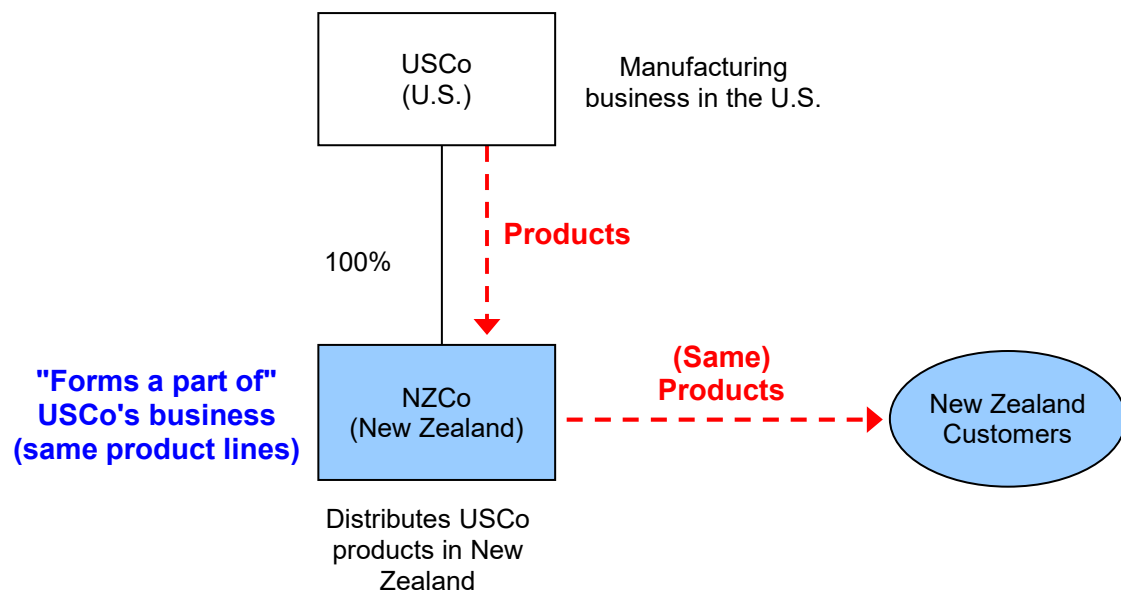


**New Zealand Protocol (2008)  
Treasury Tech. Explan.,  
Article 16, Paragraph 3,  
Example 1**

**New Zealand 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 NZCo, a corporation resident in New Zealand. NZCo distributes USCo products in New Zealand. Since the business activities conducted by the two corporations involve the same products, NZCo's distribution business is considered to form a part of USCo's manufacturing business.