

TELEPHONE & DATA SYSTEMS INC /DE/
Form 8-K
June 22, 2016

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): June 16, 2016

TELEPHONE AND DATA
SYSTEMS, INC.
(Exact name of registrant as specified
in its charter)

Delaware 01-14157 36-2669023
(State (I.R.S.
or Employer
other (Commission Identification
jurisdiction No.)
of
incorporation
or File Number)
organization)

30 North LaSalle Street, Suite 4000,
Chicago, Illinois 60602
(Address of principal executive
offices) (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))

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 Telephone and Data Systems, Inc. (“TDS”) to describe and file as an Exhibit a form of award agreement applicable to officers of TDS as specified in paragraph (e) of Item 5.02 of Form 8-K.

On June 16, 2016, the TDS Compensation Committee approved the form of a 2016 Performance Share Award Agreement under the Telephone and Data Systems, Inc. 2011 Long-Term Incentive Plan, as amended.

The 2016 Performance Share Award Agreement in the form attached hereto as Exhibit 10.1 will be used to grant eligible employees of TDS and applicable subsidiaries, including TDS officers (“Employees”), with a target opportunity of a specified number of TDS 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 three-year period from January 1, 2016 to December 31, 2018 (the “Performance Period”), the Employee may be entitled under the 2016 Performance Share Award Agreement to TDS Common Shares equal to 0% to 200% of the Target Opportunity:

- ◆ Return on Capital (“ROC”) (40%)
- ◆ Total Revenue (40%)
- ◆ Relative Total Shareholder Return (“TSR”) (20%)

ROC will be the average of the three fiscal years in the Performance Period of Adjusted Net Operating Profit After Tax divided by Average Adjusted Assets, as currently defined by TDS.

Total Revenue will be the cumulative Consolidated Operating Revenue as defined by TDS over the three fiscal years in the Performance Period.

TSR will be determined for TDS, as well as for a specified “Peer Group”, from the beginning to the end of the Performance Period. The Peer Group was selected by the TDS Compensation Committee in consultation with its independent compensation consultant, Compensation Strategies. The companies that comprise the Peer Group are listed on Exhibit A to the form of the 2016 Performance Share Award Agreement attached hereto as Exhibit 10.1.

The foregoing description is qualified by reference to the form of the 2016 Performance Share Award Agreement filed herewith as Exhibit 10.1 and incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

In accordance with the provisions of Item 601 of Regulation S-K, any Exhibits filed herewith are set forth on the Exhibit Index attached hereto.

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.

TELEPHONE AND DATA SYSTEMS, INC.
(Registrant)

Date: June 22, 2016

By: /s/ Douglas D. Shuma
Douglas D. Shuma
Senior Vice President - Finance and Chief Accounting Officer
(principal financial officer and principal accounting officer)

EXHIBIT INDEX

The following exhibits are filed or furnished herewith as noted below.

Exhibit No.	Description
10.1	Form of 2016 Performance Share Award Agreement

:1pt; font-size:10pt; font-family:ARIAL">*Clauses* a. loss not reported to the COMPANY in writing within sixty (60) days after termination of this Bond as an entirety; b. loss due to riot or civil commotion outside the United States of America and Canada, or any loss due to military, naval or usurped power, war or insurrection. This Section 2.b., however, shall not apply to loss which occurs in transit in the circumstances recited in INSURING CLAUSE 3., provided that when such transit was initiated there was no knowledge on the part of any person acting for the ASSURED of such riot, civil commotion, military, naval or usurped power, war or insurrection; c. loss resulting from the effects of nuclear fission or fusion or radioactivity; d. loss of potential income including, but not limited to, interest and dividends not realized by the ASSURED or by any customer of the ASSURED; e. damages of any type for which the ASSURED is legally liable, except compensatory damages, but not multiples thereof, arising from a loss covered under this Bond; f. costs, fees and expenses incurred by the ASSURED in establishing the existence of or amount of loss under this Bond, except to the extent covered under INSURING CLAUSE 11.; g. loss resulting from indirect or consequential loss of any nature;

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Conditions And

Limitations

General Exclusions -

*Applicable to All Insuring
Clauses
(continued)*

- h. loss resulting from dishonest acts by any member of the Board of Directors or Board of Trustees of the ASSURED who is not an **Employee**, acting alone or in collusion with others;
- i. loss, or that part of any loss, resulting solely from any violation by the ASSURED or by any **Employee**:
 - (1) of any law regulating:
 - a. the issuance, purchase or sale of securities,
 - b. securities transactions on security or commodity exchanges or the over the counter market,
 - c. investment companies,
 - d. investment advisors, or
 - (2) of any rule or regulation made pursuant to any such law; or
- j. loss of confidential information, material or data;
- k. loss resulting from voice requests or instructions received over the telephone, provided however, this Section 2.k. shall not apply to INSURING CLAUSE 7. or 9.

Specific Exclusions -

*Applicable To All Insuring
Clauses Except Insuring
Clause 1.*

- 3. **This Bond does not directly or indirectly cover:**
 - a. loss caused by an **Employee**, provided, however, this Section 3.a. shall not apply to loss covered under INSURING CLAUSE 2. or 3. which results directly from misplacement, mysterious unexplainable disappearance, or damage or destruction of **Property**;
 - b. loss through the surrender of property away from premises of the ASSURED as a result of a threat:
 - (1) to do bodily harm to any natural person, except loss of **Property** in transit in the custody of any person acting as messenger of the ASSURED, provided that when such transit was initiated there was no knowledge by the ASSURED of any such threat, and provided further that this Section 3.b. shall not apply to INSURING CLAUSE 7., or
 - (2) to do damage to the premises or **Property** of the ASSURED;
 - c. loss resulting from payments made or withdrawals from any account involving erroneous credits to such account;
 - d. loss involving **Items of Deposit** which are not finally paid for any reason provided however, that this Section 3.d. shall not apply to INSURING CLAUSE 10.;
 - e. loss of property while in the mail;

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Conditions And

Limitations

Specific Exclusions -

Applicable To All Insuring

Clauses Except Insuring

Clause 1.

(continued)

f. loss resulting from the failure for any reason of a financial or depository institution, its receiver or other liquidator to pay or deliver funds or other **Property** to the ASSURED provided further that this Section 3.f. shall not apply to loss of **Property** resulting directly from robbery, burglary, misplacement, mysterious unexplainable disappearance, damage, destruction or removal from the possession, custody or control of the ASSURED.

g. loss of **Property** while in the custody of a **Transportation Company**, provided however, that this Section 3.g. shall not apply to INSURING CLAUSE 3.;

h. loss resulting from entries or changes made by a natural person with authorized access to a **Computer System** who acts in good faith on instructions, unless such instructions are given to that person by a software contractor or its partner, officer, or employee authorized by the ASSURED to design, develop, prepare, supply, service, write or implement programs for the ASSURED s **Computer System**; or

i. loss resulting directly or indirectly from the input of data into a **Computer System** terminal, either on the premises of the customer of the ASSURED or under the control of such a customer, by a customer or other person who had authorized access to the customer s authentication mechanism.

Specific Exclusions -

Applicable To All Insuring

Clauses Except Insuring

Clauses 1., 4., And 5.

4. **This bond does not directly or indirectly cover:**

a. loss resulting from the complete or partial non-payment of or default on any loan whether such loan was procured in good faith or through trick, artifice, fraud or false pretenses; provided, however, this Section 4.a. shall not apply to INSURING CLAUSE 8.;

b. loss resulting from forgery or any alteration;

c. loss involving a counterfeit provided, however, this Section 4.c. shall not apply to INSURING CLAUSE 5. or 6.

Limit Of Liability/Non-

Reduction And Non-

Accumulation Of Liability

5. At all times prior to termination of this Bond, this Bond shall continue in force for the limit stated in the applicable sections of ITEM 2. of the DECLARATIONS, notwithstanding any previous loss for which the COMPANY may have paid or be liable to pay under this Bond provided, however, that the liability of the COMPANY under this Bond with respect to all loss resulting from:

- a. any one act of burglary, robbery or hold-up, or attempt thereat, in which no **Employee** is concerned or implicated, or
- b. any one unintentional or negligent act on the part of any one person resulting in damage to or destruction or misplacement of **Property**, or
- c. all acts, other than those specified in a. above, of any one person, or

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Conditions And

Limitations

Limit Of Liability/Non-

Reduction And Non-

Accumulation Of Liability

(continued)

d. any one casualty or event other than those specified in a., b., or c. above, shall be deemed to be one loss and shall be limited to the applicable LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS of this Bond irrespective of the total amount of such loss or losses and shall not be cumulative in amounts from year to year or from period to period.

All acts, as specified in c. above, of any one person which

- i. directly or indirectly aid in any way wrongful acts of any other person or persons, or
- ii. permit the continuation of wrongful acts of any other person or persons

whether such acts are committed with or without the knowledge of the wrongful acts of the person so aided, and whether such acts are committed with or without the intent to aid such other person, shall be deemed to be one loss with the wrongful acts of all persons so aided.

Discovery

6. This Bond applies only to loss first discovered by an officer of the ASSURED during the BOND PERIOD. Discovery occurs at the earlier of an officer of the ASSURED being aware of:
 - a. facts which may subsequently result in a loss of a type covered by this Bond, or
 - b. an actual or potential claim in which it is alleged that the ASSURED is liable to a third party,

regardless of when the act or acts causing or contributing to such loss occurred, even though the amount of loss does not exceed the applicable DEDUCTIBLE AMOUNT, or the exact amount or details of loss may not then be known.

Notice To Company -

Proof - Legal Proceedings

Against Company

7. a. The ASSURED shall give the COMPANY notice thereof at the earliest practicable moment, not to exceed sixty (60) days after discovery of loss, in an amount that is in excess of 50% of the applicable DEDUCTIBLE AMOUNT, as stated in ITEM 2. of the DECLARATIONS.
 - b. The ASSURED shall furnish to the COMPANY proof of loss, duly sworn to, with full particulars within six (6) months after such discovery.
 - c. Securities listed in a proof of loss shall be identified by certificate or bond

numbers, if issued with them.

- d. Legal proceedings for the recovery of any loss under this Bond shall not be brought prior to the expiration of sixty (60) days after the proof of loss is filed with the COMPANY or after the expiration of twenty-four (24) months from the discovery of such loss.
- e. This Bond affords coverage only in favor of the ASSURED. No claim, suit, action or legal proceedings shall be brought under this Bond by anyone other than the ASSURED.

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Conditions And

Limitations

Notice To Company -

- f. Proof of loss involving **Voice Initiated Funds Transfer Instruction** shall include electronic recordings of such instructions.

Proof - Legal Proceedings

Against Company

(continued)

Deductible Amount

8. The COMPANY shall not be liable under any INSURING CLAUSES of this Bond on account of loss unless the amount of such loss, after deducting the net amount of all reimbursement and/or recovery obtained or made by the ASSURED, other than from any Bond or policy of insurance issued by an insurance company and covering such loss, or by the COMPANY on account thereof prior to payment by the COMPANY of such loss, shall exceed the DEDUCTIBLE AMOUNT set forth in ITEM 3. of the DECLARATIONS, and then for such excess only, but in no event for more than the applicable LIMITS OF LIABILITY stated in ITEM 2. of the DECLARATIONS.

There shall be no deductible applicable to any loss under INSURING CLAUSE 1. sustained by any **Investment Company**.

Valuation

9. **BOOKS OF ACCOUNT OR OTHER RECORDS**

The value of any loss of **Property** consisting of books of account or other records used by the ASSURED in the conduct of its business shall be the amount paid by the ASSURED for blank books, blank pages, or other materials which replace the lost books of account or other records, plus the cost of labor paid by the ASSURED for the actual transcription or copying of data to reproduce such books of account or other records.

The value of any loss of **Property** other than books of account or other records used by the ASSURED in the conduct of its business, for which a claim is made shall be determined by the average market value of such **Property** on the business day immediately preceding discovery of such loss provided, however, that the value of any **Property** replaced by the ASSURED with the consent of the COMPANY and prior to the settlement of any claim for such **Property** shall be the actual market value at the time of replacement.

In the case of a loss of interim certificates, warrants, rights or other securities, the production of which is necessary to the exercise of subscription, conversion, redemption or deposit privileges, the value of them shall be the market value of such privileges immediately preceding their expiration if said loss is not discovered until after their expiration. If no market price is quoted for such **Property** or for such privileges, the value shall be fixed by agreement between

the parties.

OTHER PROPERTY

The value of any loss of **Property**, other than as stated above, shall be the actual cash value or the cost of repairing or replacing such **Property** with **Property** of like quality and value, whichever is less.

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Conditions And

Limitations

(continued)

Securities Settlement

10. In the event of a loss of securities covered under this Bond, the COMPANY may, at its sole discretion, purchase replacement securities, tender the value of the securities in money, or issue its indemnity to effect replacement securities.

The indemnity required from the ASSURED under the terms of this Section against all loss, cost or expense arising from the replacement of securities by the COMPANY S indemnity shall be:

- a. for securities having a value less than or equal to the applicable DEDUCTIBLE AMOUNT - one hundred (100%) percent;
- b. for securities having a value in excess of the DEDUCTIBLE AMOUNT but within the applicable LIMIT OF LIABILITY - the percentage that the DEDUCTIBLE AMOUNT bears to the value of the securities;
- c. for securities having a value greater than the applicable LIMIT OF LIABILITY - the percentage that the DEDUCTIBLE AMOUNT and portion in excess of the applicable LIMIT OF LIABILITY bears to the value of the securities.

The value referred to in Section 10.a., b., and c. is the value in accordance with Section 9, VALUATION, regardless of the value of such securities at the time the loss under the COMPANY S indemnity is sustained.

The COMPANY is not required to issue its indemnity for any portion of a loss of securities which is not covered by this Bond; however, the COMPANY may do so as a courtesy to the ASSURED and at its sole discretion.

The ASSURED shall pay the proportion of the Company s premium charge for the Company s indemnity as set forth in Section 10.a., b., and c. No portion of the LIMIT OF LIABILITY shall be used as payment of premium for any indemnity purchased by the ASSURED to obtain replacement securities.

Subrogation - Assignment -

Recovery

11. In the event of a payment under this Bond, the COMPANY shall be subrogated to all of the ASSURED S rights of recovery against any person or entity to the extent of such payment. On request, the ASSURED shall deliver to the COMPANY an assignment of the ASSURED S rights, title and interest and causes of action against any person or entity to the extent of such payment.

Recoveries, whether effected by the COMPANY or by the ASSURED, shall be applied net of the expense of such recovery in the following order:

- a. first, to the satisfaction of the ASSURED S loss which would otherwise have been paid but for the fact that it is in excess of the applicable LIMIT

OF LIABILITY,

- b. second, to the COMPANY in satisfaction of amounts paid in settlement of the ASSURED S claim,
- c. third, to the ASSURED in satisfaction of the applicable DEDUCTIBLE AMOUNT, and

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Conditions And

Limitations

Subrogation - Assignment -

d. fourth, to the ASSURED in satisfaction of any loss suffered by the ASSURED which was not covered under this Bond.

*Recovery
(continued)*

Recovery from reinsurance or indemnity of the COMPANY shall not be deemed a recovery under this section.

Cooperation Of Assured

12. At the COMPANY S request and at reasonable times and places designated by the COMPANY, the ASSURED shall:

- a. submit to examination by the COMPANY and subscribe to the same under oath,
- b. produce for the COMPANY S examination all pertinent records, and
- c. cooperate with the COMPANY in all matters pertaining to the loss.

The ASSURED shall execute all papers and render assistance to secure to the COMPANY the rights and causes of action provided for under this Bond. The ASSURED shall do nothing after loss to prejudice such rights or causes of action.

Termination

13. If the Bond is for a sole ASSURED, it shall not be terminated unless written notice shall have been given by the acting party to the affected party and to the Securities and Exchange Commission, Washington, D.C., not less than sixty (60) days prior to the effective date of such termination.

If the Bond is for a joint ASSURED, it shall not be terminated unless written notice shall have been given by the acting party to the affected party, and by the COMPANY to all ASSURED **Investment Companies** and to the Securities and Exchange Commission, Washington, D.C., not less than sixty (60) days prior to the effective date of such termination.

This Bond will terminate as to any one ASSURED, other than an **Investment Company**:

- a. immediately on the taking over of such ASSURED by a receiver or other liquidator or by State or Federal officials, or
- b. immediately on the filing of a petition under any State or Federal statute relative to bankruptcy or reorganization of the ASSURED, or assignment for the benefit of creditors of the ASSURED, or
- c. immediately upon such ASSURED ceasing to exist, whether through merger into another entity, disposition of all of its assets or otherwise.

The COMPANY shall refund the unearned premium computed at short rates in accordance with the standard short rate cancellation tables if terminated by the ASSURED or pro rata if terminated for any other reason.

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Conditions And

Limitations

Termination

(continued)

If any partner, director, trustee, or officer or supervisory employee of an ASSURED not acting in collusion with an **Employee** learns of any dishonest act committed by such **Employee** at any time, whether in the employment of the ASSURED or otherwise, whether or not such act is of the type covered under this Bond, and whether against the ASSURED or any other person or entity, the ASSURED:

- a. shall immediately remove such **Employee** from a position that would enable such **Employee** to cause the ASSURED to suffer a loss covered by this Bond; and
- b. within forty-eight (48) hours of learning that an **Employee** has committed any dishonest act, shall notify the COMPANY, of such action and provide full particulars of such dishonest act.

The COMPANY may terminate coverage as respects any **Employee** sixty (60) days after written notice is received by each ASSURED **Investment Company** and the Securities and Exchange Commission, Washington, D.C. of its desire to terminate this Bond as to such **Employee**.

Other Insurance

14. Coverage under this Bond shall apply only as excess over any valid and collectible insurance, indemnity or suretyship obtained by or on behalf of:
 - a. the ASSURED,
 - b. a **Transportation Company**, or
 - c. another entity on whose premises the loss occurred or which employed the person causing the loss or engaged the messenger conveying the **Property** involved.

Conformity

15. If any limitation within this Bond is prohibited by any law controlling this Bond's construction, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.

Change or Modification

16. This Bond or any instrument amending or affecting this Bond may not be changed or modified orally. No change in or modification of this Bond shall be effective except when made by written endorsement to this Bond signed by an authorized representative of the COMPANY.

If this Bond is for a sole ASSURED, no change or modification which would adversely affect the rights of the ASSURED shall be effective prior to sixty (60) days after written notice has been furnished to the Securities and Exchange Commission, Washington, D.C., by the acting party.

ICAP Bond (5-98)

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Conditions And

Limitations

Change or Modification

(continued)

If this Bond is for a joint ASSURED, no charge or modification which would adversely affect the rights of the ASSURED shall be effective prior to sixty (60) days after written notice has been furnished to all insured **Investment Companies** and to the Securities and Exchange Commission, Washington, D.C., by the COMPANY.

ICAP Bond (5-98)

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Important Notice:

The SEC Requires Proof of Your Fidelity Insurance Policy

Your company is now required to file an electronic copy of your fidelity insurance coverage (Chubb's ICAP Bond policy) to the Securities and Exchange Commission (SEC), according to rules adopted by the SEC on June 12, 2006.

Chubb is in the process of providing your agent/broker with an electronic copy of your insurance policy as well as instructions on how to submit this proof of fidelity insurance coverage to the SEC. You can expect to receive this information from your agent/broker shortly.

The electronic copy of your policy is provided by Chubb solely as a convenience and does not affect the terms and conditions of coverage as set forth in the paper policy you receive by mail. The terms and conditions of the policy mailed to you, which are the same as those set forth in the electronic copy, constitute the entire agreement between your company and Chubb.

If you have any questions, please contact your agent or broker.

Form 14-02-12160 (ed. 7/2006)

POLICYHOLDER

DISCLOSURE NOTICE OF

TERRORISM INSURANCE COVERAGE

(for policies with no terrorism exclusion or sublimit)

You are hereby notified that, under the Terrorism Risk Insurance Act (the Act), effective December 26, 2007, this policy makes available to you insurance for losses arising out of certain acts of terrorism. Terrorism is defined as any act certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States under the formula set forth in the Act. Under this formula, the United States pays 85% of covered terrorism losses that exceed the statutorily established deductible to be paid by the insurance company providing the coverage.

However, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

10-02-1281 (Ed. 1/2003)

If aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

The portion of your policy's annual premium that is attributable to insurance for such acts of terrorism is: \$ **-0-**.

If you have any questions about this notice, please contact your agent or broker.

10-02-1281 (Ed. 1/2003)

ENDORSEMENT/RIDER

Effective date of this endorsement/rider:

December 22, 2013

FEDERAL INSURANCE COMPANY

Endorsement/Rider No.

2

To be attached to and
form a part of Bond No.

82302678

Issued to: STONE HARBOR EMERGING MARKETS INCOME FUND

DELETING VALUATION-OTHER PROPERTY AND AMENDING CHANGE OR MODIFICATION

ENDORSEMENT

In consideration of the premium charged, it is agreed that this Bond is amended as follows:

1. The paragraph titled Other Property in Section 9, Valuation, is deleted in its entirety.
2. The third paragraph in Section 16, Change or Modification, is deleted in its entirety and replaced with the following:

If this Bond is for a joint ASSURED, no change or modification which would adversely affect the rights of the ASSURED shall be effective prior to sixty (60) days after written notice has been furnished to all insured **Investment Companies** and the Securities and Exchange Commission, Washington, D.C., by the COMPANY.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Bond shall remain unchanged.

17-02-2437 (12/2006) rev.

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FEDERAL INSURANCE COMPANY

Endorsement No: 3

Bond Number: 82302678

NAME OF ASSURED: STONE HARBOR EMERGING MARKETS INCOME FUND

TERMINATION-NONRENEWAL-NOTICE ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding to Section 13., Termination, the following:
Termination By The Company

Bonds In Effect For More Than Sixty (60) Days

If this Bond has been in effect for more than sixty (60) days, or, if this Bond is a renewal, the COMPANY may terminate by providing written notice of cancellation at least sixty (60) days before the effective date of termination for at least one of the following reasons:

1. Nonpayment of premium;
2. Discovery of fraud or material misrepresentation in obtaining this Bond or in the presentation of a claim thereunder;
3. Discovery of willful or reckless acts or omissions or violation of any provision of this Bond on the part of the ASSURED which substantially and materially increases any hazard insured against, and which occurred subsequent to the inception of the current BOND PERIOD;
4. Conviction of the ASSURED of a crime arising out of acts increasing the hazard insured against;
5. Material change in the risk which increases the risk of loss after insurance coverage has been issued or renewed, except to the extent that the COMPANY should reasonably have foreseen the change, or contemplated the risk when the contract was written;
6. Determination by the Commissioner that the continuation of the Bond would jeopardize a COMPANY S solvency or would place the COMPANY in violation of the insurance laws of any state;
7. Determination by the Commissioner that continuation of the present premium volume of the COMPANY would jeopardize the COMPANY S policyholders, creditors or the public;
8. Such other reasons that are approved by the Commissioner;
9. Determination by the Commissioner that the COMPANY no longer has adequate reinsurance to meet the ASSUREDS needs;
10. Substantial breaches of contractual duties, conditions or warranties; or
11. Unfavorable underwriting facts, specific to the ASSURED, existing that were not present at the inception of the Bond.

ICAP Bond

Bonds In Effect Sixty (60) Days Or Less

If this Bond has been in effect for sixty (60) days or less, and it is not a renewal Bond, the COMPANY may terminate for any reason by providing written notice of termination at least sixty (60) days before the effective date of termination.

Notice Of Termination

Notice of termination under this Section shall be mailed or delivered, by certified mail, return receipt provided by the United States Postal Service, to the ASSURED and to the authorized agent or broker, if any, at least sixty (60) days prior to the effective date of cancellation at the address shown on the DECLARATIONS of this Bond.

If this Bond is cancelled for nonpayment of premium, the COMPANY will mail or deliver, by certified mail, return receipt provided by the United States Postal Service, a written notice at least thirty (30) days before the effective date of cancellation. The cancellation notice shall contain information regarding the amount of premium due and the due date, and shall state the effect of nonpayment by the due date. Cancellation shall not be effective if payment of the amount due is made prior to the effective date of cancellation.

All notice of cancellation shall state the reason(s) for cancellation.

There is no liability on the part of, and no cause of action of any nature shall arise against, the

COMPANY, its authorized representatives, its employees, or any firm, person or corporation furnishing to the COMPANY, information relating to the reasons for cancellation or nonrenewal, for any statement made by them in complying or enabling the COMPANY to comply with this Section, for the provision of information pertaining thereto, or for statements made or evidence submitted at any hearings conducted in connection therewith, if such information was provided in good faith and without malice.

Notice Of Nonrenewal

If the COMPANY elects not to renew this Bond, the COMPANY shall mail or deliver written notice, by certified mail, return receipt, provided by the United States Postal Service, to the ASSURED, at his last known address, at least sixty (60) days before the expiration date or before the anniversary date, if this Bond has been written for a term of more than one (1) year. Such notice shall also be mailed to the ASSURED S agent or broker, if any.

Such notice shall contain all of the following:

- a. Bond Number;
- b. Date of Notice;
- c. Reason for Cancellation;
- d. Expiration Date of the Bond;
- e. Effective Date and Hour of Cancellation.

Notice of nonrenewal shall not be required if the COMPANY or a COMPANY within the same insurance group has offered to issue a renewal Bond, the ASSURED has obtained replacement coverage or has agreed in writing to obtain replacement coverage, the ASSURED has requested or agreed to nonrenewal, or the Bond is expressly designated as

nonrenewable.

ICAP Bond

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Return Premium Calculations

Any unearned premiums which have been paid by the ASSURED shall be refunded to the ASSURED on a pro rata basis if terminated by the COMPANY or the ASSURED. The unearned premiums shall be refunded to the ASSURED within forty-five (45) days of receipt of the request for cancellation or the effective date of cancellation, whichever is later.

Conditional Renewal

If the COMPANY offers or purports to renew the Bond, but on less favorable terms or at higher rates, the new terms or higher premiums may take effect on the renewal date, if the COMPANY mails or delivers by certified mail, return receipt provided by the United States Postal Service, to the ASSURED, notice of the new terms or premiums at least sixty (60) days prior to the renewal date. If the COMPANY notifies the ASSURED within sixty (60) days prior to the renewal date, the new terms or premiums do not take effect until sixty (60) days after the notice is mailed or delivered, in which case, the ASSURED may elect to cancel the renewal Bond within the sixty (60) day period. If the COMPANY does not notify the ASSURED of the new terms or premiums, the COMPANY shall continue the Bond at the expiring terms and premiums until notice is given or until the effective date of replacement coverage is obtained by the ASSURED, whichever occurs first.

2. It is further understood and agreed that for the purposes of Section 13., Termination, any occurrence listed in this Section shall be considered to be a request by the ASSURED to immediately terminate this Bond. This Endorsement applies to loss discovered after 12:01 a.m. on December 22, 2013.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 15, 2013

ICAP Bond

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FEDERAL INSURANCE COMPANY

Endorsement No: 4

Bond Number: 82302678

NAME OF ASSURED: STONE HARBOR EMERGING MARKETS INCOME FUND
AMEND NAME OF ASSURED ENDORSEMENT

It is agreed that NAME OF ASSURED of the DECLARATIONS for this Bond is amended to include the following:

STONE HARBOR EMERGING MARKETS INCOME FUND

STONE HARBOR EMERGING MARKETS TOTAL INCOME FUND

This Endorsement applies to loss discovered after 12:01 a.m. on December 22, 2013.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 15, 2013

ICAP Bond

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AGREEMENT AMONG JOINT INSUREDS

THIS AGREEMENT made as of December 22, 2013 between Stone Harbor Emerging Markets Income Fund and Stone Harbor Emerging Markets Total Income Fund (each, a Fund and together, the Funds).

WHEREAS, Stone Harbor Investment Partners LP (Stone Harbor) serves as the investment adviser for the Funds (Stone Harbor and any other advisory firm that is an affiliate of Stone Harbor, an Affiliated Manager);

WHEREAS, the Funds are named as insureds under a joint Investment Company Blanket Bond (the Bond) issued by Federal Insurance Company (the Insurer);

WHEREAS, the Funds desire to establish (i) the basis on which additional investment companies for which an Affiliated Manager may hereafter act as investment adviser may be added as named insureds under the Bond, and (ii) the criteria by which recoveries under the Bond shall be allocated among the parties;

NOW, THEREFORE, it is agreed as follows:

1. If the Insurer is willing without additional premium to add, as an insured under the Bond, any investment company not listed at the head of this agreement for which an Affiliated Manager hereafter is investment adviser, which may be included in the Bond pursuant to Rule 17g-1(b) under the Investment Company Act of 1940, as amended, and the rules and regulations thereunder (the Act), the Funds agree (a) that such addition may be made, provided that those trustees of each Fund who are not interested persons of such Fund shall approve such addition, and (b) that such investment company may become a party to this agreement and be included within the terms Trust, Fund, or party, provided that in each case such investment company shall have executed and delivered to the Funds its written agreement to become a party hereto and to be bound by the terms of this Agreement.
2. In the event that the claims of loss of two or more insureds under the Bond are so related that the Insurer is entitled to assert that the claims must be aggregated, each Fund shall receive an equitable and proportionate share of the recovery, but at least equal to the amount it would have received had it provided and maintained a single insured bond with the minimum coverage required under Rule 17g-1 under the Act.
3. A copy of the Agreement and Declaration of Trust or Trust Instrument of each Fund is on file with the Secretary of State of the state or commonwealth in which such Fund was organized, and notice is hereby given that this instrument is executed on behalf of the Trustees of each Fund as Trustees and not individually and that the obligations under this instrument are not binding upon any of the Trustees or holders of shares of beneficial interest of any Fund individually but are binding only upon the respective assets and property of each Fund.
4. This Agreement may be executed in two or more counterparts, all of which taken together shall be deemed one and the same instrument.

IN WITNESS WHEREOF the parties have caused these presents to be executed by their officers hereunto duly authorized all as of the day and year first above written.

STONE HARBOR EMERGING MARKETS
INCOME FUND

By: /s/ Jeffrey S. Scott
Name: Jeffrey S. Scott
Title: CCO

STONE HARBOR EMERGING MARKETS
TOTAL INCOME FUND

By: /s/ Adam J. Shapiro
Name: Adam J. Shapiro
Title: Secretary

Stone Harbor Emerging Markets Income Fund

Stone Harbor Emerging Markets Total Income Fund

Fidelity Bond Resolutions

October 16, 2013

RESOLVED, that, after considering all relevant factors, including, but not limited to, the value of the aggregate assets of each of the Stone Harbor Emerging Markets Income Fund and the Stone Harbor Emerging Markets Total Income Fund to which any covered person may have access, the type and terms of the arrangements made for the custody and safekeeping of such assets, the number of Funds named as insureds, the sizes and nature of the businesses of each Fund, and the nature of the portfolio securities of each Fund, it is hereby determined that the form of joint investment company blanket bond issued by Federal Insurance Company (Chubb) providing fidelity bond protection of \$1,500,000 for a one-year period, and the allocation of premiums to each Fund, are in the best interests of the Funds, are fair and reasonable to the Funds, and are hereby approved;

FURTHER RESOLVED, that the Assistant Secretary of the Stone Harbor Emerging Markets Income Fund and the Stone Harbor Emerging Markets Total Income Fund be, and is hereby designated as the officer responsible for making the necessary filings and giving the notices with respect to such fidelity bond required by paragraph (g) of Rule 17g-1 under the Investment Company Act of 1940, as amended (the 1940 Act);

FURTHER RESOLVED, that the allocation of payment of premiums for the fidelity bond by each Fund on the basis of each Fund's relative net assets be, and hereby is, approved; and

FINALLY RESOLVED, that the proper officers of the Stone Harbor Emerging Markets Income Fund and the Stone Harbor Emerging Markets Total Income Fund be, and each of them hereby is, authorized to make any and all payments, and to do any and all other acts, in the name of the Funds and on their behalf, as they, or any of them, may determine to be necessary or desirable and proper with the advice of counsel in connection with or in furtherance of the foregoing resolutions.