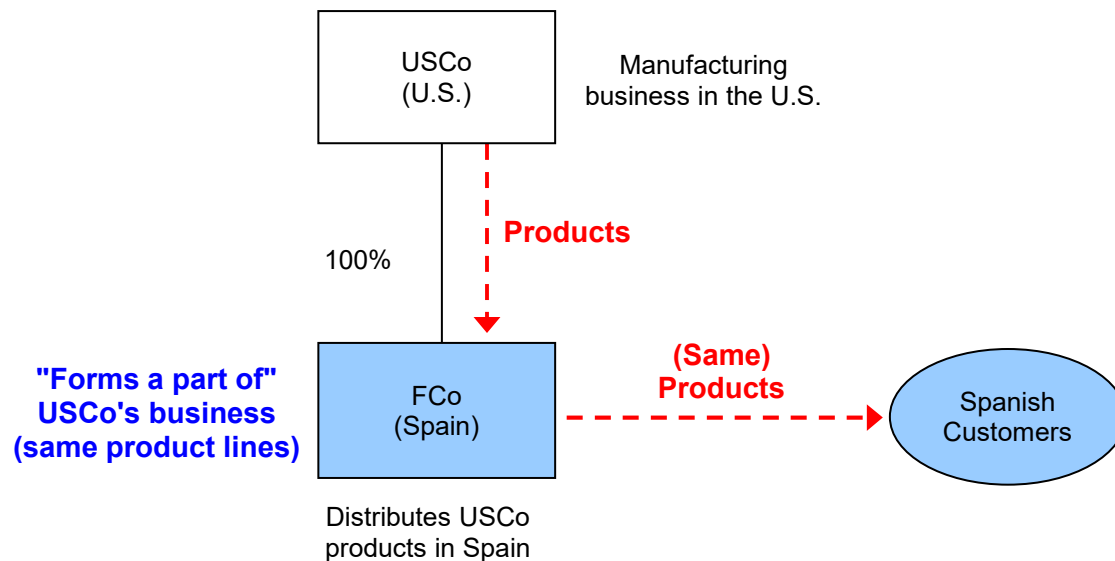


**Spain Protocol (2013)
Treasury Tech. Explan.,
Article 17, Paragraph 4,
Example 1**

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