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**SCHEDULES M-1 and M-2  
(Form 1120-F)**

Department of the Treasury  
Internal Revenue Service

Name of corporation

**Reconciliation of Income (Loss) and Analysis of  
Unappropriated Retained Earnings per Books**

▶ Attach to Form 1120-F.

OMB No. 1545-0126

**2008**

Employer identification number

**Schedule M-1**

**Reconciliation of Income (Loss) per Books With Income per Return**

**Note:** Schedule M-3 may be required instead of Schedule M-1—see instructions.

<p><b>1</b> Net income (loss) per books . . . . .</p> <p><b>2</b> Federal income tax per books . . . . .</p> <p><b>3</b> Excess of capital losses over capital gains</p> <p><b>4</b> Income subject to tax not recorded on books this year (itemize):</p> <p>.....</p> <p><b>5</b> Expenses recorded on books this year not deducted on this return (itemize):</p> <p><b>a</b> Depreciation . . . . . \$ .....</p> <p><b>b</b> Charitable contributions \$ .....</p> <p><b>c</b> Travel and entertainment \$ .....</p> <p><b>d</b> Other (itemize): .....</p> <p>.....</p> <p><b>6</b> Add lines 1 through 5 . . . . .</p>	<p><b>7</b> Income recorded on books this year not included on this return (itemize):</p> <p><b>a</b> Tax-exempt interest \$ .....</p> <p><b>b</b> Other (itemize): .....</p> <p>.....</p> <p><b>8</b> Deductions on this return not charged against book income this year (itemize):</p> <p><b>a</b> Depreciation . . . . . \$ .....</p> <p><b>b</b> Charitable contributions \$ .....</p> <p><b>c</b> Other (itemize): .....</p> <p>.....</p> <p><b>9</b> Add lines 7 and 8 . . . . .</p> <p><b>10</b> Income—line 6 less line 9 . . . . .</p>
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**Schedule M-2**

**Analysis of Unappropriated Retained Earnings per Books per Return**

<p><b>1</b> Balance at beginning of year . . . . .</p> <p><b>2</b> Net income (loss) per books . . . . .</p> <p><b>3</b> Other increases (itemize):</p> <p>.....</p> <p>.....</p> <p><b>4</b> Add lines 1, 2, and 3. . . . .</p>	<p><b>5</b> Distributions: <b>a</b> Cash . . . . .</p> <p><b>b</b> Stock . . . . .</p> <p><b>c</b> Property . . . . .</p> <p><b>6</b> Other decreases (itemize):</p> <p>.....</p> <p><b>7</b> Add lines 5 and 6 . . . . .</p> <p><b>8</b> Balance at end of year (line 4 less line 7) .</p>
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