

**SCHEDULE E  
(Form 5500)**

Department of the Treasury  
Internal Revenue Service

**ESOP Annual Information**

Under Section 6047(e) of the Internal Revenue Code

- ▶ File as an attachment to Form 5500, 5500-C/R, or 5500-EZ.
- ▶ For Paperwork Reduction Act Notice, see the instructions for Form 5500, 5500-C/R, or 5500-EZ.

OMB No. 1210-0016

**1998**

This Form Is NOT Open to Public Inspection

For the calendar year 1998 or fiscal plan year beginning \_\_\_\_\_, 1998, and ending \_\_\_\_\_, 19

Name of employer/plan sponsor as shown on line 1a of Form 5500, 5500-C/R, or 5500-EZ \_\_\_\_\_ Employer identification number \_\_\_\_\_

Name of plan \_\_\_\_\_ Three-digit plan number ▶ \_\_\_\_\_

	Yes	No
<b>1a</b> Did the employee stock ownership plan (ESOP) have an outstanding securities acquisition loan within the meaning of Code section 133 during the plan year? . . . . .		
<b>b</b> Did the employer maintaining the ESOP pay dividends (deductible under section 404(k)) on the employer's stock held by the ESOP during the employer's tax year in which the plan year ends? . . . . . If both line <b>1a</b> and line <b>1b</b> are "No," DO NOT complete any other questions on this schedule. Attach the schedule to the Form 5500, 5500-C/R, or 5500-EZ you file for your ESOP plan.		
<b>2</b> What is the total value of the ESOP assets? ▶ _____		
<b>3</b> If the ESOP holds preferred stock, under what formula is the preferred stock convertible into common stock of the employer corporation? ▶ _____		
<b>4</b> If unallocated employer securities were released from a loan suspense account, indicate below the methods used: <b>a</b> <input type="checkbox"/> Principal and interest (Excise Tax Regulations section 54.4975-7(b)(8)(i)); <b>b</b> <input type="checkbox"/> Principal only (Excise Tax Regulations section 54.4975-7(b)(8)(ii)); <b>c</b> <input type="checkbox"/> Other (attach an explanation)		
<b>5</b> Were unallocated securities or proceeds from the sale of unallocated securities used to repay any exempt loan (within the meaning of Code section 4975(d)(3))? . . . . . If "Yes," attach a description of the transaction. If the ESOP or the employer corporation has one or more outstanding securities acquisition loans intended to satisfy Code section 133, complete lines <b>6</b> through <b>11</b> , otherwise skip to line <b>12</b> .		
<b>6a</b> Was the ESOP loan part of a "back to back" loan? (See instructions for definition of "back to back" loan.) . . . . .		
<b>b</b> If line <b>6a</b> is "Yes," are the terms of the two loans substantially similar? . . . . .		
<b>c</b> Do the two loans have the same amortization schedule? If "No," attach an explanation of how the amortization schedules differ. . . . .		
<b>7</b> Is the loan an immediate allocation loan as defined in Code section 133(b)(1)(B)? . . . . .		
<b>8a</b> What was the date of the securities acquisition loan? ▶ _____ month day year		
<b>b</b> At all times after the acquisition of the employer securities with the loan proceeds, did the ESOP own more than 50% of: (i) each class of outstanding stock of the employer corporation, or (ii) the total value of all outstanding stock of the corporation? . . . . .		
<b>c</b> If line <b>8b</b> is "No," does the securities acquisition loan satisfy one of the transition rules of Act section 7301(f) of OBRA 1989 or satisfy the exception in Code section 133(b)(6)(B)(ii)? (See instructions for explanation of transition rules.) . . . . .		
<b>d</b> If line <b>8c</b> is "No," enter the name and address of payees to whom interest with respect to securities acquisition loans was paid ▶ _____		
<b>9</b> What was the amount of interest paid on the securities acquisition loan? ▶ _____		
<b>10a</b> Were any securities disposed of within 3 years after the plan acquired section 133 securities in a taxable event described in Code section 4978B(c)? . . . . .		
<b>b</b> If line <b>10a</b> is "Yes," does one or more of the exceptions provided in Code section 4978B(d) apply to all dispositions of employer securities? . . . . .		
<b>11a</b> Were any of the ESOP's securities acquisition loans refinanced during this reporting period? . . . . .		
<b>b</b> If line <b>11a</b> is "Yes," does the refinancing meet the requirements of Act section 1602 of SBJPA 1996? . . . . . If the employer maintaining the ESOP deducted dividends under Code section 404(k), answer the questions on lines <b>12</b> through <b>14</b> , otherwise skip to line <b>15</b> .		
<b>12a</b> Did the amount of the dividends paid exceed the employer's current or accumulated earnings and profits within the meaning of Code section 316? . . . . .		
<b>b</b> Is the amount paid a dividend under applicable state law? . . . . .		
<b>13</b> If dividends deducted under Code section 404(k) were used to repay an exempt loan, were any dividends used to repay the loan generated by securities that were not acquired with the proceeds of the loan being repaid? . . . . .		
<b>14</b> If the answer to line <b>13</b> is "Yes," were the dividends paid with respect to employer securities that satisfy the transition rules of Act section 7302(b)(2) of OBRA 1989? . . . . .		

15 Complete the following table for each class of stock owned by the ESOP:

(a) Class of stock	(b) Common stock (C) Preferred stock (P)	(c) Readily tradable* Yes (Y) No (N)	(d) Dividend rate during plan year**	(e) Dividends paid to participants***	(f) Dividends used to repay exempt loan	
					(1) allocated stock	(2) unallocated stock
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
<b>Totals</b>				\$	\$	\$

\*If the stock is readily tradable on an established securities market within the meaning of Code section 409(l), enter "Y," otherwise enter "N."  
 \*\*Dividend rate paid for each class of stock during the plan year.  
 \*\*\*Dividends paid directly to or distributed to participants.

**General Instructions**

**Note**

The Small Business Job Protection Act (SBJPA) repealed the partial interest exclusion of Code section 133 effective, in general, with respect to loans made after August 20, 1996. However, Schedule E (Form 5500) must be filed for securities acquisition loans made to ESOPs before August 21, 1996, loans made pursuant to a written binding contract in effect before June 10, 1996, and at all times thereafter before the loan was made, and certain loans made after August 20, 1996, to refinance a securities acquisition loan originally made on or before August 20, 1996.

**Purpose of Form**

Use this schedule to satisfy the requirements under Code section 6047(e) for an annual information return for an employee stock ownership plan (ESOP).

**Who Must File**

Every employer or plan administrator of a pension benefit plan that contains ESOP benefits must file a Schedule E (Form 5500).

**How To File**

File Schedule E (Form 5500) annually as an attachment to Form 5500, 5500-C/R, or 5500-EZ.

**Specific Instructions**

**Lines 6 through 11.**—A "securities acquisition loan" is an exempt loan to an ESOP to the extent that the proceeds are used to acquire employer securities for the plan.

**Line 6.**—A "back to back loan" is a securities acquisition loan from a lender to an employer corporation followed by a loan from the corporation to the ESOP maintained by the employer corporation. A "back to back loan" constitutes a "securities acquisition loan" under Code section 133 if the following requirements are satisfied:

- a. The loan from the employer corporation to the ESOP qualifies as an exempt loan

under Excise Tax Regulations sections 54.4975-7 and 54.4975-11;

b. The repayment terms of the loan from the corporation to the ESOP are "substantially similar" (as defined in Temporary Income Tax Regulations section 1.133-1T) to the repayment terms of the loan from the corporation to the lender; and

c. If the loan from the corporation to the ESOP provides for more rapid repayment of principal and interest, the allocations under the ESOP attributable to such repayments do not discriminate in favor of highly compensated employees (within the meaning of Code section 414(q)).

**Line 7.**—An immediate allocation loan is any loan to an employer corporation to the extent that, within 30 days, employer securities are transferred to the ESOP maintained by the corporation in an amount equal to the proceeds of the loan and the securities are allocable to the accounts of plan participants within one year of the date of the loan. (See Code section 133(b)(1)(B).)

**Line 8c.**—The transition rules of Act section 7301(f)(2) through (6) of the Omnibus Budget Reconciliation Act of 1989 (OBRA), P.L. 101-239, provide that the amendments made to Code section 133 by OBRA will not apply to certain loans that satisfy the requirements of those paragraphs. In general, the amendments made by OBRA will not apply to:

- 1. Loans made pursuant to a binding written commitment in effect on June 6, 1989, and at all times thereafter before the loan was made, or pursuant to a written binding contract (or tender offer registered with the Securities and Exchange Commission (SEC)) in effect on June 6, 1989, and at all times thereafter before such securities were acquired;

- 2. If subparagraph 1 does not apply, loans made pursuant to a binding written commitment in effect on July 10, 1989, and at all times thereafter before the loan was made, but only to the extent that the proceeds were used to acquire employer securities pursuant to a certain binding written contract; (or tender offer registered with the SEC) in effect on July 10, 1989, and at all times thereafter before the securities are acquired;

- 3. Any loan made on or before July 10, 1992, pursuant to a written agreement entered into before July 10, 1989, if the agreement evidences the intent of the borrower to enter, on a periodic basis, into securities acquisition loans described in Code section 133(b)(1)(B) (as in effect before December 19, 1989). This rule applies only if one or more securities acquisition loans were made to the borrower on or before July 10, 1989.

See Act section 7301(f)(2) to determine the specific requirements of the transition rules described above. See Act section 7301(f)(3) through (6) for additional transition rules on refinancings, collective-bargaining agreements, filings with the United States, and the 30% test for certain loans.

**Line 9.**—If the loan is a back to back loan or an immediate allocation loan, enter the amount of interest paid by the employer corporation to the lender(s) during the plan year.

**Line 11b.**—The repeal of Code section 133 by Act section 1602 of SBJPA 1996 does not apply to a refinancing of an ESOP securities acquisition loan made after August 20, 1996 or pursuant to a binding contract in effect before June 10, 1996, if:

- 1. the refinancing loan meets the requirements of Code section 133 in effect on August 20, 1996,
- 2. the outstanding principal amount of the loan is not increased, and
- 3. the term of the original loan is not extended.

**Line 15, column (d).**—In determining the dividend rate for a class of common stock, use the percentage of the average dividends paid on the class of common stock during the plan year over the average value of the class of common stock during the plan year.

In determining the dividend rate for a class of preferred stock, use the dividend rate stated in the terms of the stock, or if a dividend rate is not stated, use the percentage of the average dividends paid on the class of preferred stock during the plan year over the par value of the class of preferred stock.

