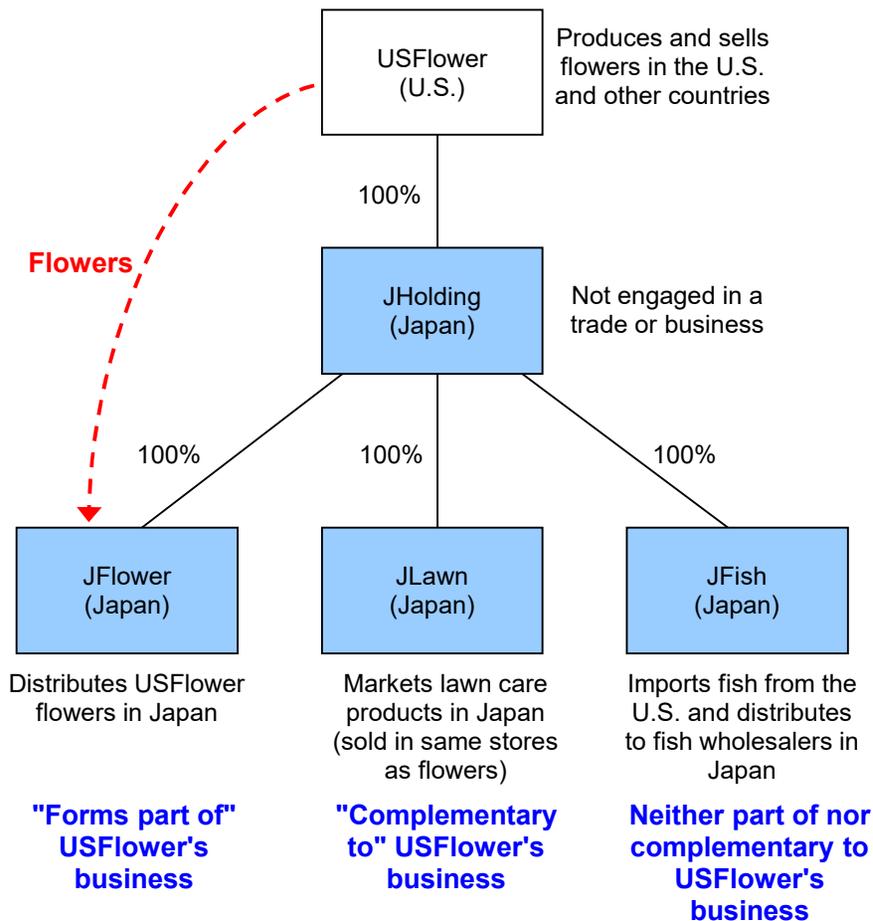


**Japan Treaty (2003)  
Treasury Tech. Explan.,  
Article 22, Paragraph 2,  
Example 5**

**Flower (Part of),  
Lawn (Complem. to),  
& Fish (Neither)**

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USFlower is a company resident in the United States. USFlower produces and sells flowers in the United States and other countries. USFlower owns all the shares of JHolding, a corporation resident in Japan. JHolding is a holding company that is not engaged in a trade or business. JHolding owns all the shares of three corporations that are resident in Japan: JFlower, JLawn, and JFish. JFlower distributes USFlower flowers under the USFlower trademark in Japan. JLawn markets a line of lawn care products in Japan under the USFlower trademark. In addition to being sold under the same trademark, JLawn and JFlower products are sold in the same stores and sales of each company's products tend to generate increased sales of the other's products. JFish imports fish from the United States and distributes it to fish wholesalers in Japan. For purposes of paragraph 2, the business of JFlower forms a part of the business of USFlower, the business of JLawn is complementary to the business of USFlower, and the business of JFish is neither part of nor complementary to that of USFlower.



**Limitation on benefits:**  
**Active trade or business test ("derived in connection with")**