

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

**Net Income (Loss) Reconciliation for U.S. Life Insurance  
Companies With Total Assets of \$10 Million or More**

OMB No. 1545-0128

**2007**

Department of the Treasury  
Internal Revenue Service

▶ **Attach to Form 1120-L.**  
▶ **See separate instructions.**

Name of corporation (common parent, if consolidated return)

Employer identification number

- Check applicable box(es): (1)  Non-Consolidated return (2)  Consolidated return (Form 1120-L 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 4.
- 2a** Enter the income statement period: Beginning \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Ending \_\_\_\_ / \_\_\_\_ / \_\_\_\_
- 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 4.

**b** Enter the symbol of the corporation's primary U.S. publicly traded voting common stock . 

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**c** Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock . . . . . 

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<b>4</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4</b>	
<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 disregarded entities (attach schedule) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other includible entities (attach schedule) . . . . .	<b>7b</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	<b>11</b>	

Name of corporation (common parent, if consolidated return)	Employer identification number .....
Check applicable box(es): (1) <input type="checkbox"/> Consolidated group (2) <input type="checkbox"/> Parent corp (3) <input type="checkbox"/> Consolidated eliminations (4) <input type="checkbox"/> Subsidiary corp (5) <input type="checkbox"/> Mixed 1120/L/PC group	
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120-L group (7) <input type="checkbox"/> 1120-L 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)

	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
<b>Income (Loss) Items</b>				
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 (attach schedule)				
10 Income (loss) from foreign partnerships (attach schedule)				
11 Income (loss) from other pass-through entities (attach schedule)				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 8916-A)				
14 Accrual of bond discount				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Deferred and uncollected premiums				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Amortization of interest maintenance reserve				
21 Original issue discount and other imputed interest				
22 Market discount reclassification				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than 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				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule)				
26 <b>Total income (loss) items.</b> Combine lines 1 through 25				
27 <b>Total expense/deduction items</b> (from Part III, line 39)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b 1120 subgroup reconciliation totals				
c PC insurance subgroup reconciliation totals				
30 <b>Reconciliation totals.</b> 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-L, page 1, line 20.

Name of corporation (common parent, if consolidated return)	Employer identification number .....
Check applicable box(es): <b>(1)</b> <input type="checkbox"/> Consolidated group <b>(2)</b> <input type="checkbox"/> Parent corp <b>(3)</b> <input type="checkbox"/> Consolidated eliminations <b>(4)</b> <input type="checkbox"/> Subsidiary corp <b>(5)</b> <input type="checkbox"/> Mixed 1120/L/PC group	
Check if a sub-consolidated: <b>(6)</b> <input type="checkbox"/> 1120-L group <b>(7)</b> <input type="checkbox"/> 1120-L eliminations	
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 Equity-based compensation . . . . .				
9 Capitalization of deferred acquisition costs . . . . .				
10 Amortization of deferred acquisition costs . . . . .				
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 Change in section 807(c)(1) tax reserves . . . . .				
23 Change in section 807(c)(2) tax reserves . . . . .				
24 Change in all other section 807(c) tax reserves . . . . .				
25 Section 807(f) adjustments for change in computing reserves . . . . .				
26 Section 807(a)(2)(B) tax reserve amount with respect to policyholder share of tax-exempt interest . . . . .				
27 Current year acquisition/reorganization costs (attach schedule) . . . . .				
28 Amortization of acquisition, reorganization, and start-up costs . . . . .				
29 Amortization/impairment of goodwill, insurance in force and ceding commissions . . . . .				
30 Other amortization or impairment write-offs . . . . .				
31 Section 846 amount . . . . .				
32 Depreciation . . . . .				
33 Bad debt expense/agency balances written off . . . . .				
34 Corporate owned life insurance premiums . . . . .				
35 Purchase versus lease (for purchasers and/or lessees) . . . . .				
36 Interest expense (attach Form 8916-A) . . . . .				
37 Domestic production activities deduction . . . . .				
38 Other expense/deduction items with differences (attach schedule) . . . . .				
39 <b>Total expense/deduction items.</b> Combine lines 1 through 38. Enter here and on Part II, line 27 . . . . .				