

TELEPHONE & DATA SYSTEMS INC /DE/
Form 8-K
March 16, 2015

FORM 8-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **March 13, 2015**

TELEPHONE AND DATA SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-14157
(Commission File Number)

36-2669023
(IRS Employer
Identification No.)

30 North LaSalle Street, Suite 4000, Chicago, Illinois
(Address of principal executive offices)

60602
(Zip Code)

Registrant's telephone number, including area code: **(312) 630-1900**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements for Certain Officers

Pursuant to Item 5.02(e) of Form 8-K, Telephone and Data Systems, Inc. (“TDS”) is filing this Form 8-K to report the amount of bonuses paid to its named executive officers in 2015 with respect to 2014 performance.

Officers are not entitled to any bonus unless and until paid.

TDS is filing this Current Report on Form 8-K to disclose the amounts of bonuses paid to its named executive officers in 2015 with respect to 2014 performance. Pursuant to Instruction 4 of Item 5.02, the below named executive officers include the persons who were identified as named executive officers in TDS’ most recent proxy statement filing with the SEC on April 18, 2014, and who will continue to be identified as named executive officers in the 2015 proxy statement.

Pursuant to the foregoing, the following amounts of bonuses were paid to the below named executive officers on March 13, 2015 relating to 2014 performance:

| | <i>LeRoy T. Carlson, Jr.(1)</i> | <i>Kenneth R. Meyers(2)</i> | <i>Douglas D. Shuma (3)</i> | <i>Scott H. Williamson(4)</i> | <i>David A. Wittwer(5)</i> |
|----------------------------------------------|-------------------------------------|---------------------------------|---------------------------------|-----------------------------------|--------------------------------|
| Bonus Paid in 2015 for 2014 Performance..... | \$ 900,000 | \$ 743,000 | \$ 194,800 | \$ 339,900 | \$ 490,000 |

(1) Mr. Carlson’s informal target bonus with respect to the 2014 bonus paid in 2015 was 90% of his 2014 base salary of \$1,352,700, or \$1,217,430. TDS established guidelines and procedures for awarding bonuses to the President and CEO. These guidelines and procedures were filed by TDS as Exhibit 10.2 to TDS Form 8-K dated November 19, 2008, and an amendment to such guidelines and procedures was filed by TDS as Exhibit 10.1 to TDS’ Form 8-K dated November 18, 2009. In the TDS Compensation Committee’s subjective judgment and based on its analysis and consultation with its independent compensation consultant, Compensation Strategies, it believed that Mr. Carlson’s cash bonus for 2014 should be \$900,000, or approximately 74% of this target. This reflects the Compensation Committee’s subjective judgment of the bonus that Mr. Carlson should receive based on company performance, individual performance and other factors, including Mr. Carlson’s total cash compensation of base salary and bonus.

(2) The bonus to Kenneth R. Meyers as President and CEO of United States Cellular Corporation (“U.S. Cellular”) was paid by U.S. Cellular. TDS owns approximately 84% of the common stock of U.S. Cellular. U.S.

Cellular established guidelines and procedures for awarding bonuses to the President and CEO. These guidelines and procedures were filed by U.S. Cellular as Exhibit 10.2 to U.S. Cellular's Form 8-K dated August 19, 2014. Mr. Meyers' informal target bonus was 80% of his base salary or \$692,240. The Chairman approved a bonus to Mr. Meyers of \$743,000 with respect to 2014 performance. This was approximately 107% of the informal target bonus amount reflecting U.S. Cellular's overall company performance of 89.4% and the U.S. Cellular Chairman's subjective views regarding Mr. Meyers' contributions to such performance and achievements in 2014.

(3) Mr. Shuma's bonus of \$194,800 represents a bonus of approximately 94.5% of his target bonus for company performance and approximately 127% of his target bonus for individual performance. The individual performance percentage was based on the recommendation of the TDS President and CEO, based on his subjective judgment of Mr. Shuma's personal achievements and performance in 2014.

(4) Mr. Williamson's bonus of \$339,900 represents a bonus of approximately 94.5% of his target bonus for company performance and approximately 129% of his target bonus for individual performance. The individual performance percentage was based on the recommendation of the TDS President and CEO, based on his subjective judgment of Mr. Williamson's personal achievements and performance in 2014.

(5) David A. Wittwer is the President and CEO of TDS Telecommunications Corporation ("TDS Telecom"), a wholly owned subsidiary of TDS. Mr. Wittwer's target bonus with respect to the 2014 bonus paid in 2015 was 65% of his 2014 base salary of \$587,000, or \$381,550. TDS Telecom's overall company performance for 2014 was 125.3% of target. Mr. Wittwer's bonus of \$490,000 was approximately 128% of his target for 2014. This primarily reflects TDS Telecom's overall company performance for 2014 of 125.3% and the TDS Telecom Chairman's and TDS Compensation Committee's subjective judgment of the TDS Telecom team performance and Mr. Wittwer's personal achievements and performance in 2014.

The above shows the entire amount of the bonus paid, whether or not some or all of such bonus has been deferred and whether or not some portion of such amount will be reported as non-equity incentive plan compensation in the 2015 proxy statement.

TDS established the 2014 Officer Bonus Program for awarding bonuses to certain officers, which includes Douglas D. Shuma, Scott H. Williamson and David A. Wittwer. This bonus program does not cover LeRoy T. Carlson, Jr. or Kenneth R. Meyers. This program was filed by TDS as Exhibit 10.14 to TDS' Form 10-K for the year ended December 31, 2014. With respect to Mr. Shuma and Mr. Williamson, the bonus payments reflect TDS' company performance in 2014 of 94.5%, and individual performance and other factors, as set forth in this program.

As to Mr. Wittwer, the program provided that the TDS Telecom President and CEO would have the same company and individual performance weightings as the other TDS executive officers, provided that in such case the company performance was to be based on TDS Telecom's performance rather than TDS' consolidated performance. As indicated above, TDS Telecom's overall company performance for 2014 was 125.3%. However, the amount of the bonus payable to the TDS Telecom President and CEO was not formulaic and was based on TDS Telecom's bonus plan, TDS Telecom metrics and various other performance measures in the discretion of the TDS President and CEO and the TDS Compensation Committee.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

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| Telephone and Data Systems, Inc. | | |
| (Registrant) | | |
| | | |
| Date: | March 16, 2015 | |
| | | |
| By: | /s/ Douglas D. Shuma | |
| | Douglas D. Shuma | |
| | Senior Vice President and Corporate Controller | |
| | (principal financial officer and principal accounting officer) | |

