

**SCHEDULE M-3  
(Form 1120)**

Department of the Treasury  
Internal Revenue Service

**Net Income (Loss) Reconciliation for Corporations  
With Total Assets of \$10 Million or More**

▶ Attach to Form 1120.  
▶ See separate instructions.

OMB No. 1545-XXXX

**2004**

Name

Employer identification number

**Part I Questions Regarding Corporate Financial Statements and Publicly Traded Common Stock**

- 1 Indicate source of net income shown on Part II, line 1:
- a  SEC Form 10-K
  - b  Other certified GAAP income statement
  - c  Other income statement
  - d  No income statement. Books and records used.

**Note:** If line 1d is checked, skip lines 2 through 5 of Part I, skip lines 1 through 7 of Part II, and enter net income (loss) per books and records of includible corporations on line 8 of Part II.

- 2 What is the income statement period for net income shown in Part II, line 1? From \_\_\_\_ / \_\_\_\_ / \_\_\_\_ To \_\_\_\_ / \_\_\_\_ / \_\_\_\_
- 3 In the current or past five years, have the corporation's financial statements been restated? . . . .  Yes  No  
(If yes, attach details)
- 4 Under what symbol does the corporation's common stock trade? \_\_\_\_\_ On what exchange does it trade? \_\_\_\_\_
- 5 What is the nine-digit CUSIP number of the corporation's publicly traded common stock?

**Part II Reconciliation of Net Income (Loss) per Income Statement With Net Income (Loss) of Includible Corporations**

<b>1</b>	<b>Net income (loss) per income statement</b> . . . . .	<b>1</b>	
<b>2</b>	Remove net income (loss) of nonincludible foreign corporations (attach schedule) . . . . .	<b>2</b>	
<b>3</b>	Remove net income (loss) of nonincludible U.S. corporations (attach schedule) . . . . .	<b>3</b>	
<b>4</b>	Include net income (loss) of other includible corporations (attach schedule) . . . . .	<b>4</b>	
<b>5</b>	Adjust elimination of transactions between includible and nonincludible corporations (attach schedule) . . . . .	<b>5</b>	
<b>6</b>	Adjust net income (loss) to reconcile income statement year to tax return year (attach schedule) . . . . .	<b>6</b>	
<b>7</b>	Other adjustments required to reconcile to amount on line 8 (attach schedule) . . . . .	<b>7</b>	
<b>8</b>	<b>Net income (loss) per income statement of includible corporations. Add lines 1 through 7</b> . . . . .	<b>8</b>	

**Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return—Income (Loss) Items**

Income (Loss) Items	(A) Income (Loss) per Income Statement	(B) Temporary Difference	(C) Permanent Difference	(D) Income (Loss) per Tax Return
1	Income (loss) from equity method foreign corporations . . . . .			
2	Gross foreign dividends not previously taxed . . . . .			
3	Subpart F, PFIC, QEF, and similar income inclusions . . . . .			
4	Section 78 gross-up . . . . .			
5	Gross foreign distributions previously taxed . . . . .			
6	Income (loss) from equity method U.S. corporations . . . . .			
7	U.S. dividends not eliminated in tax consolidation . . . . .			
8	Minority interest for includible corporations . . . . .			
9	Income (loss) from U.S. partnerships (attach schedule) . . . . .			
10	Income (loss) from foreign partnerships (attach schedule) . . . . .			
11	Income (loss) from other flow-through entities (attach schedule) . . . . .			
12	Tax-exempt interest . . . . .			
13	Life insurance proceeds . . . . .			
14	Involuntary conversions . . . . .			
15	Like-kind exchanges . . . . .			
16	Hedging transactions . . . . .			
17	Section 481(a) adjustments . . . . .			
18	Inventory valuation adjustments . . . . .			
19	Section 198 environmental remediation costs . . . . .			
20	Other amounts relating to reportable transactions (attach details) . . . . .			
21	Sale versus lease . . . . .			
22	Mark-to-market income (loss) . . . . .			
23	Unearned revenue/advance receipts . . . . .			
24	Installment sales . . . . .			
25	Long-term contracts . . . . .			
26	Original issue discount . . . . .			
27	Net capital gain from flow-through entities . . . . .			
28	Net capital loss from flow-through entities . . . . .	( )		( )
29	Gross capital gain from includible corporations . . . . .			
30	Gross capital loss from includible corporations . . . . .	( )		( )
31	Disallowed capital loss in excess of capital gains . . . . .			
32	Utilization of capital loss carryforward . . . . .			
33	Other income (loss) items with differences (attach schedule) . . . . .			
34	Other income (loss) items with no differences . . . . .			
35	<b>Total income (loss) items.</b> Add lines 1 through 34			
36	<b>Total expense/deduction items (from Part IV, line 38)</b> . . . . .			
37	<b>Reconciliation totals: Subtract line 36 from line 35</b>			
	<b>Net Income (loss) per income statement, Part II, Line 8</b>	<b>Net Temporary Differences</b>	<b>Net Permanent Differences</b>	<b>Taxable Income (Loss), (Form 1120) Page 1, line 28</b>

**Note:** Line 37, Column A must equal amount on Part II, line 8 and Column D must equal amount on Form 1120, page 1, line 28.

**Part IV Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return—Expense/Deduction Items**

Expense/Deduction Items	(A) Expense per Income Statement	(B) Temporary Difference	(C) Permanent Difference	(D) Deduction per Tax Return
1 U.S. current tax expense . . . . .				
2 U.S. deferred tax expense . . . . .				
3 State current tax expense . . . . .				
4 State deferred tax expense . . . . .				
5 Foreign current tax expense . . . . .				
6 Foreign deferred tax expense . . . . .				
7 Foreign withholding taxes . . . . .				
8 Stock option (ISO) . . . . .				
9 Stock option (NQSO) . . . . .				
10 Restricted stock . . . . .				
11 Meals and entertainment . . . . .				
12 Fines and penalties . . . . .				
13 Nondeductible punitive damages . . . . .				
14 Excess parachute payments . . . . .				
15 Excess section 162(m) compensation . . . . .				
16 Charitable contribution of cash and tangible property . . . . .				
17 Charitable contribution of intangible property . . . . .				
18 Charitable contribution limitation . . . . .				
19 Charitable contribution carryforward used . . . . .				
20 Current year acquisition/reorganization investment banking fees . . . . .				
21 Current year acquisition/reorganization legal/accounting fees . . . . .				
22 Current year acquisition/reorganization other costs.				
23 Impairment of goodwill . . . . .				
24 Amortization of acquisition/reorganization and start-up costs . . . . .				
25 Other amortization or impairment write-offs . . . . .				
26 Abandonment losses (attach details) . . . . .				
27 Worthless stock deduction (attach details) . . . . .				
28 Depletion . . . . .				
29 Depreciation . . . . .				
30 Bad debt expense . . . . .				
31 Accrued non-deductible liabilities (attach details) . . . . .				
32 Corporate owned life insurance premiums . . . . .				
33 Section 481(a) adjustments . . . . .				
34 Inventory valuation adjustments . . . . .				
35 Other amounts relating to reportable transactions (attach details) . . . . .				
36 Other expense/deduction items with differences (attach schedule) . . . . .				
37 Other expense/deduction items with no differences				
38 <b>Total expense/deduction items.</b> Add lines 1 through 37. Enter here and on Part III, line 36 . . . . .				