

UNITED STATES CELLULAR CORP
Form 8-K
March 18, 2019

UNITED
STATES
SECURITIES
AND
EXCHANGE
COMMISSION
Washington,
D.C. 20549

FORM 8-K

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 12, 2019

UNITED STATES CELLULAR
CORPORATION
(Exact name of registrant as specified
in its charter)

Delaware 001-09712 62-1147325
(State (I.R.S.
or Employer
other (Commission Identification
jurisdiction No.)
of
incorporation
or File Number)
organization)

8410 West Bryn Mawr, Chicago,
Illinois 60631
(Address of principal executive
offices) (Zip code)

Registrant's telephone number,
including area code: (773) 399-8900

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))

Indicate by check mark whether the
registrant is an emerging growth
company as defined in Rule 405 of the
Securities Act of 1933 (§230.405 of
this chapter) or Rule 12b-2 of the
Securities Exchange Act of 1934
(§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company,
indicate by check mark if the
registrant has elected not to use the
extended transition period for
complying with any new or revised
financial accounting standards
provided pursuant to Section 13(a)

of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

This Current Report on Form 8-K is being filed by United States Cellular Corporation (U.S. Cellular) to file as Exhibits updated forms of agreements with respect to “named executive officers” of U.S. Cellular as specified in paragraph (e) of Item 5.02 of Form 8-K.

The following forms of award agreement were approved and became effective for use under the United States Cellular Corporation 2013 Long-Term Incentive Plan (the “2013 Long-Term Incentive Plan”) on and after March 12, 2019.

1. Form of 2013 Long-Term Incentive Plan 2019 Performance Award Agreement for Officers other than the President and CEO:

The 2019 Performance Award Agreement in the form attached hereto as Exhibit 10.1 will be used to grant officers other than the President and CEO with a target opportunity of a specified number of U.S. Cellular Common Shares (Target Opportunity), upon and subject to the restrictions, terms and conditions set forth in such agreement.

Depending on satisfaction of the following performance measures during the one-year period from January 1, 2019 to December 31, 2019 (the Performance Period), the officers other than the President and CEO may be entitled under the 2019 Performance Award Agreement to U.S. Cellular Common Shares equal to 50% to 200% of the Target Opportunity:

- Consolidated Total Operating Revenues (40%)
- Simple Free Cash Flow (40%)
- Postpaid Handset Voluntary Defections (20%)

Consolidated Total Operating Revenues will be determined on a consolidated company-wide basis and in a manner consistent with U.S. Cellular’s presentation of total operating revenues for external reporting purposes.

Simple Free Cash Flow will be consolidated Adjusted EBITDA less consolidated capital expenditures. Consolidated Adjusted EBITDA means Adjusted EBITDA determined on a consolidated company-wide basis and in a manner consistent with the Company’s presentation of Adjusted EBITDA for external reporting purposes and further adjusted to remove the effects of Equity in earnings of unconsolidated entities, determined on a consolidated company-wide basis and in a manner consistent with U.S. Cellular’s presentation of Equity in earnings of unconsolidated entities for external reporting purposes, and expenses associated with the annual incentive plan and performance share unit plan. Consolidated capital expenditures means capital expenditures determined on a consolidated company-wide basis and in a manner consistent to U.S. Cellular’s presentation of capital expenditures for external reporting purposes.

Postpaid Handset Voluntary Defections will be determined on a consolidated company-wide basis and in a manner consistent with U.S. Cellular’s presentation for external reporting purposes.

Changes in Generally Accepted Accounting Principles, and/or other adjustment recommendations limited to material accounting adjustments or major business decisions (including but not limited to acquisition and divestiture activity) that, without their adjustment, would cause the calculated result to differ materially from the unadjusted calculation and therefore not reflect the true performance delivered in the performance period will be evaluated to determine if adjustment to actual or target results is warranted.

The award agreement provides that the award will be adjusted based on the achievement of performance measures during the performance period. Achievement of the performance measures shall be determined and certified by the Long-Term Incentive Compensation Committee in writing within ninety (90) days following the last day of the performance period of December 31, 2019. The award agreement also provides that in no event shall the adjustment of the award cause the number of shares subject to the award to be less than 50% of the target opportunity as of the grant date. Except as otherwise provided in the performance award agreement, the award shall vest on the third anniversary of the grant date of the award.

The foregoing description is qualified by reference to the form of the award agreement, which is filed herewith as Exhibit 10.1 and incorporated by reference herein.

2. Form of 2013 Long-Term Incentive Plan 2019 Performance Award Agreement for the President and CEO:

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This form provides for the grant of performance awards with respect to U.S. Cellular Common Shares to the President and CEO. This form and the terms of the performance award agreement are generally the same as those applicable to all other executive officers, as stated above and incorporated herein by reference. However, the performance award agreement for the President and CEO set forth in Exhibit 10.2 attached hereto includes certain differences from the form of performance award agreement applicable to other executive officers and, accordingly, is being filed separately herewith. Such differences relate to the terms of an employment letter agreement dated July 25, 2013 between U.S. Cellular and Mr. Meyers, as reflected in Exhibit 10.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

| Exhibit Number | Description of Exhibit |
|-------------------|--|
| 10.1 | <u>Form of 2013 Long-Term Incentive Plan 2019 Performance Award Agreement for Officers other than the President and CEO.</u> |
| 10.2 | <u>Form of 2013 Long-Term Incentive Plan 2019 Performance Award Agreement for U.S. Cellular's President and CEO.</u> |

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 hereunto duly authorized.

UNITED STATES CELLULAR
CORPORATION
(Registrant)

Date: March 18, 2019 By: /s/ Steven T. Campbell
Steven T. Campbell
Executive Vice President - Finance,
Chief Financial Officer and Treasurer
(principal financial officer)