

**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 or 1120-C.**  
▶ **See separate instructions.**

OMB No. 1545-0123

**2011**

Name of corporation (common parent, if consolidated return)

Employer identification number

- Check applicable box(es): (1) ☐ Non-consolidated return (2) ☐ Consolidated return (Form 1120 only)  
(3) ☐ Mixed 1120/L/PC group (4) ☐ Dormant subsidiaries schedule attached

**Part I Financial Information and Net Income (Loss) Reconciliation** (see instructions)

- 1a** Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?  
☐ **Yes.** Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.  
☐ **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
- b** Did the corporation prepare a certified audited non-tax-basis income statement for that period?  
☐ **Yes.** Skip line 1c and complete lines 2a through 11 with respect to that income statement.  
☐ **No.** Go to line 1c.
- c** Did the corporation prepare a non-tax-basis income statement for that period?  
☐ **Yes.** Complete lines 2a through 11 with respect to that income statement.  
☐ **No.** Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.
- 2a** Enter the income statement period: Beginning MM/DD/YYYY Ending MM/DD/YYYY
- b** Has the corporation's income statement been restated for the income statement period on line 2a?  
☐ **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)  
☐ **No.**
- c** Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?  
☐ **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)  
☐ **No.**
- 3a** Is any of the corporation's voting common stock publicly traded?  
☐ **Yes.**  
☐ **No.** If "No," go to line 4a.
- b** Enter the symbol of the corporation's primary U.S. publicly traded voting common stock
- c** Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock
- |  |            |     |
|--|------------|-----|
| <b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1   | <b>4a</b>  |     |
| <b>b</b> Indicate accounting standard used for line 4a (see instructions):<br>(1) <input type="checkbox"/> GAAP (2) <input type="checkbox"/> IFRS (3) <input type="checkbox"/> Statutory (4) <input type="checkbox"/> Tax-basis (5) <input type="checkbox"/> Other (specify) _____ |            |     |
| <b>5a</b> Net income from nonincludible foreign entities (attach schedule)   | <b>5a</b>  | ( ) |
| <b>b</b> Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)   | <b>5b</b>  |     |
| <b>6a</b> Net income from nonincludible U.S. entities (attach schedule)  | <b>6a</b>  | ( ) |
| <b>b</b> Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)  | <b>6b</b>  |     |
| <b>7a</b> Net income (loss) of other includible foreign disregarded entities (attach schedule)   | <b>7a</b>  |     |
| <b>b</b> Net income (loss) of other includible U.S. disregarded entities (attach schedule)   | <b>7b</b>  |     |
| <b>c</b> Net income (loss) of other includible entities (attach schedule)  | <b>7c</b>  |     |
| <b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)   | <b>8</b>   |     |
| <b>9</b> Adjustment to reconcile income statement period to tax year (attach schedule)   | <b>9</b>   |     |
| <b>10a</b> Intercompany dividend adjustments to reconcile to line 11 (attach schedule)   | <b>10a</b> |     |
| <b>b</b> Other statutory accounting adjustments to reconcile to line 11 (attach schedule)  | <b>10b</b> |     |
| <b>c</b> Other adjustments to reconcile to amount on line 11 (attach schedule)   | <b>10c</b> |     |
| <b>11</b> <b>Net income (loss) per income statement of includible corporations.</b> Combine lines 4 through 10<br><b>Note.</b> Part I, line 11, must equal the amount on Part II, line 30, column (a), and Schedule M-2, line 2.   | <b>11</b>  |     |
- 12** Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

	Total Assets	Total Liabilities
a Included on Part I, line 4		
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

Name of corporation (common parent, if consolidated return)

Employer identification number

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☐ Subsidiary corp (5) ☐ Mixed 1120/L/PC groupCheck if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

**Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(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, 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 . . . . .				
10 Income (loss) from foreign partnerships . . . . .				
11 Income (loss) from other pass-through entities . . . . .				
12 Items relating to reportable transactions (attach details) . . . . .				
13 Interest income (attach Form 8916-A) . . . . .				
14 Total accrual to cash adjustment . . . . .				
15 Hedging transactions . . . . .				
16 Mark-to-market income (loss) . . . . .				
17 Cost of goods sold (attach Form 8916-A) . . . . .	( )			( )
18 Sale versus lease (for sellers and/or lessors) . . . . .				
19 Section 481(a) adjustments . . . . .				
20 Unearned/deferred revenue . . . . .				
21 Income recognition from long-term contracts . . . . .				
22 Original issue discount and other imputed interest . . . . .				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities . . . . .				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses . . . . .				
f Worthless stock losses (attach details) . . . . .				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used . . . . .				
25 Other income (loss) items with differences (attach schedule)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 38)				
28 Other items with no differences . . . . .				
29a Mixed groups, see instructions. All others, combine lines 26 through 28 . . . . .				
b PC insurance subgroup reconciliation totals . . . . .				
c Life insurance subgroup reconciliation totals . . . . .				
30 Reconciliation totals. Combine lines 29a through 29c				

**Note.** Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

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Name of subsidiary (if consolidated return)

Employer identification number

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

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense . . . . .				
2 U.S. deferred income tax expense . . . . .				
3 State and local current income tax expense . . . . .				
4 State and local deferred income tax expense . . . . .				
5 Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
6 Foreign deferred income tax expense . . . . .				
7 Foreign withholding taxes . . . . .				
8 Interest expense (attach Form 8916-A) . . . . .				
9 Stock option expense . . . . .				
10 Other equity-based compensation . . . . .				
11 Meals and entertainment . . . . .				
12 Fines and penalties . . . . .				
13 Judgments, damages, awards, and similar costs . . . . .				
14 Parachute payments . . . . .				
15 Compensation with section 162(m) limitation . . . . .				
16 Pension and profit-sharing . . . . .				
17 Other post-retirement benefits . . . . .				
18 Deferred compensation . . . . .				
19 Charitable contribution of cash and tangible property . . . . .				
20 Charitable contribution of intangible property . . . . .				
21 Charitable contribution limitation/carryforward . . . . .				
22 Domestic production activities deduction . . . . .				
23 Current year acquisition or reorganization investment banking fees . . . . .				
24 Current year acquisition or reorganization legal and accounting fees . . . . .				
25 Current year acquisition/reorganization other costs . . . . .				
26 Amortization/impairment of goodwill . . . . .				
27 Amortization of acquisition, reorganization, and start-up costs . . . . .				
28 Other amortization or impairment write-offs . . . . .				
29 Section 198 environmental remediation costs . . . . .				
30 Depletion . . . . .				
31 Depreciation . . . . .				
32 Bad debt expense . . . . .				
33 Corporate owned life insurance premiums . . . . .				
34 Purchase versus lease (for purchasers and/or lessees) . . . . .				
35 Research and development costs . . . . .				
36 Section 118 exclusion (attach schedule) . . . . .				
37 Other expense/deduction items with differences (attach schedule) . . . . .				
38 <b>Total expense/deduction items.</b> Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive . . . . .				