

STRATEGIC GLOBAL INCOME FUND INC

Form 40-17G

February 27, 2013

ICI MUTUAL INSURANCE COMPANY,

a Risk Retention Group

1401 H St. NW

Washington, DC 20005

INVESTMENT COMPANY BLANKET BOND

ICI MUTUAL INSURANCE COMPANY,

a Risk Retention Group

1401 H St. NW

Washington, DC 20005

DECLARATIONS

NOTICE

This policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group.

Item 1. Name of Insured (the Insured)
UBS Cashfund, Inc.

Bond Number
87118112B

Principal Office:
1285 Avenue of the Americas, 12th Floor
New York, NY 10019

Mailing Address:
1285 Avenue of the Americas, 12th Floor
New York, NY 10019

Item 2. Bond Period: from 12:01 a.m. on December 15, 2012, to 12:01 a.m. on December 15, 2013, or the earlier effective date of the termination of this Bond, standard time at the Principal Address as to each of said dates.

Item 3. Limit of Liability
Subject to Sections 9, 10 and 12 hereof:

| | | LIMIT OF LIABILITY | DEDUCTIBLE AMOUNT |
|-----------------------|------------------------|-------------------------------|------------------------------|
| Insuring Agreement A- | FIDELITY | \$ 70,000,000 | N/A |
| Insuring Agreement B- | AUDIT EXPENSE | \$ 50,000 | \$ 10,000 |
| Insuring Agreement C- | ON PREMISES | \$ 70,000,000 | \$ 250,000 |
| Insuring Agreement D- | IN TRANSIT | \$ 70,000,000 | \$ 250,000 |
| Insuring Agreement E- | FORGERY OR ALTERATION | \$ 70,000,000 | \$ 250,000 |
| Insuring Agreement F- | SECURITIES | \$ 70,000,000 | \$ 250,000 |
| Insuring Agreement G- | COUNTERFEIT CURRENCY | \$ 70,000,000 | \$ 250,000 |
| | UNCOLLECTIBLE ITEMS OF | | |
| Insuring Agreement H- | DEPOSIT | \$ 25,000 | \$ 5,000 |
| | PHONE/ELECTRONIC | | |
| Insuring Agreement I- | TRANSACTIONS | \$ 70,000,000 | \$ 250,000 |

If Not Covered is inserted opposite any Insuring Agreement above, such Insuring Agreement and any reference thereto shall be deemed to be deleted from this Bond.

OPTIONAL INSURING AGREEMENTS ADDED BY RIDER:

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| | | | | | |
|-----------------------|-------------------|----|------------|----|---------|
| Insuring Agreement J- | COMPUTER SECURITY | \$ | 70,000,000 | \$ | 250,000 |
| Insuring Agreement L- | STOP PAYMENT | \$ | 100,000 | \$ | 5,000 |

Item 4. Offices or Premises Covered All the Insured s offices or other premises in existence at the time this Bond becomes effective are covered under this Bond, except the offices or other premises excluded by Rider. Offices or other premises acquired or established after the effective date of this Bond are covered subject to the terms of General Agreement A.

Item 5. The liability of ICI Mutual Insurance Company, a Risk Retention Group (the Underwriter) is subject to the terms of the following Riders attached hereto:

Riders: 1-2-3-4-5-6-7-8-9-10

and of all Riders applicable to this Bond issued during the Bond Period.

By: /S/ Swenitha Nalli
Authorized Representative

Bond (6/12)

INVESTMENT COMPANY BLANKET BOND

NOTICE

This policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group.

ICI Mutual Insurance Company, a Risk Retention Group (the Underwriter), in consideration of an agreed premium, and in reliance upon the Application and all other information furnished to the Underwriter by the Insured, and subject to and in accordance with the Declarations, General Agreements, Provisions, Conditions and Limitations and other terms of this bond (including all riders hereto) (Bond), to the extent of the Limit of Liability and subject to the Deductible Amount, agrees to indemnify the Insured for the loss, as described in the Insuring Agreements, sustained by the Insured at any time but discovered during the Bond Period.

INSURING AGREEMENTS

A. FIDELITY

Loss caused by any Dishonest or Fraudulent Act or Theft committed by an Employee anywhere, alone or in collusion with other persons (whether or not Employees), during the time such Employee has the status of an Employee as defined herein, and even if such loss is not discovered until after he or she ceases to be an Employee, EXCLUDING loss covered under Insuring Agreement B.

B. AUDIT EXPENSE

Expense incurred by the Insured for that part of audits or examinations required by any governmental regulatory authority or Self Regulatory Organization to be conducted by such authority or Organization or by an independent accountant or other person, by reason of the discovery of loss sustained by the Insured and covered by this Bond.

C. ON PREMISES

Loss resulting from Property that is (1) located or reasonably believed by the Insured to be located within the Insured's offices or premises, and (2) the object of Theft, Dishonest or Fraudulent Act, or Mysterious Disappearance, EXCLUDING loss covered under Insuring Agreement A.

D. IN TRANSIT

Loss resulting from Property that is (1) in transit in the custody of any person authorized by an Insured to act as a messenger, except while in the mail or with a carrier for hire (other than a Security Company), and (2) the object of Theft, Dishonest or Fraudulent Act, or Mysterious Disappearance, EXCLUDING loss covered under Insuring Agreement A. Property is in transit beginning immediately upon receipt of such Property by the transporting person and ending immediately upon delivery at the specified destination.

E. FORGERY OR ALTERATION

Loss caused by the Forgery or Alteration of or on (1) any bills of exchange, checks, drafts, or other written orders or directions to pay certain sums in money, acceptances, certificates of deposit, due

bills, money orders, or letters of credit; or (2) other written instructions, requests or applications to the Insured, authorizing or acknowledging the transfer, payment, redemption, delivery or receipt of Property, or giving notice of any bank account, which instructions or requests or applications purport to have been signed or endorsed by (a) any customer of the Insured, or (b) any shareholder of or subscriber to shares issued by any Investment Company, or (c) any financial or banking institution or stockbroker; or (3) withdrawal orders or receipts for the withdrawal of Property, or receipts or certificates of deposit for Property and bearing the name of the Insured as issuer or of another Investment Company for which the Insured acts as agent. This Insuring Agreement E does not cover loss caused by Forgery or Alteration of Securities or loss covered under Insuring Agreement A.

F. SECURITIES

Loss resulting from the Insured, in good faith, in the ordinary course of business, and in any capacity whatsoever, whether for its own account or for the account of others, having acquired, accepted or received, or sold or delivered, or given any value, extended any credit or assumed any liability on the faith of any Securities, where such loss results from the fact that such Securities (1) were Counterfeit, or (2) were lost or stolen, or (3) contain a Forgery or Alteration, and notwithstanding whether or not the act of the Insured causing such loss violated the constitution, by-laws, rules or regulations of any Self Regulatory Organization, whether or not the Insured was a member thereof, EXCLUDING loss covered under Insuring Agreement A.

G. COUNTERFEIT CURRENCY

Loss caused by the Insured in good faith having received or accepted (1) any money orders which prove to be Counterfeit or to contain an Alteration or (2) paper currencies or coin of the United States of America or Canada which prove to be Counterfeit. This Insuring Agreement G does not cover loss covered under Insuring Agreement A.

H. UNCOLLECTIBLE ITEMS OF DEPOSIT

Loss resulting from the payment of dividends, issuance of Fund shares or redemptions or exchanges permitted from an account with the Fund as a consequence of

(1) uncollectible Items of Deposit of a Fund's customer, shareholder or subscriber credited by the Insured or its agent to such person's Fund account, or

(2) any Item of Deposit processed through an automated clearing house which is reversed by a Fund's customer, shareholder or subscriber and is deemed uncollectible by the Insured;

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PROVIDED, that (a) Items of Deposit shall not be deemed uncollectible until the Insured's collection procedures have failed, (b) exchanges of shares between Funds with exchange privileges shall be covered hereunder only if all such Funds are insured by the Underwriter for uncollectible Items of Deposit, and (c) the Insured Fund shall have implemented and maintained a policy to hold Items of Deposit for the minimum number of days stated in its Application (as amended from time to time) before paying any dividend or permitting any withdrawal with respect to such Items of Deposit (other than exchanges between Funds). Regardless of the number of transactions between Funds in an exchange program, the minimum number of days an Item of Deposit must be held shall begin from the date the Item of Deposit was first credited to any Insured Fund.

This Insuring Agreement H does not cover loss covered under Insuring Agreement A.

I. PHONE/ELECTRONIC TRANSACTIONS

Loss caused by a Phone/Electronic Transaction, where the request for such Phone/Electronic Transaction:

- (1) is transmitted to the Insured or its agents by voice over the telephone or by Electronic Transmission; and
- (2) is made by an individual purporting to be a Fund shareholder or subscriber or an authorized agent of a Fund shareholder or subscriber; and
- (3) is unauthorized or fraudulent and is made with the manifest intent to deceive;

PROVIDED, that the entity receiving such request generally maintains and follows during the Bond Period all Phone/Electronic Transaction Security Procedures with respect to all Phone/Electronic Transactions; and

EXCLUDING loss resulting from:

- (1) the failure to pay for shares attempted to be purchased; or
- (2) any redemption of Investment Company shares which had been improperly credited to a shareholder's account where such shareholder (a) did not cause, directly or indirectly, such shares to be credited to such account, and (b) directly or indirectly received any proceeds or other benefit from such redemption; or
- (3) any redemption of shares issued by an Investment Company where the proceeds of such redemption were requested to be paid or made payable to other than (a) the Shareholder of Record, or (b) any other person or bank account designated to receive redemption proceeds (i) in the initial account application, or (ii) in writing (not to include Electronic Transmission) accompanied by a signature guarantee; or
- (4) any redemption of shares issued by an Investment Company where the proceeds of such redemption were requested to be sent to other than any address for such account which was designated (a) in the initial account application, or (b) in writing (not to include Electronic Transmission), where such writing is received at least one (1) day prior to such redemption request, or (c) by voice over the telephone or by Electronic Transmission at least fifteen (15) days prior to such redemption; or

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(5) the intentional failure to adhere to one or more Phone/Electronic Transaction Security Procedures; or

(6) a Phone/Electronic Transaction request transmitted by electronic mail or transmitted by any method not subject to the Phone/Electronic Transaction Security Procedures; or

(7) the failure or circumvention of any physical or electronic protection device, including any firewall, that imposes restrictions on the flow of electronic traffic in or out of any Computer System.

This Insuring Agreement I does not cover loss covered under Insuring Agreement A, Fidelity or Insuring Agreement J, Computer Security .

GENERAL AGREEMENTS

A. ADDITIONAL OFFICES OR EMPLOYEES CONSOLIDATION OR MERGER NOTICE

1. Except as provided in paragraph 2 below, this Bond shall apply to any additional office(s) established by the Insured during the Bond Period and to all Employees during the Bond Period, without the need to give notice thereof or pay additional premiums to the Underwriter for the Bond Period.

2. If during the Bond Period an Insured Investment Company shall merge or consolidate with an institution in which such Insured is the surviving entity, or purchase substantially all the assets or capital stock of another institution, or acquire or create a separate investment portfolio, and shall within sixty (60) days notify the Underwriter thereof, then this Bond shall automatically apply to the Property and Employees resulting from such merger, consolidation, acquisition or creation from the date thereof; provided, that the Underwriter may make such coverage contingent upon the payment of an additional premium.

B. WARRANTY

No statement made by or on behalf of the Insured, whether contained in the Application or otherwise, shall be deemed to be an absolute warranty, but only a warranty that such statement is true to the best of the knowledge of the person responsible for such statement.

C. COURT COSTS AND ATTORNEYS FEES

The Underwriter will indemnify the Insured against court costs and reasonable attorneys' fees incurred and paid by the Insured in defense of any legal proceeding brought against the Insured seeking recovery for any loss which, if established against the Insured, would constitute a loss covered under the terms of this Bond; provided, however, that with respect to Insuring Agreement A this indemnity shall apply only in the event that

1. an Employee admits to having committed or is adjudicated to have committed a Dishonest or Fraudulent Act or Theft which caused the loss; or

2. in the absence of such an admission or adjudication, an arbitrator or arbitrators acceptable to the Insured and the Underwriter concludes, after a review of an agreed statement of facts, that an Employee has committed a Dishonest or Fraudulent Act or Theft which caused the loss.

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The Insured shall promptly give notice to the Underwriter of any such legal proceeding and upon request shall furnish the Underwriter with copies of all pleadings and other papers therein. At the Underwriter's election the Insured shall permit the Underwriter to conduct the defense of such legal proceeding in the Insured's name, through attorneys of the Underwriter's selection. In such event, the Insured shall give all reasonable information and assistance which the Underwriter shall deem necessary to the proper defense of such legal proceeding.

If the amount of the Insured's liability or alleged liability in any such legal proceeding is greater than the amount which the Insured would be entitled to recover under this Bond (other than pursuant to this General Agreement C), or if a Deductible Amount is applicable, or both, the indemnity liability of the Underwriter under this General Agreement C is limited to the proportion of court costs and

attorneys' fees incurred and paid by the Insured or by the Underwriter that the amount which the Insured would be entitled to recover under this Bond (other than pursuant to this General Agreement C) bears to the sum of such amount plus the amount which the Insured is not entitled to recover. Such indemnity shall be in addition to the Limit of Liability for the applicable Insuring Agreement.

D. INTERPRETATION

This Bond shall be interpreted with due regard to the purpose of fidelity bonding under Rule 17g-1 of the Investment Company Act of 1940 (i.e., to protect innocent third parties from harm) and to the structure of the investment management industry (in which a loss of Property resulting from a cause described in any Insuring Agreement ordinarily gives rise to a potential legal liability on the part of the Insured), such that the term "loss" as used herein shall include an Insured's legal liability for direct compensatory damages resulting directly from a misappropriation, or measurable diminution in value, of Property.

**THIS BOND, INCLUDING THE FOREGOING INSURING AGREEMENTS
AND GENERAL AGREEMENTS, IS SUBJECT TO THE FOLLOWING
PROVISIONS, CONDITIONS AND LIMITATIONS:**

SECTION 1. DEFINITIONS

The following terms used in this Bond shall have the meanings stated in this Section:

- A. Alteration** means the marking, changing or altering in a material way of the terms, meaning or legal effect of a document with the intent to deceive.
- B. Application** means the Insured's application (and any attachments and materials submitted in connection therewith) furnished to the Underwriter for this Bond.
- C. Computer System** means (1) computers with related peripheral components, including storage components, (2) systems and applications software, (3) terminal devices, (4) related communications networks or customer communication systems, and (5) related electronic funds transfer systems; by which data or monies are electronically collected, transmitted, processed, stored or retrieved.
- D. Counterfeit** means, with respect to any item, one which is false but is intended to deceive and to be taken for the original authentic item.

E. Deductible Amount means, with respect to any Insuring Agreement, the amount set forth under the heading **Deductible Amount** in Item 3 of the Declarations or in any Rider for such Insuring Agreement, applicable to each Single Loss covered by such Insuring Agreement.

F. Depository means any securities depository (other than any foreign securities depository) in which an Investment Company may deposit its Securities in accordance with Rule 17f-4 under the Investment Company Act of 1940.

G. Dishonest or Fraudulent Act means any dishonest or fraudulent act, including larceny and embezzlement as defined in Section 37 of the Investment Company Act of 1940, committed with the conscious manifest intent (1) to cause the Insured to sustain a loss and (2) to obtain financial benefit for the perpetrator or any other person (other than salaries, commissions, fees, bonuses, awards, profit

sharing, pensions or other employee benefits). A Dishonest or Fraudulent Act does not mean or include a reckless act, a negligent act, or a grossly negligent act.

H. Electronic Transmission means any transmission effected by electronic means, including but not limited to a transmission effected by telephone tones, Telefacsimile, wireless device, or over the Internet.

I. Employee means:

- (1) each officer, director, trustee, partner or employee of the Insured, and
- (2) each officer, director, trustee, partner or employee of any predecessor of the Insured whose principal assets are acquired by the Insured by consolidation or merger with, or purchase of assets or capital stock of, such predecessor, and
- (3) each attorney performing legal services for the Insured and each employee of such attorney or of the law firm of such attorney while performing services for the Insured, and
- (4) each student who is an authorized intern of the Insured, while in any of the Insured's offices, and
- (5) each officer, director, trustee, partner or employee of
 - (a) an investment adviser,
 - (b) an underwriter (distributor),
 - (c) a transfer agent or shareholder accounting recordkeeper, or
 - (d) an administrator authorized by written agreement to keep financial and/or other required records,

for an Investment Company named as an Insured, BUT ONLY while (i) such officer, partner or employee is performing acts coming within the scope of the usual duties of an officer or employee of an Insured, or (ii) such officer, director, trustee, partner or employee is acting as a member of any committee duly elected or appointed to examine or audit or have custody of or access to the Property of the Insured, or (iii) such director or trustee (or anyone acting in a similar capacity) is acting outside the scope of the usual duties of a director or trustee; PROVIDED, that the term Employee shall not include any officer, director, trustee, partner or employee of a transfer agent, shareholder accounting recordkeeper or administrator (x) which is not an affiliated person (as defined in Section 2(a) of the Investment Company Act of 1940) of an Investment

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Company named as Insured or of the adviser or underwriter of such Investment Company, or (y) which is a Bank (as defined in Section 2(a) of the Investment Company Act of 1940), and

(6) each individual assigned, by contract or by any agency furnishing temporary personnel, in either case on a contingent or part-time basis, to perform the usual duties of an employee in any office of the Insured, and

(7) each individual assigned to perform the usual duties of an employee or officer of any entity authorized by written agreement with the Insured to perform services as electronic data processor of checks or other accounting records of the Insured, but excluding a processor which acts as transfer agent or in any other agency capacity for the Insured in issuing checks, drafts or securities, unless included under subsection (5) hereof, and

(8) each officer, partner or employee of

(a) any Depository or Exchange,

(b) any nominee in whose name is registered any Security included in the systems for the central handling of securities established and maintained by any Depository, and

(c) any recognized service company which provides clerks or other personnel to any Depository or Exchange on a contract basis,

while such officer, partner or employee is performing services for any Depository in the operation of systems for the central handling of securities, and

(9) in the case of an Insured which is an employee benefit plan (as defined in Section 3 of the Employee Retirement Income Security Act of 1974 (ERISA)) for officers, directors or employees of another Insured (In-House Plan), any fiduciary or other plan official (within the meaning of Section 412 of ERISA) of such In-House Plan, provided that such fiduciary or other plan official is a director, partner, officer, trustee or employee of an Insured (other than an In-House Plan).

Each employer of temporary personnel and each entity referred to in subsections (6) and (7) and their respective partners, officers and employees shall collectively be deemed to be one person for all the purposes of this Bond.

Brokers, agents, independent contractors, or representatives of the same general character shall not be considered Employees, except as provided in subsections (3), (6), and (7).

J. Exchange means any national securities exchange registered under the Securities Exchange Act of 1934.

K. Forgery means the physical signing on a document of the name of another person (whether real or fictitious) with the intent to deceive. A Forgery may be by means of mechanically reproduced facsimile signatures as well as handwritten signatures. Forgery does not include the signing of an individual's own name, regardless of such individual's authority, capacity or purpose.

L. Items of Deposit means one or more checks or drafts.

M. Investment Company or Fund means an investment company registered under the Investment Company Act of 1940.

N. Limit of Liability means, with respect to any Insuring Agreement, the limit of liability of the Underwriter for any Single Loss covered by such Insuring Agreement as set forth under the heading Limit of Liability in Item 3 of the Declarations or in any Rider for such Insuring Agreement.

O. Mysterious Disappearance means any disappearance of Property which, after a reasonable investigation has been conducted, cannot be explained.

P. Non-Fund means any corporation, business trust, partnership, trust or other entity which is not an Investment Company.

Q. Phone/Electronic Transaction Security Procedures means security procedures for Phone/Electronic Transactions as provided in writing to the Underwriter.

R. Phone/Electronic Transaction means any (1) redemption of shares issued by an Investment Company, (2) election concerning dividend options available to Fund shareholders, (3) exchange of shares in a registered account of one Fund into shares in an identically registered account of another Fund in the same complex pursuant to exchange privileges of the two Funds, or (4) purchase of shares issued by an Investment Company, which redemption, election, exchange or purchase is requested by voice over the telephone or through an Electronic Transmission.

S. Property means the following tangible items: money, postage and revenue stamps, precious metals, Securities, bills of exchange, acceptances, checks, drafts, or other written orders or directions to pay sums certain in money, certificates of deposit, due bills, money orders, letters of credit, financial futures contracts, conditional sales contracts, abstracts of title, insurance policies, deeds, mortgages, and assignments of any of the foregoing, and other valuable papers, including books of account and other records used by the Insured in the conduct of its business, and all other instruments similar to or in the nature of the foregoing (but excluding all data processing records), (1) in which the Insured has a legally cognizable interest, (2) in which the Insured acquired or should have acquired such an interest by reason of a predecessor's declared financial condition at the time of the Insured's consolidation or merger with, or purchase of the principal assets of, such predecessor or (3) which are held by the Insured for any purpose or in any capacity.

T. Securities means original negotiable or non-negotiable agreements or instruments which represent an equitable or legal interest, ownership or debt (including stock certificates, bonds, promissory notes, and assignments thereof), which are in the ordinary course of business and transferable by physical delivery with appropriate endorsement or assignment. Securities does not include bills of exchange, acceptances, certificates of deposit, checks, drafts, or other written orders or directions to pay sums certain in money, due bills, money orders, or letters of credit.

U. Security Company means an entity which provides or purports to provide the transport of Property by secure means, including, without limitation, by use of armored vehicles or guards.

V. Self Regulatory Organization means any association of investment advisers or securities dealers registered under the federal securities laws, or any Exchange.

W. Shareholder of Record means the record owner of shares issued by an Investment Company or, in the case of joint ownership of such shares, all record owners, as designated (1) in the initial account application, or (2) in writing accompanied by a signature guarantee, or (3) pursuant to procedures as set forth in the Application.

X. Single Loss means:

(1) all loss resulting from any one actual or attempted Theft committed by one person, or

(2) all loss caused by any one act (other than a Theft or a Dishonest or Fraudulent Act) committed by one person, or

(3) all loss caused by Dishonest or Fraudulent Acts committed by one person, or

(4) all expenses incurred with respect to any one audit or examination, or

(5) all loss caused by any one occurrence or event other than those specified in subsections (1) through (4) above.

All acts or omissions of one or more persons which directly or indirectly aid or, by failure to report or otherwise, permit the continuation of an act referred to in subsections (1) through (3) above of any other person shall be deemed to be the acts of such other person for purposes of this subsection.

All acts or occurrences or events which have as a common nexus any fact, circumstance, situation, transaction or series of facts, circumstances, situations, or transactions shall be deemed to be one act, one occurrence, or one event.

Y. Telefacsimile means a system of transmitting and reproducing fixed graphic material (as, for example, printing) by means of signals transmitted over telephone lines or over the Internet.

Z. Theft means robbery, burglary or hold-up, occurring with or without violence or the threat of violence.

SECTION 2. EXCLUSIONS

THIS BOND DOES NOT COVER:

A. Loss resulting from (1) riot or civil commotion outside the United States of America and Canada, or (2) war, revolution, insurrection, action by armed forces, or usurped power, wherever occurring; except if such loss occurs while the Property is in transit, is otherwise covered under Insuring Agreement D, and when such transit was initiated, the Insured or any person initiating such transit on the Insured's behalf had no knowledge of such riot, civil commotion, war, revolution, insurrection, action by armed forces, or usurped power.

B. Loss in time of peace or war resulting from nuclear fission or fusion or radioactivity, or biological or chemical agents or hazards, or fire, smoke, or explosion, or the effects of any of the foregoing.

C. Loss resulting from any Dishonest or Fraudulent Act committed by any person while acting in the capacity of a member of the Board of Directors or any equivalent body of the Insured or of any other entity.

D. Loss resulting from any nonpayment or other default of any loan or similar transaction made by the Insured or any of its partners, directors, officers or employees, whether or not authorized and whether procured in good faith or through a Dishonest or Fraudulent Act, unless such loss is otherwise covered under Insuring Agreement A, E or F.

E. Loss resulting from any violation by the Insured or by any Employee of any law, or any rule or regulation pursuant thereto or adopted by a Self Regulatory Organization, regulating the issuance, purchase or sale of securities, securities transactions upon security exchanges or over the counter markets, Investment Companies, or investment advisers, unless such loss, in the absence of such law, rule or regulation, would be covered under Insuring Agreement A, E or F.

F. Loss resulting from Property that is the object of Theft, Dishonest or Fraudulent Act, or Mysterious Disappearance while in the custody of any Security Company, unless such loss is covered under this Bond and is in excess of the amount recovered or received by the Insured under (1) the Insured's contract with such Security Company, and (2) insurance or indemnity of any kind carried by such Security Company for the benefit of, or otherwise available to, users of its service, in which case this Bond shall cover only such excess, subject to the applicable Limit of Liability and Deductible Amount.

G. Potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this Bond, except when covered under Insuring Agreement H.

H. Loss in the form of (1) damages of any type for which the Insured is legally liable, except direct compensatory damages, or (2) taxes, fines, or penalties, including without limitation two-thirds of treble damage awards pursuant to judgments under any statute or regulation.

I. Loss resulting from the surrender of Property away from an office of the Insured as a result of a threat

(1) to do bodily harm to any person, except where the Property is in transit in the custody of any person acting as messenger as a result of a threat to do bodily harm to such person, if the Insured had no knowledge of such threat at the time such transit was initiated, or

(2) to do damage to the premises or Property of the Insured,

unless such loss is otherwise covered under Insuring Agreement A.

J. All costs, fees and other expenses incurred by the Insured in establishing the existence of or amount of loss covered under this Bond, except to the extent certain audit expenses are covered under Insuring Agreement B.

K. Loss resulting from payments made to or withdrawals from any account, involving funds erroneously credited to such account, unless such loss is otherwise covered under Insuring Agreement A.

L. Loss resulting from uncollectible Items of Deposit which are drawn upon a financial institution outside the United States of America, its territories and possessions, or Canada.

M. Loss resulting from the Dishonest or Fraudulent Acts, Theft, or other acts or omissions of an Employee primarily engaged in the sale of shares issued by an Investment Company to persons other than (1) a person registered as a broker under the Securities Exchange Act of 1934 or (2) an accredited investor as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, which is not an individual.

N. Loss resulting from the use of credit, debit, charge, access, convenience, identification, cash management or other cards, whether such cards were issued or purport to have been issued by the Insured or by anyone else, unless such loss is otherwise covered under Insuring Agreement A.

O. Loss resulting from any purchase, redemption or exchange of securities issued by an Investment Company or other Insured, or any other instruction, request, acknowledgement, notice or transaction involving securities issued by an Investment Company or other Insured or the dividends in respect thereof, when any of the foregoing is requested, authorized or directed or purported to be requested, authorized or directed by voice over the telephone or by Electronic Transmission, unless such loss is otherwise covered under Insuring Agreement A or Insuring Agreement I.

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P. Loss resulting from any Dishonest or Fraudulent Act or Theft committed by an Employee as defined in Section 1.I(2), unless such loss (1) could not have been reasonably discovered by the due diligence of the Insured at or prior to the time of acquisition by the Insured of the assets acquired from a predecessor, and (2) arose out of a lawsuit or valid claim brought against the Insured by a person unaffiliated with the Insured or with any person affiliated with the Insured.

Q. Loss resulting from the unauthorized entry of data into, or the deletion or destruction of data in, or the change of data elements or programs within, any Computer System, unless such loss is otherwise covered under Insuring Agreement A.

SECTION 3. ASSIGNMENT OF RIGHTS

Upon payment to the Insured hereunder for any loss, the Underwriter shall be subrogated to the extent of such payment to all of the Insured's rights and claims in connection with such loss; provided, however, that the Underwriter shall not be subrogated to any such rights or claims one named Insured

under this Bond may have against another named Insured under this Bond. At the request of the Underwriter, the Insured shall execute all assignments or other documents and take such action as the Underwriter may deem necessary or desirable to secure and perfect such rights and claims, including the execution of documents necessary to enable the Underwriter to bring suit in the name of the Insured.

Assignment of any rights or claims under this Bond shall not bind the Underwriter without the Underwriter's written consent.

SECTION 4. LOSS NOTICE PROOF LEGAL PROCEEDINGS

This Bond is for the use and benefit only of the Insured and the Underwriter shall not be liable hereunder to anyone other than the Insured. As soon as practicable and not more than sixty (60) days after discovery, the Insured shall give the Underwriter written notice thereof and, as soon as practicable and within one year after such discovery, shall also furnish to the Underwriter affirmative proof of loss with full particulars. The Underwriter may extend the sixty day notice period or the one year proof of loss period if the Insured requests an extension and shows good cause therefor.

See also General Agreement C (Court Costs and Attorneys' Fees).

The Underwriter shall not be liable hereunder for loss of Securities unless each of the Securities is identified in such proof of loss by a certificate or bond number or by such identification means as the Underwriter may require. The Underwriter shall have a reasonable period after receipt of a proper affirmative proof of loss within which to investigate the claim, but where the Property is Securities and the loss is clear and undisputed, settlement shall be made within forty-eight (48) hours even if the loss involves Securities of which duplicates may be obtained.

The Insured shall not bring legal proceedings against the Underwriter to recover any loss hereunder prior to sixty (60) days after filing such proof of loss or subsequent to twenty-four (24) months after the discovery of such loss or, in the case of a legal proceeding to recover hereunder on account of any judgment against the Insured in or settlement of any suit mentioned in General Agreement C or to recover court costs or attorneys' fees paid in any such suit, twenty-four (24) months after the date of the final judgment in or settlement of such suit. If any limitation in this Bond is prohibited by any applicable law, such limitation shall be deemed to be amended to be equal to the minimum period of limitation permitted by such law.

Notice hereunder shall be given to Manager, Professional Liability Claims, ICI Mutual Insurance Company, 1401 H St. NW, Washington, DC 20005.

SECTION 5. DISCOVERY

For all purposes under this Bond, a loss is discovered, and discovery of a loss occurs, when the Insured

(1) becomes aware of facts, or

(2) receives notice of an actual or potential claim by a third party which alleges that the Insured is liable under circumstances,

which would cause a reasonable person to assume that loss covered by this Bond has been or is likely to be incurred even though the exact amount or details of loss may not be known.

SECTION 6. VALUATION OF PROPERTY

For the purpose of determining the amount of any loss hereunder, the value of any Property shall be the market value of such Property at the close of business on the first business day before the discovery of such loss; except that

- (1) the value of any Property replaced by the Insured prior to the payment of a claim therefor shall be the actual market value of such Property at the time of replacement, but not in excess of the market value of such Property on the first business day before the discovery of the loss of such Property;
- (2) the value of Securities which must be produced to exercise subscription, conversion, redemption or deposit privileges shall be the market value of such privileges immediately preceding the expiration thereof if the loss of such Securities is not discovered until after such expiration, but if there is no quoted or other ascertainable market price for such Property or privileges referred to in clauses (1) and (2), their value shall be fixed by agreement between the parties or by arbitration before an arbitrator or arbitrators acceptable to the parties; and
- (3) the value of books of accounts or other records used by the Insured in the conduct of its business shall be limited to the actual cost of blank books, blank pages or other materials if the books or records are reproduced plus the cost of labor for the transcription or copying of data furnished by the Insured for reproduction.

SECTION 7. LOST SECURITIES

The maximum liability of the Underwriter hereunder for lost Securities shall be the payment for, or replacement of, such Securities having an aggregate value not to exceed the applicable Limit of Liability. If the Underwriter shall make payment to the Insured for any loss of Securities, the Insured shall assign to the Underwriter all of the Insured's right, title and interest in and to such Securities. In lieu of such payment, the Underwriter may, at its option, replace such lost Securities, and in such case the Insured shall cooperate to effect such replacement. To effect the replacement of lost Securities, the Underwriter may issue or arrange for the issuance of a lost instrument bond. If the value of such Securities does not exceed the applicable Deductible Amount (at the time of the discovery of the loss), the Insured will pay the usual premium charged for the lost instrument bond and will indemnify the issuer of such bond against all loss and expense that it may sustain because of the issuance of such bond.

If the value of such Securities exceeds the applicable Deductible Amount (at the time of discovery of the loss), the Insured will pay a proportion of the usual premium charged for the lost instrument bond, equal to the percentage that the applicable Deductible Amount bears to the value of such Securities upon discovery of the loss, and will indemnify the issuer of such bond against all loss and expense that is not recovered from the Underwriter under the terms and conditions of this Bond, subject to the applicable Limit of Liability.

SECTION 8. SALVAGE

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If any recovery is made, whether by the Insured or the Underwriter, on account of any loss within the applicable Limit of Liability hereunder, the Underwriter shall be entitled to the full amount of such recovery to reimburse the Underwriter for all amounts paid hereunder with respect to such loss. If any recovery is made, whether by the Insured or the Underwriter, on account of any loss in excess of the applicable Limit of Liability hereunder plus the Deductible Amount applicable to such loss from any source other than suretyship, insurance, reinsurance, security or indemnity taken by or for the benefit

of the Underwriter, the amount of such recovery, net of the actual costs and expenses of recovery, shall be applied to reimburse the Insured in full for the portion of such loss in excess of such Limit of Liability, and the remainder, if any, shall be paid first to reimburse the Underwriter for all amounts paid hereunder with respect to such loss and then to the Insured to the extent of the portion of such loss within the Deductible Amount. The Insured shall execute all documents which the Underwriter deems necessary or desirable to secure to the Underwriter the rights provided for herein.

SECTION 9. NON-REDUCTION AND NON-ACCUMULATION OF LIABILITY AND TOTAL LIABILITY

Prior to its termination, this Bond shall continue in force up to the Limit of Liability for each Insuring Agreement for each Single Loss, notwithstanding any previous loss (other than such Single Loss) for which the Underwriter may have paid or be liable to pay hereunder; PROVIDED, however, that regardless of the number of years this Bond shall continue in force and the number of premiums which shall be payable or paid, the liability of the Underwriter under this Bond with respect to any Single Loss shall be limited to the applicable Limit of Liability irrespective of the total amount of such Single Loss and shall not be cumulative in amounts from year to year or from period to period.

SECTION 10. MAXIMUM LIABILITY OF UNDERWRITER; OTHER BONDS OR POLICIES

The maximum liability of the Underwriter for any Single Loss covered by any Insuring Agreement under this Bond shall be the Limit of Liability applicable to such Insuring Agreement, subject to the applicable Deductible Amount and the other provisions of this Bond. Recovery for any Single Loss may not be made under more than one Insuring Agreement. If any Single Loss covered under this Bond is recoverable or recovered in whole or in part because of an unexpired discovery period under any other bonds or policies issued by the Underwriter to the Insured or to any predecessor in interest of the Insured, the maximum liability of the Underwriter shall be the greater of either (1) the applicable Limit of Liability under this Bond, or (2) the maximum liability of the Underwriter under such other bonds or policies.

SECTION 11. OTHER INSURANCE

Notwithstanding anything to the contrary herein, if any loss covered by this Bond shall also be covered by other insurance or suretyship for the benefit of the Insured, the Underwriter shall be liable hereunder only for the portion of such loss in excess of the amount recoverable under such other insurance or suretyship, but not exceeding the applicable Limit of Liability of this Bond.

SECTION 12. DEDUCTIBLE AMOUNT

The Underwriter shall not be liable under any Insuring Agreement unless the amount of the loss covered thereunder, after deducting the net amount of all reimbursement and/or recovery received by the Insured with respect to such loss (other than from any other bond, suretyship or insurance policy or as an advance by the Underwriter hereunder) shall exceed the applicable Deductible Amount; in such case the Underwriter shall be liable only for such excess, subject to the applicable Limit of Liability and the other terms of this Bond.

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No Deductible Amount shall apply to any loss covered under Insuring Agreement A sustained by any Investment Company named as an Insured.

SECTION 13. TERMINATION

The Underwriter may terminate this Bond as to any Insured or all Insureds only by written notice to such Insured or Insureds and, if this Bond is terminated as to any Investment Company, to each such Investment Company terminated thereby and to the Securities and Exchange Commission, Washington, D.C., in all cases not less than sixty (60) days prior to the effective date of termination specified in such notice.

The Insured may terminate this Bond only by written notice to the Underwriter not less than sixty (60) days prior to the effective date of the termination specified in such notice. Notwithstanding the foregoing, when the Insured terminates this Bond as to any Investment Company, the effective date of termination shall be not less than sixty (60) days from the date the Underwriter provides written notice of the termination to each such Investment Company terminated thereby and to the Securities and Exchange Commission, Washington, D.C.

This Bond will terminate as to any Insured that is a Non-Fund immediately and without notice upon (1) the takeover of such Insured's business by any State or Federal official or agency, or by any receiver or liquidator, or (2) the filing of a petition under any State or Federal statute relative to bankruptcy or reorganization of the Insured, or assignment for the benefit of creditors of the Insured.

Premiums are earned until the effective date of termination. The Underwriter shall refund the unearned premium computed at short rates in accordance with the Underwriter's standard short rate cancellation tables if this Bond is terminated by the Insured or pro rata if this Bond is terminated by the Underwriter.

Upon the detection by any Insured that an Employee has committed any Dishonest or Fraudulent Act(s) or Theft, the Insured shall immediately remove such Employee from a position that may enable such Employee to cause the Insured to suffer a loss by any subsequent Dishonest or Fraudulent Act(s) or Theft. The Insured, within two (2) business days of such detection, shall notify the Underwriter with full and complete particulars of the detected Dishonest or Fraudulent Act(s) or Theft.

For purposes of this section, detection occurs when any partner, officer, or supervisory employee of any Insured, who is not in collusion with such Employee, becomes aware that the Employee has committed any Dishonest or Fraudulent Act(s) or Theft.

This Bond shall terminate as to any Employee by written notice from the Underwriter to each Insured and, if such Employee is an Employee of an Insured Investment Company, to the Securities and Exchange Commission, in all cases not less than sixty (60) days prior to the effective date of termination specified in such notice.

SECTION 14. RIGHTS AFTER TERMINATION

At any time prior to the effective date of termination of this Bond as to any Insured, such Insured may, by written notice to the Underwriter, elect to purchase the right under this Bond to an additional period of twelve (12) months within which to discover loss sustained by such Insured prior to the effective date of such termination and shall pay an additional premium therefor as the Underwriter may require.

Such additional discovery period shall terminate immediately and without notice upon the takeover of such Insured's business by any State or Federal official or agency, or by any receiver or liquidator. Promptly after such termination the Underwriter shall refund to the Insured any unearned premium.

The right to purchase such additional discovery period may not be exercised by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed to take over the Insured's business.

SECTION 15. CENTRAL HANDLING OF SECURITIES

The Underwriter shall not be liable for loss in connection with the central handling of securities within the systems established and maintained by any Depository (Systems), unless the amount of such loss exceeds the amount recoverable or recovered under any bond or policy or participants' fund insuring the Depository against such loss (the Depository's Recovery); in such case the Underwriter shall be liable hereunder only for the Insured's share of such excess loss, subject to the applicable Limit of Liability, the Deductible Amount and the other terms of this Bond.

For determining the Insured's share of such excess loss, (1) the Insured shall be deemed to have an interest in any certificate representing any security included within the Systems equivalent to the interest the Insured then has in all certificates representing the same security included within the Systems; (2) the Depository shall have reasonably and fairly apportioned the Depository's Recovery among all those having an interest as recorded by appropriate entries in the books and records of the Depository in Property involved in such loss, so that each such interest shall share in the Depository's Recovery in the ratio that the value of each such interest bears to the total value of all such interests; and (3) the Insured's share of such excess loss shall be the amount of the Insured's interest in such Property in excess of the amount(s) so apportioned to the Insured by the Depository.

This Bond does not afford coverage in favor of any Depository or Exchange or any nominee in whose name is registered any security included within the Systems.

SECTION 16. ADDITIONAL COMPANIES INCLUDED AS INSURED

If more than one entity is named as the Insured:

A. the total liability of the Underwriter hereunder for each Single Loss shall not exceed the Limit of Liability which would be applicable if there were only one named Insured, regardless of the number of Insured entities which sustain loss as a result of such Single Loss,

B. the Insured first named in Item 1 of the Declarations shall be deemed authorized to make, adjust, and settle, and receive and enforce payment of, all claims hereunder as the agent of each other Insured for such purposes and for the giving or receiving of any notice required or permitted to be given hereunder; provided, that the Underwriter shall promptly furnish each named Insured Investment Company with (1) a copy

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of this Bond and any amendments thereto, (2) a copy of each formal filing of a claim hereunder by any other Insured, and (3) notification of the terms of the settlement of each such claim prior to the execution of such settlement,

C. the Underwriter shall not be responsible or have any liability for the proper application by the Insured first named in Item 1 of the Declarations of any payment made hereunder to the first named Insured,

D. for the purposes of Sections 4 and 13, knowledge possessed or discovery made by any partner, officer or supervisory Employee of any Insured shall constitute knowledge or discovery by every named Insured,

E. if the first named Insured ceases for any reason to be covered under this Bond, then the Insured next named shall thereafter be considered as the first named Insured for the purposes of this Bond, and

F. each named Insured shall constitute the Insured for all purposes of this Bond.

SECTION 17. NOTICE AND CHANGE OF CONTROL

Within thirty (30) days after learning that there has been a change in control of an Insured by transfer of its outstanding voting securities the Insured shall give written notice to the Underwriter of:

A. the names of the transferors and transferees (or the names of the beneficial owners if the voting securities are registered in another name), and

B. the total number of voting securities owned by the transferors and the transferees (or the beneficial owners), both immediately before and after the transfer, and

C. the total number of outstanding voting securities.

As used in this Section, control means the power to exercise a controlling influence over the management or policies of the Insured.

SECTION 18. CHANGE OR MODIFICATION

This Bond may only be modified by written Rider forming a part hereof over the signature of the Underwriter's authorized representative. Any Rider which modifies the coverage provided by Insuring Agreement A, Fidelity, in a manner which adversely affects the rights of an Insured Investment Company shall not become effective until at least sixty (60) days after the Underwriter has given written notice thereof to the Securities and Exchange Commission, Washington, D.C., and to each Insured Investment Company affected thereby.

SECTION 19. COMPLIANCE WITH APPLICABLE TRADE AND ECONOMIC SANCTIONS

This Bond shall not be deemed to provide any coverage, and the Underwriter shall not be required to pay any loss or provide any benefit hereunder, to the extent that the provision of such coverage, payment of such loss or provision of such benefit would cause the Underwriter to be in violation of any applicable trade or economic sanctions, laws or regulations, including, but not limited to, any sanctions, laws or regulations administered and enforced by the U.S. Department of Treasury Office of Foreign Assets Control (OFAC).

IN WITNESS WHEREOF, the Underwriter has caused this Bond to be executed on the Declarations Page.

ICI MUTUAL INSURANCE COMPANY,

a Risk Retention Group

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 1

INSURED

BOND NUMBER

UBS Cashfund Inc.

87118112B

EFFECTIVE DATE

BOND PERIOD

AUTHORIZED REPRESENTATIVE

December 15, 2012

December 15, 2012 to December 15, 2013

/S/ Swenitha Nalli

In consideration of the premium charged for this Bond, it is hereby understood and agreed that Item 1 of the Declarations, Name of Insured, shall include the following:

UBS Master Series, Inc., a series fund consisting of:

- UBS Money Market Fund

UBS Managed Municipal Trust, a series fund consisting of:

- UBS RMA California Municipal Money Fund
- UBS RMA New York Municipal Money Fund

UBS RMA Money Fund, Inc., a series fund consisting of:

- UBS Retirement Money Fund

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- UBS RMA Money Market Portfolio
- UBS RMA U.S. Government Portfolio

UBS RMA Tax-Free Fund, Inc.

PACE Select Advisors Trust, a series fund consisting of:

- PACE Alternative Strategies Investments
- PACE Global Real Estate Securities Investments
- PACE Government Securities Fixed Income Investments
- PACE High Yield Investments
- PACE Intermediate Fixed Income Investments
- PACE International Emerging Markets Equity Investments
- PACE International Equity Investments
- PACE International Fixed Income Investments
- PACE Large Co Growth Equity Investments
- PACE Large Co Value Equity Investments
- PACE Money Market Investments
- PACE Municipal Fixed Income Investments
- PACE Small/Medium Co Growth Equity Investments
- PACE Small/Medium Co Value Equity Investments
- PACE Strategic Fixed Income Investments

Strategic Global Income Fund, Inc.

Global High Income Fund Inc.

Managed High Yield Plus Fund Inc.

UBS Investment Trust, a series fund consisting of:

- UBS U.S. Allocation Fund

UBS Money Series, a series fund consisting of:

- UBS Cash Reserves Fund
- UBS Liquid Assets Fund
- UBS Select Prime Investor Fund
- UBS Select Prime Institutional Fund
- UBS Select Prime Preferred Fund
- UBS Select Prime Capital Fund
- UBS Select Tax-Free Institutional Fund
- UBS Select Tax-Free Preferred Fund
- UBS Select Tax-Free Capital Fund
- UBS Select Treasury Institutional Fund
- UBS Select Treasury Preferred Fund
- UBS Select Treasury Capital Fund
- UBS Select Tax-Free Investor Fund
- UBS Select Treasury Investor Fund

The UBS Funds, a series fund consisting of:

- UBS Core Plus Bond Fund
- UBS Dynamic Alpha Fund

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- UBS Emerging Markets Debt Fund
- UBS Emerging Markets Equity Fund
- UBS Equity Long-Short Multi-Strategy Fund
- UBS Fixed Income Opportunities Fund
- UBS Global Allocation Fund
- UBS Global Bond Fund
- UBS Global Frontier Fund
- UBS International Equity Fund
- UBS Multi-Asset Income Fund
- UBS U.S. Equity Alpha Fund
- UBS U.S. Equity Opportunity Fund
- UBS U.S. Large Cap Equity Fund
- UBS U.S. Real Estate Equity Fund
- UBS U.S. Small Cap Equity Fund
- UBS U.S. Small Cap Growth Fund

UBS Relationship Funds, a series fund consisting of:

- UBS Credit Bond Relationship Fund
 - UBS Emerging Markets Debt Relationship Fund
 - UBS Emerging Markets Equity Relationship Fund
 - UBS Enhanced Yield Relationship Fund
 - UBS Global Corporate Bond Relationship Fund
-

- UBS Global Equity Relationship Fund
- UBS Global ex-U.S. Bond Relationship Fund
- UBS Global ex-U.S. All Cap Growth Relationship Fund
- UBS Global Securities Relationship Fund
- UBS High Yield Relationship Fund
- UBS International Equity Relationship Fund
- UBS Opportunistic Emerging Markets Debt Relationship Fund
- UBS Opportunistic High Yield Relationship Fund
- UBS Opportunistic Loan Relationship Fund
- UBS Short Duration Relationship Fund
- UBS Small Cap Equity Relationship Fund
- UBS Core Bond Relationship Fund
- UBS Cash Management Prime Relationship Fund
- UBS Core Plus Bond Relationship Fund
- UBS U.S. Equity Alpha Relationship Fund
- UBS U.S. Large Cap Equity Relationship Fund
- UBS U.S. Large Cap Growth Equity Relationship Fund
- UBS U.S. Large Cap Value Equity Relationship Fund
- UBS U.S. Securitized Mortgage Relationship Fund
- UBS U.S. Treasury Inflation Protected Securities Relationship Fund

Fort Dearborn Income Securities, Inc.

SMA Relationship Trust, a series fund consisting of:

- Series A

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- Series G
- Series M
- Series S
- Series T

Master Trust

- Prime Master Fund
- Treasury Master Fund
- Tax-Free Master Fund

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN1.0-00 (1/02)

ICI MUTUAL INSURANCE COMPANY,

a Risk Retention Group

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 2

INSURED

BOND NUMBER

UBS Cashfund Inc.

87118112B

EFFECTIVE DATE

BOND PERIOD

AUTHORIZED REPRESENTATIVE

December 15, 2012

December 15, 2012 to December 15, 2013

/S/ Swenitha Nalli

In consideration of the premium charged for this Bond, it is hereby understood and agreed that the Deductible Amount for Insuring Agreement E, Forgery or Alteration, and Insuring Agreement F, Securities, shall not apply with respect to loss through Forgery of a signature on the following documents:

- (1) letter requesting redemption of \$50,000 or less payable by check to the shareholder of record and addressed to the address of record; or
- (2) letter requesting redemption of \$50,000 or less by wire transfer to the record shareholder's bank account of record; or
- (3) written request to a trustee or custodian for a Designated Retirement Account (DRA) which holds shares of an Insured Fund, where such request (a) purports to be from or at the instruction of the Owner of such DRA, and (b) directs such trustee or custodian to transfer \$50,000 or less from such DRA to a trustee or custodian for another DRA established for the benefit of such Owner;

provided, that the Limit of Liability for a Single Loss as described above shall be \$50,000 and that the Insured shall bear 20% of each such loss. This Rider shall not apply in the case of any such Single Loss which exceeds \$50,000; in such case the Deductible Amounts and Limits of Liability set forth in Item 3 of the Declarations shall control.

For purposes of this Rider:

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(A) Designated Retirement Account means any retirement plan or account described or qualified under the Internal Revenue Code of 1986, as amended, or a subaccount thereof.

(B) Owner means the individual for whose benefit the DRA, or a subaccount thereof, is established.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN27.0-02 (10/08)

ICI MUTUAL INSURANCE COMPANY,

a Risk Retention Group

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 3

INSURED

BOND NUMBER

UBS Cashfund Inc.

87118112B

EFFECTIVE DATE

BOND PERIOD

AUTHORIZED REPRESENTATIVE

December 15, 2012

December 15, 2012 to December 15, 2013

/S/ Swenitha Nalli

In consideration of the premium charged for this Bond, it is hereby understood and agreed that this Bond does not cover any loss resulting from or in connection with the acceptance of any Third Party Check, unless

(1) such Third Party Check is used to open or increase an account which is registered in the name of one or more of the payees on such Third Party Check, and

(2) reasonable efforts are made by the Insured, or by the entity receiving Third Party Checks on behalf of the Insured, to verify all endorsements on all Third Party Checks made payable in amounts greater than \$100,000 (provided, however, that the isolated failure to make such efforts in a particular instance will not preclude coverage, subject to the exclusions herein and in the Bond),

and then only to the extent such loss is otherwise covered under this Bond.

For purposes of this Rider, Third Party Check means a check made payable to one or more parties and offered as payment to one or more other parties.

It is further understood and agreed that notwithstanding anything to the contrary above or elsewhere in the Bond, this Bond does not cover any loss resulting from or in connection with the acceptance of a Third Party Check where:

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- (1) any payee on such Third Party Check reasonably appears to be a corporation or other entity; or
- (2) such Third Party Check is made payable in an amount greater than \$100,000 and does not include the purported endorsements of all payees on such Third Party Check.

It is further understood and agreed that this Rider shall not apply with respect to any coverage that may be available under Insuring Agreement A, Fidelity.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN30.0-01 (1/02)

ICI MUTUAL INSURANCE COMPANY,

a Risk Retention Group

INVESTMENT COMPANY BLANKET BOND

RIDER NO. 4

INSURED

BOND NUMBER

UBS Cashfund Inc.

87118112B

EFFECTIVE DATE

BOND PERIOD

AUTHORIZED REPRESENTATIVE

December 15, 2012

December 15, 2012 to December 15, 2013

Pursuant to our compensation philosophy and practices, we targeted total direct 2006 compensation to executives to be between the 50th and 75th percentiles of the 2006 Peer Group.

Total direct 2006 compensation for each of Messrs. Britt, Martin, Marcus and LaJoie (including pro-rated adjustments for Mr. Britt due to an August increase in his short-term bonus target) is between the 50th and 75th percentile when compared to the survey market data. Mr. Britt's and Mr. Martin's total direct compensation was below the average when compared to the 2006 proxy data that had been assembled (the benchmark used by Time Warner when reviewing Mr. Britt's compensation). Neither Mr. Marcus nor Mr. LaJoie's compensation was compared to a public peer group at the time that 2006 compensation was initially reviewed. Mr. Hobbs' 2006 total direct compensation (including pro-rated adjustments due to an August increase in base salary and short-term bonus target) is below the 50th percentile when compared to the survey market data and below the 50th percentile when compared to the 2007 Peer Group (the benchmark used by Time Warner when reviewing Mr. Hobbs' compensation).

Looking Forward

Our management and our New Compensation Committee have evaluated the structure of our short-term and long-term incentive programs. As a newly-public company, we expect that our long-term compensation will consist largely of grants based on our Class A common stock, including stock options and restricted stock units. During 2006, we engaged Mercer Consulting to help us evaluate our executive compensation program for 2007, including measuring our executive compensation program against various benchmarks and advising us on our compensation mix and the structure of our bonus programs. Mercer also met with our New Compensation Committee in connection with reviewing 2007 salaries and bonus targets for our executive officers and provided insights on various executive compensation trends.

During 2006, we established a more refined peer group of 20 public cable, communications and entertainment companies with publicly available data that we believe are similar in size and focus to us and/or will better reflect our competitors for talent in the coming years. We call this group our 2007 Peer Group. The companies in our 2007 Peer Group include: ALLTEL Corporation, AT&T Inc., Bell Canada Enterprises, BellSouth, Inc., Cablevision Systems

Corporation, CBS Corporation, Charter Communications Inc., Clear Channel Communications, Inc., Comcast, DIRECTV Group, Inc., EchoStar Communications Corporation, Liberty Global Inc., News Corporation, QWEST Communications International, Inc., Rogers Communications Inc., Sprint Nextel Corporation, TELUS Corporation, The Walt Disney Company, Verizon Communications, Inc. and Viacom Inc. Based upon the recommendation of the New Compensation Committee's consultant, the New Compensation Committee determined that for future compensation comparisons, the 2007 Peer Group would be modified to eliminate three Canadian companies Bell Canada Enterprises, Rogers Communications, Inc. and TELUS Corporation and to replace Liberty Global Inc. with Liberty Media Corporation. We believe the 2007 compensation approved by the New Compensation Committee for our named executive officers is consistent with our compensation philosophy which is informed in part by the practices of the 2007 Peer Group.

Perquisites

As described below, we provide personal benefits, such as reimbursement for financial services, from time to time to our named executive officers under their employment agreements when we determine such personal benefits are a useful part of a competitive compensation package. Mr. Britt was also provided with a car allowance in 2006. Additionally, we own aircraft jointly with Time Warner and other Time Warner companies. Use of corporate aircraft for business and personal travel is governed by a policy established by Time Warner. Under the policy, Mr. Britt is authorized to use the corporate aircraft for domestic business travel and for personal use when there is available space on a flight scheduled for a business purpose or in the event of a medical or family emergency. Other executives require various approvals for use of the corporate aircraft.

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Employment Agreements

Consistent with our goal of attracting and retaining executives in a competitive environment, we have entered into employment agreements with Mr. Britt and the other named executive officers. The employment agreements with Messrs. Britt, Martin and Marcus were reviewed and approved by our Old Compensation Committee. The employment agreement for each named executive officer is described in detail in this Proxy Statement under Employment Agreements and Potential Payments Upon Termination or Change in Control.

Deferred Compensation

Before 2003, we maintained a nonqualified deferred compensation plan that generally permitted employees whose annual cash compensation exceeded a designated threshold to defer receipt of all or a portion of their annual bonus until a specified future date. Since March 2003, deferrals may no longer be made but amounts previously credited under the deferred compensation plan continue to track crediting rate elections made by the employee from an array of third-party investment vehicles offered under our savings plan. See Nonqualified Deferred Compensation.

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Tax Code) generally disallows a tax deduction to public corporations for compensation in excess of \$1,000,000 in any one year with respect to each of its five most highly paid executive officers with the exception of compensation that qualifies as performance-based compensation. Because we were not a public company in 2006, section 162(m) did not apply to us with respect to compensation deductible for 2006. The New Compensation Committee will consider section 162(m) implications in making compensation recommendations and in designing compensation programs for our executives as a public company. However, the New Compensation Committee reserves the right to pay compensation that is not deductible if it determines that to be in our best interest and the best interests of our stockholders.

In this regard, we are submitting our 2007 Annual Bonus Plan and 2006 Stock Incentive Plan to stockholders for approval so that compensation paid under these plans may qualify as performance-based compensation under Section 162(m). See Proposal Four Approval of the Time Warner Cable Inc. 2007 Annual Bonus Plan and Proposal Three Approval of Time Warner Cable Inc. 2006 Stock Incentive Plan.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and our Annual Report on Form 10-K (by reference).

Members of the Compensation Committee

Michael Lynne (Chair)
Carole Black
Thomas Castro

Peter Haje
Don Logan
N.J. Nicholas

Table of Contents**Executive Compensation Summary Table**

The following table presents information concerning total compensation paid to our Chief Executive Officer, Chief Financial Officer and each of our three other most highly compensated executive officers who served in such capacities on December 31, 2006 (collectively, the named executive officers).

SUMMARY COMPENSATION TABLE

| Principal Position | Year | Salary | Bonus | Time Warner | | Non-Equity Incentive Plan Compensation | Change in Pension Value and Nonqualified | All Other Compensation | Total Compensation |
|---|------|--------------|-------|-----------------|------------------|--|--|------------------------|--------------------|
| | | | | Stock Awards(2) | Option Awards(3) | | Deferred Compensation Earnings(4) | | |
| Mr. Britt(1) Chairman and Chief Executive Officer | 2006 | \$ 1,000,000 | | \$ 1,018,786 | \$ 1,645,404 | \$ 5,587,500 | \$ 150,810 | \$ 73,390 | \$ 9,376,390 |
| Mr. Martin Vice Chairman and Chief Financial Officer | 2006 | \$ 650,000 | | \$ 115,111 | \$ 246,094 | \$ 1,218,750 | \$ 40,570 | \$ 11,200 | \$ 2,065,725 |
| Mr. Hobbs Operating Officer | 2006 | \$ 762,500 | | \$ 230,364 | \$ 460,658 | \$ 2,134,376 | \$ 35,820 | \$ 36,780 | \$ 3,605,598 |
| Mr. Marcus Executive Vice President | 2006 | \$ 650,000 | | \$ 124,719 | \$ 276,112 | \$ 1,218,750 | \$ 24,210 | \$ 13,360 | \$ 2,293,041 |
| Ms. LaJoie Vice President and Chief Technology Officer | 2006 | \$ 444,911 | | \$ 51,953 | \$ 230,583 | \$ 646,620 | \$ 60,090 | \$ 12,000 | \$ 1,385,164 |

(1) Mr. Britt served as Chairman from January 1, 2006 through February 15, 2006, at which time he added the title of President and ceased serving as Chairman.

(2) Amounts set forth in the Time Warner Stock Awards column represent the value of Time Warner restricted stock and restricted stock unit awards, which represent a contingent right to receive a designated number of shares of Time Warner common stock, par value \$.01 per share (Time Warner Common Stock), upon completion of the vesting period, recognized for financial statement reporting purposes for 2006 as computed in accordance with FAS 123R, disregarding estimates of forfeitures related to service-based vesting conditions. The amounts were calculated based on the average of the high and low sale prices of Time Warner Common Stock on the date of grant. The awards granted in 2006 vest equally on each of the third and fourth anniversaries

of the date of grant, assuming continued employment. Each of the named executive officers has a right to receive dividends on their unvested shares of restricted stock and dividend equivalents on unvested Time Warner restricted stock units, if paid.

- (3) Amounts set forth in the Time Warner Option Awards column represent the fair value of stock option awards with respect to Time Warner Common Stock, recognized for financial statement reporting purposes for 2006 as computed in accordance with FAS 123R, disregarding estimates of forfeitures related to service-based vesting conditions. For additional information about the assumptions used in these calculations, see Note 4 to our audited consolidated financial statements for the year ended December 31, 2006, included in our Annual Report on Form 10-K. The discussion in our financial statements reflects average assumptions on a combined basis for retirement eligible employees and non-retirement eligible employees. The amounts provided in the table reflect specific assumptions for Mr. Britt, who is retirement-eligible, and for the other named executive officers, who are not retirement eligible. For example, the amounts with respect to awards in 2006 for the named executive officers other than Mr. Britt were calculated using the Black-Scholes option pricing model, based on the following assumptions used in developing the grant valuations for the awards on March 3, 2006 and June 21, 2006, respectively: an expected volatility of 22.15% and 24.00%, respectively, determined using implied volatilities based primarily on publicly-traded Time Warner options; an expected term to exercise of 4.86 years from the date of grant in each case; a risk-free interest rate of 4.61% and 4.90%, respectively; and a dividend yield of 1.1% in each case. Because the retirement provisions of these awards apply to Mr. Britt, different assumptions were used in developing his 2006 grant valuations: an expected volatility of 22.28%; an expected term to exercise of 6.71 years from the date of grant; a risk-free interest rate of 4.63% and a dividend yield of 1.1%. The actual value of the options, if any, realized by an officer will depend on the extent to which the market value of Time Warner Common Stock exceeds the exercise price of the option on the date the option is exercised. Consequently, there is no assurance that the value realized by an officer will be at or near the value estimated above. These amounts should not be used to predict stock performance. None of the stock options reflected was awarded with tandem stock appreciation rights.
- (4) This amount represents the aggregate change in the actuarial present value of each named executive officer's accumulated pension benefits under the Time Warner Cable Pension Plan, the Time Warner Cable Excess Benefit Pension Plan, the Time Warner Employees' Pension Plan and the Time Warner Excess Benefit Pension Plan, to the extent the named executive officer participates in these

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plans, from December 31, 2005 through December 31, 2006. See the Pension Benefits Table and Pension Plans for additional information regarding these benefits. The named executive officers did not receive any above-market or preferential earnings on compensation deferred on a basis that is not tax qualified.

(5) The amounts shown in the All Other Compensation column include the following:

(a) Pursuant to the TWC Savings Plan (the Savings Plan), a defined contribution plan available generally to our employees, for the 2006 plan year, each of the named executive officers deferred a portion of his annual compensation and we contributed \$10,000 as a matching contribution on the amount deferred by each named executive officer.

(b) We maintain a program of life and disability insurance generally available to all salaried employees on the same basis. This group term life insurance coverage was reduced to \$50,000 for each of Messrs. Britt, Hobbs, Marcus and Martin, who were each given a cash payment to cover the cost of specified coverage under a voluntary group program available to employees generally (GUL insurance). For 2006, this cash payment was \$32,640 for Mr. Britt, \$2,520 for Mr. Hobbs, \$3,360 for Mr. Marcus and \$1,200 for Mr. Martin. Mr. LaJoie elected not to receive a cash payment for life insurance over \$50,000 and instead receives group term life insurance and is taxed on the imputed income. For a description of life insurance coverage for certain executive officers provided pursuant to the terms of their employment agreements, see Employment Agreements.

(c) The amounts of personal benefits shown in this column that aggregate \$10,000 or more include: for Mr. Britt, financial services of \$6,750 and an automobile allowance of \$24,000; and for Mr. Hobbs, financial services of \$22,156 and transportation-related benefits of \$2,104. Mr. Hobbs transportation-related benefits consist of the incremental cost to us of personal use of corporate aircraft (based on fuel, landing, repositioning and catering costs and crew travel expenses). Mr. Hobbs flew, on several occasions, on corporate aircraft for personal reasons when there was available space on a flight that had been requested by others. There is no incremental cost to us for Mr. Hobbs use of the aircraft under these circumstances, except for our portion of employment taxes attributable to the income imputed to Mr. Hobbs for tax purposes.

Grants of Plan-Based Awards

The following table presents information with respect to each award in 2006 to each named executive officer of plan-based compensation, including annual cash awards under the TWCIP, long-term cash awards under our LTIP and awards of stock options to purchase Time Warner Common Stock and Time Warner restricted stock units granted by Time Warner under the Time Warner Inc. 2003 Stock Incentive Plan.

**GRANTS OF PLAN-BASED AWARDS
DURING 2006**

| Grant | Approval | Equity Incentive Plan Awards | Estimated Possible Payouts Under Non- | Time Warner Equity Plan Awards | | |
|-------|----------|------------------------------|---------------------------------------|---|--|--|
| | | | | All Other Stock Awards: Number of | All Other Stock Awards: Number of | Closing Exercise or Base Price of Market Price on |
| | | | Shares of | Securities | Option | Date of |

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| | Date | Date(1) | Threshold | Target | Maximum | Units | Options | Awards(2) | Grant |
|-----|--------------|-----------|--------------|--------------|--------------|--------|---------|-----------|----------|
| tt | (3) | | \$ 2,187,500 | \$ 4,375,000 | \$ 5,587,500 | | | | |
| | (4) | | 730,000 | 1,460,000 | 2,920,000 | | | | |
| | 3/3/2006(5) | 1/25/2006 | | | | | 180,950 | \$ 17.40 | \$ 17.43 |
| | 3/3/2006(6) | 1/25/2006 | | | | 33,605 | | | |
| tin | (3) | | \$ 406,250 | \$ 812,500 | \$ 1,218,750 | | | | |
| | (4) | | 289,000 | 578,000 | 1,156,000 | | | | |
| | 3/3/2006(5) | 1/25/2006 | | | | | 71,400 | \$ 17.40 | \$ 17.43 |
| | 3/3/2006(6) | 1/25/2006 | | | | 13,260 | | | |
| | 6/21/2006(5) | 6/21/2006 | | | | | 30,000 | \$ 17.23 | \$ 17.25 |
| | (3) | | \$ 711,459 | \$ 1,422,917 | \$ 2,134,376 | | | | |
| | (4) | | 484,500 | 969,000 | 1,938,000 | | | | |
| | 3/3/2006(5) | 2/22/2006 | | | | | 119,700 | \$ 17.40 | \$ 17.43 |
| | 3/3/2006(6) | 2/22/2006 | | | | 22,230 | | | |
| | (3) | | \$ 406,250 | \$ 812,500 | \$ 1,218,750 | | | | |
| | (4) | | 289,000 | 578,000 | 1,156,000 | | | | |
| | 3/3/2006(5) | 1/25/2006 | | | | | 71,400 | \$ 17.40 | \$ 17.43 |
| | 3/3/2006(6) | 1/25/2006 | | | | 13,260 | | | |
| | 6/21/2006(5) | 6/21/2006 | | | | | 25,000 | \$ 17.23 | \$ 17.25 |
| bie | (3) | | \$ 215,540 | \$ 431,080 | \$ 646,620 | | | | |
| | (4) | | 168,300 | 336,600 | 673,200 | | | | |
| | 3/3/2006(5) | 1/25/2006 | | | | | 42,000 | \$ 17.40 | \$ 17.43 |
| | 3/3/2006(6) | 1/25/2006 | | | | 7,800 | | | |

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- (1) The date of approval is the date on which the Time Warner compensation committee reviewed and approved stock-based awards to be made on a selected future date that (a) provided sufficient time for Time Warner and us to prepare communications materials for our employees and (b) was after the issuance of Time Warner's earnings release for the 2005 fiscal year.
- (2) The exercise price for the awards of stock options under the Time Warner Inc. 2003 Stock Incentive Plan was determined based on the average of the high and low sale prices of Time Warner Common Stock on the date of grant.
- (3) Reflects the threshold, target and maximum payout amounts of non-equity incentive plan awards that were awarded in 2006 and were paid out in 2007 under the TWCIP. The target payout amount for each named executive officer was established in accordance with the terms of the named executive officer's employment agreement. Each maximum payout amount reflects 150% of the applicable target payout amount, except for Mr. Britt's payout, which is subject to a contractual limit. Mr. Britt's 2006 target bonus has been pro-rated to reflect six months at a target bonus of \$3,750,000 and six months at a target bonus of \$5,000,000 and related pro-rated threshold and maximum bonus opportunity. Mr. Britt's new employment agreement was approved by our Board on July 28, 2006 and became effective on August 1, 2006; Mr. Hobbs' 2006 target bonus has been pro-rated to reflect seven months base salary of \$700,000, with a target bonus of 175% of his base salary, and five months base salary of \$850,000, with a target bonus of 200% of his base salary. Mr. Hobbs' new compensation became effective as of August 1, 2006; and Mr. LaJoie's 2006 target bonus has been pro-rated to reflect two months base salary of \$420,600, with a target bonus of 80% of his base salary, and ten months base salary of \$450,000, with a target bonus of 100% of his base salary. Mr. LaJoie's new compensation became effective as of March 1, 2006.
- (4) Reflects the threshold, target and maximum payout amounts of non-equity incentive plan awards that were awarded in 2006 and will be paid out in 2009 under our LTIP. The LTIP establishes a potential future cash payout based on a three-year performance cycle. Actual awards can range from 50% to 200% of target based on actual performance, although no payout will be made for performance below the established minimum threshold for the LTIP. The target payout is 100% of the pre-established cash value. Payout levels under the LTIP for the three-year period starting in 2006 are based on our three-year cumulative OIBDA, as defined in the LTIP, compared to pre-established target levels. See Compensation Discussion and Analysis. Results will be interpolated based on the percentage of the target achieved. Typically, payouts, if any, under the LTIP will be made during the first quarter of each year following the completion of a three-year performance period. In the event of a participant's death, disability, retirement or job elimination, the participant (or the participant's estate) receives a pro-rated payment at the end of the applicable three-year performance period.
- (5) Reflects awards of stock options to purchase Time Warner Common Stock under the Time Warner Inc. 2003 Stock Incentive Plan. See footnote (3) in the Summary Compensation Table for the assumptions used to determine the grant-date fair value of the stock options in accordance with FAS 123R. Estimates of forfeitures related to service-related vesting conditions are disregarded in computing the value shown in this column.
- (6) Reflects awards of restricted stock units with respect to Time Warner Common Stock under the Time Warner Inc. 2003 Stock Incentive Plan. See footnote (2) in the Summary Compensation Table for the assumptions used to determine the grant-date fair value of the stock awards in accordance with FAS 123R. Estimates of forfeitures related to service-based vesting conditions are disregarded in computing the value shown in this column.

Employment Agreements

The following is a description of the material terms of the compensation provided to our named executive officers during the term of their employment pursuant to employment agreements between us or TWE, and each executive. See **Potential Payments Upon Termination or Change in Control** for a description of the payments and benefits that would be provided to our named executive officers in connection with a termination of their employment or a change in control of us.

Glenn A. Britt. We entered into an employment agreement with Mr. Britt, effective as of August 1, 2006, which provides that Mr. Britt will serve as our Chief Executive Officer through December 31, 2009, subject to earlier termination as provided in the agreement. Mr. Britt's agreement is automatically extended for consecutive one-month periods, unless terminated by either party upon 60 days' notice, and terminates automatically on the date Mr. Britt becomes eligible for normal retirement at age 65. The agreement provides Mr. Britt with a minimum annual base salary of \$1 million and an annual discretionary target bonus of \$5 million, which will vary subject to Mr. Britt's and our performance from a minimum of \$0 up to a maximum of \$6,675,000. In addition, the agreement provides that, beginning in 2007, for each year of the agreement, we will provide Mr. Britt with long-term incentive compensation with a target value of approximately \$6,000,000 (based on a valuation method established by us), which may be in the form of stock options, restricted stock units, other equity-based awards, cash or other components, or any combination of such forms, as may be determined by our Board of Directors or, if delegated by the Board, the Compensation Committee, in its sole discretion. Mr. Britt participates in the benefit plans and programs available to our other senior executive officers, including \$50,000 of group life insurance. Mr. Britt also receives an annual payment

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equal to two times the premium cost of \$4 million of life insurance as determined under our GUL insurance program.

John K. Martin. We entered into an employment agreement with Mr. Martin, effective as of August 8, 2005, which provides that Mr. Martin will serve as our Executive Vice President and Chief Financial Officer through August 8, 2008, subject to earlier termination as provided in the agreement. Mr. Martin's agreement is automatically extended for consecutive one-month periods, unless terminated by Mr. Martin upon 60 days' written notice or by us upon written notice specifying the effective date of such termination. The agreement provides Mr. Martin with a minimum annual base salary of \$650,000 (which was increased to \$700,000 by the New Compensation Committee as of January 1, 2007), an annual discretionary target bonus of 125% of his base salary (which was increased to 150% as of January 1, 2007), subject to Mr. Martin's and our performance, a one-time grant of options to purchase 30,000 shares of Time Warner Common Stock, a discretionary long-term incentive compensation award for 2006 with a target value of \$1,300,000 subject to Mr. Martin's and our performance, and participation in our benefit plans and programs, including life insurance.

Landel C. Hobbs. We entered into an employment agreement with Mr. Hobbs, effective as of August 1, 2005, which provides that Mr. Hobbs will serve as our Chief Operating Officer through July 31, 2008, subject to earlier termination as provided in the agreement. Mr. Hobbs' agreement is automatically extended for consecutive one month periods, unless terminated by Mr. Hobbs upon 60 days' written notice or by us upon written notice specifying the effective date of such termination. The agreement provides Mr. Hobbs with a minimum annual base salary of \$700,000 (which was increased to \$850,000 by the New Compensation Committee as of August 1, 2006), an annual discretionary target bonus of 175% of his base salary (which was increased to 200% as of August 1, 2006), subject to Mr. Hobbs' and our performance, eligibility for annual grants of stock options, awards under our long-term incentive plan and participation in our benefit plans and programs, including life insurance.

Robert D. Marcus. We entered into an employment agreement with Mr. Marcus, effective as of August 15, 2005, which provides that Mr. Marcus will serve as our Senior Executive Vice President through August 15, 2008, subject to earlier termination as provided in the agreement. Mr. Marcus' agreement is automatically extended for consecutive one-month periods, unless terminated by Mr. Marcus upon 60 days' written notice or by us upon written notice specifying the effective date of such termination. The agreement provides Mr. Marcus with a minimum annual base salary of \$650,000 (which was increased to \$700,000 by the New Compensation Committee as of January 1, 2007), an annual discretionary target bonus of 125% of his base salary (which was increased to 150% as of January 1, 2007), subject to Mr. Marcus' and our performance, a one-time grant of options to purchase 25,000 shares of Time Warner Common Stock, a discretionary annual equity and other long-term incentive compensation award with a minimum target value of \$1,300,000, subject to Mr. Marcus' and our performance, and participation in our benefit plans and programs, including \$50,000 of group life insurance. Mr. Marcus also receives an annual payment equal to two times the premium cost of \$2 million of life insurance as determined under our GUL insurance program.

Michael LaJoie. Mr. LaJoie's employment agreement was renewed and amended, effective as of January 1, 2006, and provides that Mr. LaJoie will serve as our Executive Vice President and Chief Technology Officer through December 31, 2008, subject to earlier termination as provided in the agreement. Our failure upon the expiration of the agreement to offer Mr. LaJoie a renewal agreement with terms substantially similar to those of his current agreement is considered a termination without cause. The agreement provides for a minimum annual base salary of \$420,600 (which was increased to \$480,000 by the New Compensation Committee as of January 1, 2007) and an annual discretionary target bonus of 80% of his base salary (which was increased to 100% as of March 1, 2006), subject to Mr. LaJoie's and our performance, and participation in our benefit plans.

Outstanding Equity Awards

The following table provides information about each of the outstanding awards of options to purchase Time Warner Common Stock and the aggregate Time Warner restricted stock and restricted stock units held by each named executive officer as of December 31, 2006. As of December 31, 2006, none of the named

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executive officers held equity awards based on our securities or performance-based awards under any equity incentive plan of either ours or Time Warner.

**OUTSTANDING TIME WARNER EQUITY AWARDS AT
DECEMBER 31, 2006**

| Name | Date of Option Grant | Option Awards | | | Stock Awards | | |
|--------------------|-------------------------|---|---|-----------------------------|------------------------------|---|---|
| | | Number of Time Warner Securities | Number of Time Warner Securities | Option Exercise Price | Option Expiration Date | Number of | Market Value of |
| | | Underlying Unexercised Options (1) | Underlying Unexercised Options (2) | | | Shares or Units of Time Warner Stock That Have Not Vested(3)(4) | Shares or Units of Time Warner Stock That Have Not Vested(5) |
| | | | | | | | |
| Glenn A. Britt | | | | | | 129,346 | \$ 2,817,156 |
| | 3/19/1997 | 10,420 | | \$ 14.52 | 3/18/2007 | | |
| | 3/18/1998 | 62,550 | | \$ 24.02 | 3/17/2008 | | |
| | 3/17/1999 | 56,250 | | \$ 46.10 | 3/16/2009 | | |
| | 3/15/2000 | 93,750 | | \$ 57.79 | 3/14/2010 | | |
| | 1/18/2001 | 112,500 | | \$ 48.96 | 1/17/2011 | | |
| | 2/27/2001 | 264,932 | | \$ 45.31 | 2/26/2011 | | |
| | 4/6/2001 | 3,927 | | \$ 38.56 | 4/5/2011 | | |
| | 4/17/2001 | 38,333 | | \$ 44.16 | 4/16/2011 | | |
| | 8/24/2001 | 637,500 | | \$ 40.95 | 8/23/2011 | | |
| | 2/15/2002 | 100,000 | | \$ 26.65 | 2/14/2012 | | |
| | 2/14/2003 | 183,750 | 61,250 | \$ 10.32 | 2/13/2013 | | |
| | 2/13/2004 | 112,500 | 112,500 | \$ 17.28 | 2/12/2014 | | |
| | 2/18/2005 | 58,750 | 176,250 | \$ 17.97 | 2/17/2015 | | |
| | 3/3/2006 | | 180,950 | \$ 17.40 | 3/2/2016 | | |
| John K. Martin | | | | | | 26,093 | \$ 568,306 |
| | 2/5/2002 | 70,000 | | \$ 24.38 | 2/4/2012 | | |
| | 2/14/2003 | 15,000 | 15,000 | \$ 10.32 | 2/13/2013 | | |
| | 2/13/2004 | 32,500 | 32,500 | \$ 17.28 | 2/12/2014 | | |
| | 2/18/2005 | 12,250 | 36,750 | \$ 17.97 | 2/17/2015 | | |
| | 3/3/2006 | | 71,400 | \$ 17.40 | 3/2/2016 | | |
| | 6/21/2006 | | 30,000 | \$ 17.23 | 6/20/2016 | | |
| Landel C. Hobbs | | | | | | 55,099 | \$ 1,200,056 |
| | 3/18/1998 | 18,000 | | \$ 24.02 | 3/17/2008 | | |
| | 3/17/1999 | 18,000 | | \$ 46.10 | 3/16/2009 | | |
| | 3/15/2000 | 22,500 | | \$ 57.79 | 3/14/2010 | | |
| | 10/4/2000 | 75,000 | | \$ 55.56 | 10/3/2010 | | |

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| | | | | |
|-----------|---------|---------|----------|-----------|
| 1/18/2001 | 225,000 | | \$ 48.96 | 1/17/2011 |
| 9/27/2001 | 200,000 | | \$ 31.62 | 9/26/2011 |
| 2/14/2003 | | 30,625 | \$ 10.32 | 2/13/2013 |
| 2/13/2004 | 75,000 | 75,000 | \$ 17.28 | 2/12/2014 |
| 2/18/2005 | 24,000 | 72,000 | \$ 17.97 | 2/17/2015 |
| 3/3/2006 | | 119,700 | \$ 17.40 | 3/2/2016 |

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| Name | Option Awards | | | | | Stock Awards | |
|------------------|-------------------------|------------|------------|-----------------------------|------------------------------|--------------|------------|
| | Date of Option Grant | Number of | Number of | Option Exercise Price | Option Expiration Date | Number | Market |
| | | Time | Time | | | of | Value of |
| | | Warner | Warner | | | Shares or | Shares or |
| | | Securities | Securities | | | Units of | Units of |
| Underlying | Underlying | Time | Time | | | | |
| Unexercised | Unexercised | Warner | Warner | That | Stock That | | |
| Options | Options | Stock | Stock | Have Not | Have Not | | |
| Exercisable(1) | Unexercisable(2) | (3)(4) | (5) | Vested | Vested | | |
| Robert D. Marcus | | | | | | 27,926 | \$ 608,228 |
| | 1/28/1998 | 15,000 | | \$ 21.22 | 1/27/2008 | | |
| | 3/18/1998 | 30,000 | | \$ 24.02 | 3/17/2008 | | |
| | 3/17/1999 | 30,000 | | \$ 46.10 | 3/16/2009 | | |
| | 3/15/2000 | 52,500 | | \$ 57.79 | 3/14/2010 | | |
| | 1/18/2001 | 300,000 | | \$ 48.96 | 1/17/2011 | | |
| | 4/6/2001 | 2,081 | | \$ 38.56 | 4/5/2011 | | |
| | 2/15/2002 | 125,938 | | \$ 26.65 | 2/14/2012 | | |
| | 2/14/2003 | 6,250 | 18,750 | \$ 10.32 | 2/13/2013 | | |
| | 2/13/2004 | 37,500 | 37,500 | \$ 17.28 | 2/12/2014 | | |
| | 2/18/2005 | 14,000 | 42,000 | \$ 17.97 | 2/17/2015 | | |
| | 3/3/2006 | | 71,400 | \$ 17.40 | 3/2/2016 | | |
| | 6/21/2006 | | 25,000 | \$ 17.23 | 6/20/2016 | | |
| Michael LaJoie | | | | | | 14,419 | \$ 314,046 |
| | 3/18/1998 | 7,400 | | \$ 24.02 | 3/17/2008 | | |
| | 3/17/1999 | 7,125 | | \$ 46.10 | 3/16/2009 | | |
| | 3/15/2000 | 7,125 | | \$ 57.79 | 3/14/2010 | | |
| | 1/18/2001 | 14,250 | | \$ 48.96 | 1/17/2011 | | |
| | 2/27/2001 | 32,124 | | \$ 45.31 | 2/26/2011 | | |
| | 2/15/2002 | 30,000 | | \$ 26.65 | 2/14/2012 | | |
| | 2/14/2003 | | 15,750 | \$ 10.32 | 2/13/2013 | | |
| | 2/13/2004 | | 40,000 | \$ 17.28 | 2/12/2014 | | |
| | 2/18/2005 | 13,500 | 40,500 | \$ 17.97 | 2/17/2015 | | |
| | 3/3/2006 | | 42,000 | \$ 17.40 | 3/2/2016 | | |

(1) This column presents the number of shares of Time Warner Common Stock underlying exercisable options that have not been exercised at December 31, 2006.

(2) This column presents the number of shares of Time Warner Common Stock underlying unexercisable and unexercised options at December 31, 2006. These options become exercisable in installments of 25% on the first four anniversaries of the date of grant.

(3)

This column presents the number of shares of Time Warner Common Stock represented by unvested restricted stock awards and restricted stock unit awards at December 31, 2006.

- (4) The awards of Time Warner restricted stock vest equally on each of the second, third and fourth anniversaries of the date of grant except for 70,000 of Mr. Britt's shares of Time Warner restricted stock that vest equally on each of the third and fourth anniversaries of the date of grant, and the awards of restricted stock units vest equally on each of the third and fourth anniversaries of the date of grant, in each case, subject to continued employment.
- (5) Calculated using the NYSE closing price of \$21.78 per share of Time Warner Common Stock on December 29, 2006.

Option Exercises and Stock Vesting in 2006

The following table sets forth as to each of the named executive officers information on exercises of Time Warner stock options and the vesting of restricted stock during 2006, including: (i) the number of shares of Time Warner Common Stock underlying options exercised during 2006; (ii) the aggregate dollar value realized upon exercise of such options; (iii) the number of shares of Time Warner Common Stock received from the vesting of awards of Time Warner restricted stock during 2006; and (iv) the dollar value realized upon such

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vesting (based on the stock price of Time Warner Common Stock on February 14, 2006, the vesting date). No Time Warner restricted stock units vested during 2006.

OPTION EXERCISES AND STOCK VESTED DURING 2006

| Name | Option Awards | | Stock Awards | |
|------------------|--|----------------------------------|--|---------------------------------|
| | Number of Shares Acquired on Exercise | Value Realized on Exercise(1) | Number of Shares Acquired on Vesting(2) | Value Realized on Vesting(3) |
| Glenn A. Britt | 77,150 | \$ 270,504 | 25,896 | \$ 470,271 |
| John K. Martin | | | | |
| Landel C. Hobbs | 91,875 | \$ 721,831 | 12,945 | \$ 235,081 |
| Robert D. Marcus | 50,000 | \$ 542,815 | | |
| Michael LaJoie | 65,750 | \$ 257,882 | 6,657 | \$ 120,891 |

- (1) Calculated using the difference between the sale price per share of Time Warner Common Stock and the option exercise price.
- (2) The awards of Time Warner restricted stock that vested in 2006 were awarded on February 14, 2003 and vest in installments of one-third on the second, third and fourth anniversaries of the date of grant, subject to acceleration upon the occurrence of certain events such as death, disability or retirement. The payment of withholding taxes due upon vesting of the restricted stock (unless a section 83(b) election was made at the time of the grant) generally may be made in cash or by having full shares of Time Warner Common Stock withheld from the number of shares delivered to the individual. Each of the named executive officers has a right to receive dividends on unvested awards of restricted stock and dividend equivalents on awards of restricted stock units, if regular cash dividends are paid on the outstanding shares of Time Warner Common Stock. The holders have the right to vote unvested shares of Time Warner restricted stock on matters presented to Time Warner stockholders, but do not have any right to vote on such matters in connection with restricted stock units.
- (3) Calculated using the average of the high and low sale prices of Time Warner Common Stock, which was \$18.16 per share, on February 14, 2006, the vesting date.

Pension Plans***Our Pension Plans***

Each of the named executive officers currently participates in the Time Warner Cable Pension Plan, a tax qualified defined benefit pension plan, and the Time Warner Cable Excess Benefit Pension Plan (the "Excess Benefit Plan"), a non-qualified defined benefit pension plan (collectively, the "TWC Pension Plans"), which are sponsored by us. Mr. Britt was a participant in pension plans sponsored by Time Warner until March 31, 2003, when he commenced participation in the Time Warner Cable Pension Plan. Each of Messrs. Martin, Hobbs, Marcus and LaJoie ceased participation in the TW Pension Plans (as defined below) on August 7, 2005, October 15, 2001, August 14, 2005 and July 31, 1995, respectively, when their respective participation in the Time Warner Cable Pension Plan commenced.

The Excess Benefit Plan is designed to provide supplemental payments to highly compensated employees in an amount equal to the difference between the benefits payable to an employee under the tax-qualified Time Warner Cable Pension Plan and the amount the employee would have received under that plan if the limitations under the tax laws relating to the amount of benefit that may be paid and compensation that may be taken into account in calculating a pension payment were not in effect. In determining the amount of excess benefit pension payment, the Excess Benefit Plan takes into account compensation earned up to \$350,000 per year (including any deferred bonus). The pension benefit under the Excess Benefit Plan is payable under the same options as are available under the Time Warner Cable Pension Plan.

Benefit payments are calculated using the highest consecutive five-year average annual compensation, which is referred to as average compensation. Compensation covered by the TWC Pension Plans takes into account salary, bonus, some elective deferrals and other compensation paid, but excludes the payment of deferred or long-term incentive compensation and severance paid in a lump sum. The annual pension payment

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under the terms of the TWC Pension Plans, if the employee is vested, and if paid as a single life annuity, commencing at age 65, is an amount equal to the sum of:

1.25% of the portion of average compensation which does not exceed the average of the social security taxable wage base ending in the year the employee reaches the social security retirement age, referred to as covered compensation, multiplied by the number of years of benefit service up to 35 years, plus

1.67% of the portion of average compensation which exceeds covered compensation, multiplied by the number of years of benefit service up to 35 years, plus

0.5% of average compensation multiplied by the employee's number of years of benefit service in excess of 35 years, plus

a supplemental benefit in the amount of \$60 multiplied by the employee's number of years of benefit service up to 30 years, with a maximum supplemental benefit of \$1,800 per year.

In addition, in determining the benefits under the TWC Pension Plans, special rules apply to various participants who were previously participants in plans that have been merged into the TWC Pension Plans and of various participants in the TWC Pension Plans prior to January 1, 1994. Reduced benefits are available before age 65 and in other optional forms of benefits payouts. Amounts calculated under the pension formula that exceed Tax Code limits are payable under the Excess Benefit Plan.

For vesting purposes under the TWC Pension Plans, each of Messrs. Britt, Martin, Marcus and LaJoie is credited with service under the TW Pension Plans and is therefore fully vested. Mr. Hobbs is also fully vested in his benefits under the TWC Pension Plans, based on past service with TWE and its affiliates.

Time Warner Pension Plans

The Time Warner Employees' Pension Plan, as amended (the "Old TW Pension Plan"), which provides benefits to eligible employees of Time Warner and certain of its subsidiaries, was amended effective as of January 1, 2000, as described below, and was renamed (the "Amended TW Pension Plan" and, together with the Old TW Pension Plan, the "TW Pension Plans"). Messrs. Britt, Martin, Marcus and LaJoie have ceased to be active participants in the TW Pension Plans described below and commenced participation in the TWC Pension Plans described above. Each of them is entitled to benefits under the TW Pension Plans in addition to the TWC Pension Plans.

Under the Amended TW Pension Plan, a participant accrues benefits equal to the sum of 1.25% of a participant's average annual compensation (defined as the highest average annual compensation for any five consecutive full calendar years of employment, which includes regular salary, overtime and shift differential payments, and non-deferred bonuses paid according to a regular program) not in excess of his covered compensation up to the applicable average Social Security wage base and 1.67% of his average annual compensation in excess of such covered compensation multiplied by his years of benefit service (not in excess of 30). Compensation for purposes of calculating average annual compensation under the TW Pension Plans is limited to \$200,000 per year for 1988 through 1993, \$150,000 per year for 1994 through 2001 and \$200,000 per year for 2002 and thereafter (each subject to adjustments provided in the Tax Code). Eligible employees become vested in all benefits under the TW Pension Plans on the earlier of five years of service or certain other events.

Under the Old TW Pension Plan, a participant accrues benefits on the basis of 1.67% of the average annual compensation (defined as the highest average annual compensation for any five consecutive full and partial calendar years of employment, which includes regular salary, overtime and shift differential payments, and non-deferred

bonuses paid according to a regular program) for each year of service up to 30 years and 0.50% for each year of service over 30. Annual pension benefits under the Old TW Pension Plan are reduced by a Social Security offset determined by a formula that takes into account benefit service of up to 35 years, covered compensation up to the average Social Security wage base and a disparity factor based on the age at which Social Security benefits are payable (the Social Security Offset). Under the Old TW Pension Plan and

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the Amended TW Pension Plan, the pension benefit of participants on December 31, 1977 in the former Time Employees Profit-Sharing Savings Plan (the Profit Sharing Plan) is further reduced by a fixed amount attributable to a portion of the employer contributions and investment earnings credited to such employees' account balances in the Profit Sharing Plan as of such date (the Profit Sharing Offset).

Under the Amended TW Pension Plan, employees who are at least 62 years old and have completed at least ten years of service may elect early retirement and receive the full amount of their annual pension. This provision could apply to Messrs. Martin and Marcus with respect to their benefits under the TW Plans. Under the Old TW Pension Plan, employees who are at least 60 years old and have completed at least ten years of service may elect early retirement and receive the full amount of their annual pension. This provision could apply to Mr. Britt. An early retirement supplement is payable to an employee terminating employment at age 55 and before age 60, after 20 years of service, equal to the actuarial equivalent of such person's accrued benefit, or, if greater, an annual amount equal to the lesser of 35% of such person's average compensation determined under the Old TW Pension Plan or such person's accrued benefit at age 60 plus Social Security benefits at age 65. The supplement ceases when the regular pension commences at age 60.

Federal law limits both the amount of compensation that is eligible for the calculation of benefits and the amount of benefits derived from employer contributions that may be paid to participants under both of the TW Pension Plans. However, as permitted by the Employee Retirement Income Security Act of 1974, as amended (ERISA), Time Warner has adopted the Time Warner Excess Benefit Pension Plan (the TW Excess Plan). The TW Excess Plan provides for payments by Time Warner of certain amounts which eligible employees would have received under the TW Pension Plans if eligible compensation (including deferred bonuses) were limited to \$250,000 in 1994 (increased 5% per year thereafter, to a maximum of \$350,000) and there were no payment restrictions. The amounts shown in the table do not reflect the effect of an offset that affects certain participants in the TW Pension Plans on December 31, 1977.

Set forth in the table below is each named executive officer's years of credited service and present value of his accumulated benefit under each of the pension plans pursuant to which he would be entitled to a retirement benefit computed as of December 31, 2006, the pension plan measurement date used for financial statement reporting purposes in the Company's audited financial statements for the year ended December 31, 2006. The estimated amounts are based on the assumption that payments under the TWC Pension Plans and the TW Pension Plans will commence upon normal retirement (generally age 65) or early retirement (for those who have at least ten years of service), that the TWC Pension Plans and the TW Pension Plans will continue in force in their present forms, that the maximum annual covered compensation is \$350,000 and that no joint and survivor annuity will be payable (which would on an actuarial basis reduce benefits to the employee but provide benefits to a surviving beneficiary). Amounts calculated under the pension formula which exceed

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ERISA limits will be paid under the Excess Benefit Plan or the TW Excess Plan, as the case may be, from our or Time Warner's assets, respectively, and are included in the present values shown in the table.

PENSION BENEFITS

| Name | Plan Name | Number of Years Credited Service(1) | Present Value of Accumulated Benefit(2) | Payments During 2006 |
|-------------------|---------------------------------------|--|--|-------------------------------------|
| Glenn A. Britt(3) | Old TW Pension Plan | 30.7 | \$ 1,168,060(4) | |
| | TW Excess Plan | 30.7 | \$ 791,710 | |
| | Time Warner Cable Pension Plan | 3.8 | \$ 84,860 | |
| | Time Warner Cable Excess Benefit Plan | 3.8 | \$ 65,320 | |
| | Total | 34.5 | \$ 2,109,950 | |
| John K. Martin | Amended TW Pension Plan | 10.6 | \$ 99,650 | |
| | TW Excess Plan | 10.6 | \$ 69,700 | |
| | Time Warner Cable Pension Plan | 1.4 | \$ 10,460 | |
| | Time Warner Cable Excess Benefit Plan | 1.4 | \$ 7,320 | |
| | Total | 12.0 | \$ 187,130 | |
| Landel C. Hobbs | Time Warner Cable Pension Plan | 5.8 | \$ 59,960 | |
| | Time Warner Cable Excess Benefit Plan | 5.8 | \$ 46,490 | |
| | Total | 5.8 | \$ 106,450 | |
| Robert D. Marcus | Amended TW Pension Plan | 7.7 | \$ 85,810 | |
| | TW Excess Plan | 7.7 | \$ 66,660 | |
| | Time Warner Cable Pension Plan | 1.4 | \$ 12,430 | |
| | Time Warner Cable Excess Benefit Plan | 1.4 | \$ 9,670 | |
| | Total | 9.1 | \$ 174,570 | |
| Michael LaJoie | Amended TW Pension Plan | 1.6 | \$ 33,290 | |
| | TW Excess Plan | 1.6 | \$ 25,380 | |
| | Time Warner Cable Pension Plan | 11.4 | \$ 188,080 | |
| | Time Warner Cable Excess Benefit Plan | 11.4 | \$ 143,670 | |
| | Total | | | |

| | | | |
|-------|------|----|---------|
| Total | 13.0 | \$ | 390,420 |
|-------|------|----|---------|

- (1) Consists of the number of years of service credited to the executive officers as of December 31, 2006 for the purpose of determining benefit service under the applicable pension plan.
- (2) The present value of accumulated benefits as of December 31, 2006 were calculated using a 6.00% interest rate and the RP2000 mortality table (projected to 2020 with no collar adjustment for the TWC Pension Plans and white collar adjustment for all other plans). All benefits are payable at the earliest retirement age at which unreduced benefits are payable (which is age 65 under the TWC Pension Plans, age 62 under the TW Pension Plans in the case of Messrs. Martin and Marcus, and age 60 under the TW Pension Plans in the case of Mr. Britt) as a life annuity, except for Mr. Britt's benefits under the TW Pension Plans, which are assumed payable as a lump sum determined using a GATT mortality and a 4.69% discount rate as of December 31, 2006. No preretirement turnover is reflected in the calculations.
- (3) Under Mr. Britt's employment agreement, in the event that the benefits Mr. Britt receives upon retirement are not as generous as benefits he would have received if he had participated in the TW Pension Plans for his entire tenure, we will provide him or his survivors, if applicable, with the financial equivalent of the difference between the two benefits. See Employment Arrangements for more information.
- (4) Because of certain grandfathering provisions under the TW Pension Plans, the benefit of participants with a minimum of ten years of benefit service whose age and years of benefit service equal or exceed 65 years as of January 1, 2000, including Mr. Britt, will be determined under either the provisions of the Old TW Pension Plan or the Amended TW Pension Plan, whichever produces the greater benefit. The amount shown in the table is greater than the estimated annual benefit payable under the Amended TW Pension Plan and the TW Excess Plan.

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Prior to 2003, TWE's unfunded deferred compensation plan generally permitted employees whose annual cash compensation exceeded a designated threshold (including certain named executive officers) to defer receipt of all or a portion of their annual bonus until a specified future date at which a lump-sum or installment distribution will be made. During the deferral period, the participant selects the crediting rate applied to the deferred amount from the array of third party investment vehicles then offered under the TWC Savings Plan and may change that selection quarterly. Since March 2003, deferrals may no longer be made under the deferred compensation plan but amounts previously credited under the deferred compensation plan continue to track the available crediting rate elections. Certain named executive officers also participated in the Time Warner Inc. Deferred Compensation Plan prior to being employed by us. The terms of the Time Warner plan are substantially the same, except that employees of Time Warner may still make deferrals under the plan. While these executives may no longer make deferrals under these plans, during the deferral period, they may select the crediting rate applied to the deferred amount similarly to accounts maintained under TWE's plan.

During his employment with Turner Broadcasting System, Inc., prior to his employment by us, Mr. Hobbs deferred a portion of his compensation under the Turner Broadcasting System, Inc. Supplemental Benefit Plan, a nonqualified defined contribution plan, and received matching contributions. While he may no longer make deferrals under this plan, he may maintain his existing account and select among several crediting rates, similar to those available under the Time Warner Savings Plan, to be applied to the balance maintained in a rabbi trust on his behalf.

In addition, prior to 2002, pursuant to his employment agreement then in place, TWE made contributions for Mr. Britt to a separate special deferred compensation account maintained in a grantor trust. The accounts maintained in the grantor trust are invested by a third party investment manager and the accrued amount will be paid to Mr. Britt following termination of employment in accordance with the terms of the deferred compensation arrangements. In general, except as otherwise described under Potential Payments Upon Termination or Change in Control, payments under Mr. Britt's special deferred compensation account commence following the later of December 31, 2009 and the date Mr. Britt ceases to be our employee and leaves our payroll, for any reason. The payment is made either on the first regular payroll date to occur after such date or, if Mr. Britt is named in our most recent proxy statement, then in January of the year following the year of the event. There is no guaranteed rate of return on accounts maintained under any of these deferred compensation arrangements.

Set forth in the table below is information about the earnings, if any, credited to the accounts maintained by the named executive officers under these arrangements and any withdrawal or distributions therefrom during 2006 and the balance in the account on December 31, 2006.

NONQUALIFIED DEFERRED COMPENSATION FOR 2006

| Name | Executive Contributions in 2006 | Registrant Contributions in 2006 | Aggregate Earnings in 2006(4) | Aggregate Withdrawals/ Distributions | Aggregate Balance at December 31, 2006 |
|--------------------|--|---|--------------------------------------|---|---|
| Glenn A. Britt(1) | | | \$ 454,343 | | \$ 3,381,834 |
| John K. Martin | | | | | |
| Landel C. Hobbs(2) | | | \$ 35,169 | | \$ 262,139 |

| | | |
|---------------------|-----------|--------------|
| Robert D. Marcus(3) | \$ 84,133 | \$ 1,542,544 |
| Michael LaJoie | | |

- (1) The amounts reported for Mr. Britt consist of the aggregate earnings and the aggregate year-end balance credited to his nonqualified deferred compensation under the Time Warner Excess Profit Sharing Plan, which is now maintained under the Time Warner Entertainment Deferred Compensation Plan (\$79,585) and his individual deferred compensation account provided under the terms of his employment agreement (\$3,302,249).
- (2) The amounts reported for Mr. Hobbs reflect the aggregate earnings/net loss, as the case may be, and the year-end balance credited to his account in the Turner Broadcasting System, Inc. Supplemental Benefit Plan.

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- (3) The amounts reported for Mr. Marcus reflect the aggregate earnings/net loss, as the case may be, and the year-end balance credited to his nonqualified deferred compensation under the Time Warner Deferred Compensation Plan.
- (4) None of the amounts reported in this column are required to be reported as compensation for fiscal year 2006 in the Summary Compensation Table.

Potential Payments Upon Termination or Change in Control

The following summaries and tables describe and quantify the potential payments and benefits that would be provided to each of our named executive officers in connection with a termination of employment or a change in control of our company under the executive's employment agreement and our other compensation plans and programs. In determining the benefits payable upon certain terminations of employment, we have assumed in all cases that (i) the executive's employment terminates on December 31, 2006, (ii) he does not become employed by a new employer or return to work for us and (iii) we continue to be a consolidated subsidiary of Time Warner during the time that the executive remains on our payroll following termination of employment.

Glenn A. Britt

Termination without Cause/Company Material Breach. Under his employment agreement, Mr. Britt is entitled to certain payments and benefits upon a termination without cause, which includes our termination of his employment under the employment agreement without cause or his termination of such employment due to our material breach. For this purpose, cause means certain felony convictions and certain willful and intentional actions by Mr. Britt including failure to perform material duties; misappropriation, embezzlement or destruction of our property; material breach of duty of loyalty to us having a significant adverse financial impact; improper conduct materially prejudicial to our business; and material breach of certain restrictive covenants regarding noncompetition, hiring of employees, and nondisclosure of confidential information. A material breach includes our failure to cause a successor to assume our obligations under the employment agreement; our or a successor's failure to offer Mr. Britt the CEO position after a merger, sale, joint venture or other combination of assets with another entity in the cable business; Mr. Britt not being employed as our CEO with authority, functions, duties and powers consistent with that position; Mr. Britt not reporting to the Board; and Mr. Britt's principal place of employment being anywhere other than the greater Stamford, Connecticut or New York, New York areas.

In the event of a termination without cause, Mr. Britt is entitled to the following payments and benefits:

any earned but unpaid base salary;

a pro-rata portion of his average annual bonus, which is defined as the average of his two largest annual bonuses paid in the prior five years, except that if Mr. Britt has not been paid any full-year annual bonus under his current employment agreement, then he is entitled to be paid his target annual bonus, or if he has been paid only one full-year annual bonus under his current employment agreement, he will be paid the average of such full-year annual bonus and his target annual bonus. We will pay this bonus between January 1 and March 15 of the calendar year following the year of termination, which is the same time the full annual bonus would have been paid under the employment agreement had such termination not occurred;

any unpaid bonus for the year before the year in which termination of employment occurs, to the extent the bonus amount has been determined or, if not determined, it will be deemed to be his average annual bonus;

any accrued but unpaid long-term compensation;

until the later of December 31, 2009 or 24 months after termination (and Mr. Britt will remain on our payroll during this period), continued payment by us of Mr. Britt's base salary (paid on our normal payroll payment dates in effect immediately prior to Mr. Britt's termination), his average annual bonus, the continuation of his benefits, including pension, automobile allowance and financial services benefits but not including any additional stock-based awards, unless Mr. Britt dies during such period, in which case these benefits will be replaced with the death benefits described below;

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office space, secretarial services, office facilities, services and furnishings reasonably appropriate to an employee of Mr. Britt's position and responsibilities prior to termination, but taking into account his reduced need for such space, services, facilities and furnishings. We will provide these benefits for no charge for up to 12 months after termination. These benefits will cease if Mr. Britt commences full-time employment with another employer;

all stock options granted to Mr. Britt by Time Warner will continue to vest, and these vested stock options will remain exercisable (but not beyond the original term of the options) while Mr. Britt is on our payroll;

unless Mr. Britt otherwise qualifies for retirement under the applicable stock option agreement, all stock options granted to Mr. Britt by Time Warner on or after January 10, 2000 (a) that would have vested on or before the date when the salary and bonus continuation payments described above would otherwise cease, will vest immediately on the date Mr. Britt leaves our payroll and (b) that are vested will remain exercisable for three years after Mr. Britt leaves our payroll (but not beyond the original term of the options);

if the date Mr. Britt leaves our payroll because of a termination without cause occurs before a change in control transaction (as described below) and Mr. Britt forfeits any restricted stock grants because of such termination, then, as of the date that Mr. Britt leaves our payroll, Mr. Britt will receive a cash payment equal to the value of any forfeited restricted stock based on the fair market value of the stock as of the date of termination; and

unless otherwise elected by Mr. Britt, his special deferred compensation account will be distributed in installments over 10 years following the later of December 31, 2009 and the date he leaves our payroll.

Conditions and Obligations Applicable to Receipt of Payments and Benefits. Mr. Britt's right to receive these payments and benefits upon a termination without cause is conditioned on his execution of a release of claims against us. If Mr. Britt does not execute a release of claims, he will receive a severance payment determined in accordance with our policies relating to notice and severance. Mr. Britt is required to engage in any mitigation necessary to preserve our tax deduction in respect of the payments described above and avoid applicability of the golden parachute excise taxes and related lost corporate tax deduction. Also, if, following a termination without cause, Mr. Britt obtains other employment (other than with a non-profit organization or government entity), he is required to pay over to us the total cash salary and bonus (but not any equity-based compensation or similar benefit) payable to him by a new employer for services provided until December 31, 2009 to the extent of the amounts we have paid him that are in excess of any severance to which he would be entitled from us under our standard severance policies. Mr. Britt must pay us these amounts when he receives them from his new employer. The payments may also be delayed to the extent we deem it necessary for compliance with section 409A of the Tax Code, governing nonqualified deferred compensation.

Change in Control. Under his employment agreement, Mr. Britt is entitled to certain payments and benefits if we cease to be a consolidated subsidiary of Time Warner or if Time Warner disposes of all or substantially all of our assets that results in the financial results of our business not being consolidated with Time Warner's financial results. Upon such a transaction, unless Mr. Britt otherwise qualifies for retirement under the applicable stock option agreement, all Time Warner stock options granted to Mr. Britt on or after January 10, 2000 (a) that would have vested on or before December 31, 2009 will vest immediately and (b) that are vested will remain exercisable for three years following the date of the transaction (but not beyond the original term of the options). All other restricted stock, restricted stock units or other awards will be treated pursuant to applicable plans as if Mr. Britt's employment was terminated without cause on the date of closing of the transaction. If this section applies to any equity-based compensation awards, then the termination without cause treatment of such awards (described above) will not apply. Also, if Mr. Britt forfeits any restricted stock grants because of such transaction, then he will receive a cash payment

equal to the value of the forfeited stock based on the value of the stock as of the date of the close of the transaction. Payments or benefits may also be delayed to the extent we deem it necessary for compliance with section 409A of the Tax Code.

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Disability. Under his employment agreement, Mr. Britt is entitled to payments and benefits if he becomes disabled and has not resumed his duties after six consecutive months or an aggregate of six months in any 12-month period. In such event, we will pay him a pro-rata bonus for the year in which the disability occurs (which will be calculated based on his average annual bonus, described above). In addition, through the later of December 31, 2009 or 12 months following the date the disability occurs, Mr. Britt will remain on our payroll, and we will pay Mr. Britt disability benefits equal to 75% of his annual base salary and average annual bonus, and he will continue to be eligible to participate in our benefit plans (other than equity-based plans) and to receive his other benefits (including automobile allowance and financial services). We may generally deduct from these payments amounts equal to disability payments received by Mr. Britt during this payment period from Workers' Compensation, Social Security and our disability insurance policies. Mr. Britt's special deferred compensation account will be distributed in installments over 10 years following the date he leaves our payroll.

Retirement. No benefits or payments provided above in connection with a termination without cause or due to disability shall be payable after Mr. Britt's normal retirement date at age 65. Under his employment agreement and a separate agreement with Time Warner, Mr. Britt is entitled to certain payments and benefits when he retires. Under these arrangements, to the extent the benefits Mr. Britt receives upon retirement are not as generous as benefits he would have received if he had participated in the defined benefit pension plans offered by Time Warner instead of our defined benefit pension plans, then we will provide Mr. Britt with the financial equivalent of the more generous benefits. In addition, Time Warner has agreed to ensure that Mr. Britt receives the equivalent of the benefits he would have received under Time Warner's retiree medical program if he had retired from Time Warner on the same terms and conditions as senior corporate executives of Time Warner upon retirement. This commitment is conditioned on Mr. Britt's retiring pursuant to his employment agreement.

Death. Under his employment agreement, if Mr. Britt dies, the employment agreement and all of our obligations to make any payments under the agreement terminate, except that Mr. Britt's estate or designated beneficiary is entitled to receive: (i) Mr. Britt's salary to the last day of the month in which his death occurs, (ii) any unpaid bonus for the year prior to his death (if not previously determined, then based on his average annual bonus) and (iii) bonus compensation, at the time bonuses are normally paid, based on his average annual bonus but prorated according to the number of whole or partial months Mr. Britt was employed by us in the calendar year. Mr. Britt's special deferred compensation account will be distributed in a lump sum within 75 days following his death.

For Cause. Under Mr. Britt's employment agreement, if we terminate his employment for cause (as defined above), we will have no further obligations to Mr. Britt other than (i) to pay his base salary through the effective date of termination, (ii) to pay any bonus for any year prior to the year in which such termination occurs that has been determined but not yet paid as of the date of such termination, and (iii) to satisfy any rights Mr. Britt has pursuant to any insurance or other benefit plans or arrangements. Mr. Britt's special deferred compensation account will be valued as of the later of December 31, 2009 and 12 months after termination of employment, and distributed in a lump sum within 75 days of such valuation date.

See "Pension Plans" for a description of Mr. Britt's entitlements under our pension plans and Time Warner's pension plans. See "Nonqualified Deferred Compensation" for a description of Mr. Britt's entitlements under nonqualified deferred compensation plans in which he participates.

Certain Restrictive Covenants. Mr. Britt's employment agreement provides that he is subject to restrictive covenants that obligate him, among other things: (1) not to disclose any of our confidential matters, (2) not to hire certain of our employees for one year following termination of employment for cause, without cause, or due to retirement at age 65; and (3) not to compete with our business during his employment and until the latest of December 31, 2009, the date Mr. Britt leaves our payroll and 12 months after the effective date of any termination of the term of employment for

cause, without cause, or due to retirement at age 65.

Assuming the trigger event causing any of the termination payments and other benefits described above occurred on December 31, 2006, and based on the NYSE closing price per share of Time Warner Common

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Stock on December 29, 2006 (\$21.78), the dollar value of additional payments and other benefits provided Mr. Britt under his contract are estimated to be as follows:

| | Base Salary Continuation | Annual Bonus Continuation | Pro Rata Bonus | LTIP(1) | Group Benefit Plans Continuation(2) | Pension Accrual(3) | Stock- Based Awards(4) | Other(5) |
|---------------------------|---|--|-------------------------------|----------------|--|-------------------------------|---------------------------------------|-----------------|
| Termination without Cause | \$ 3,000,000 | \$ 15,000,000 | \$ 5,000,000 | \$ 2,924,835 | \$ 103,568 | \$ 52,500 | \$ 5,489,405 | \$ 515,456 |
| Change in Control | | | | \$ 2,438,168 | | | \$ 5,489,405 | |
| Retirement | | | \$ 5,000,000 | \$ 2,438,168 | (6) | | \$ 5,489,405 | |
| Disability | \$ 2,250,000 | \$ 11,250,000 | \$ 5,000,000 | \$ 2,924,835 | \$ 103,568 | | \$ 5,489,405 | \$ 447,456 |
| Death | | | \$ 5,000,000 | \$ 2,438,168 | | | \$ 5,489,405 | |

- (1) The amount shown reflects the amount payable under 2005 and 2006 LTIP grants (based on target value) under his employment agreement and the terms of the LTIP by reason of his termination or a change in control, as applicable (including treatment as a retirement under the LTIP, as applicable).
- (2) Includes \$30,388 to cover the estimated cost of continued health, life and disability insurance for three years, \$43,180 for medical subsidy under the Time Warner Inc. Retiree Medical Plan for three years, plus estimated Savings Plan (401(k)) company contributions of \$10,000 per year for three years. After three years, Mr. Britt would continue to receive the medical subsidy under the Time Warner Inc. Retiree Medical Plan, which, based on current plan rates, would be an amount equal to \$14,393 per year before the age of 65 and \$4,040 per year after turning 65 years old.
- (3) Reflects the present value of the increase in the annual pension benefit payable as a result of the additional period of service during the post-termination period. See the Pension Benefits Table for additional information as of December 31, 2006.
- (4) Based on the excess of the closing sale price of Time Warner Common Stock on December 29, 2006 over the exercise price for each accelerated option, and based on the closing sale price of Time Warner Common Stock on December 29, 2006 in the case of accelerated restricted stock and restricted stock units. See the Outstanding Time Warner Equity Awards at December 31, 2006 Table for additional information as of December 31, 2006.
- (5) Includes car allowance of \$24,000 annually for three years, financial planning reimbursement of up to \$100,000 annually for three years, payments of \$25,152 annually for three years corresponding to two times the premium cost of \$4,000,000 of life insurance coverage under our GUL insurance program, and, other than in the case of disability, office space and secretarial support for one year after termination at a cost of \$68,000.
- (6) Upon retirement, Mr. Britt would be entitled to receive the medical subsidy under the Time Warner Inc. Retiree Medical Plan, which, based on current plan rates, would be an amount equal to \$14,393 per year before age 65 and \$4,040 per year after turning 65 years old.

John K. Martin

Termination without Cause/Company Material Breach. Under his employment agreement, Mr. Martin is entitled to certain payments and benefits upon a termination without cause, which includes our termination of his employment under the employment agreement without cause or his termination of such employment due to our material breach. For this purpose, cause means certain felony convictions and certain willful and intentional actions by Mr. Martin including failure to perform material duties; misappropriation, embezzlement or destruction of our property having a significant adverse effect on us; material breach of duty of loyalty to us having a significant adverse effect on us; improper conduct materially prejudicial to our business; and material breach of certain restrictive covenants regarding noncompetition, hiring of employees, and nondisclosure of confidential information. A material breach includes our failure to cause a successor to assume our obligations under the agreement; Mr. Martin not being employed as our Executive Vice President and Chief Financial Officer with authority, functions, duties and powers consistent with that position; Mr. Martin not reporting to the CEO; and Mr. Martin's principal place of employment being anywhere other than the greater Stamford, Connecticut area or other location of our principal corporate offices in the New York metropolitan area.

In the event of a termination without cause, Mr. Martin is entitled to the following payments and benefits:

any earned but unpaid base salary;

a pro-rata portion of his average annual bonus, which is defined as the average of his two largest regular annual bonuses paid in the prior five years, except that if Mr. Martin has not been paid any full-year annual bonus under his current employment agreement, then he is entitled to be paid his target annual bonus, or if he has been paid only one full-year annual bonus under his current

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employment agreement, he will be paid the average of such full-year annual bonus and his target annual bonus. We will pay this bonus between January 1 and March 15 of the calendar year following the year of termination, which is the same time the full annual bonus would have been paid under the employment agreement had such termination not occurred;

until the later of August 8, 2008 or 24 months after termination (and Mr. Martin will remain on our payroll during this period), continued payment by us of Mr. Martin's base salary (paid on our normal payroll payment dates in effect immediately prior to Mr. Martin's termination), his average annual bonus, and the continuation of his benefits, including pension but not including any additional stock-based awards, unless Mr. Martin dies during such period, in which case these benefits will be replaced with the death benefits described below;

unless Mr. Martin otherwise qualifies for retirement under the applicable stock option agreement, all stock options granted to Mr. Martin by Time Warner will continue to vest, and these vested stock options will remain exercisable (but not beyond the original term of the options) while Mr. Martin is on our payroll; and

unless Mr. Martin otherwise qualifies for retirement under the applicable stock option agreement, all stock options granted to Mr. Martin by Time Warner on or after January 10, 2000 (a) that would have vested on or before the date when the salary and bonus continuation payments described above would otherwise cease, will vest immediately on the date Mr. Martin leaves our payroll and (b) that are vested will remain exercisable for three years after Mr. Martin leaves our payroll (but not beyond the original term of the options).

Conditions and Obligations Applicable to Receipt of Payments and Benefits. Mr. Martin's right to receive these payments and benefits upon a termination without cause is conditioned on his execution of a release of claims against us. If Mr. Martin does not execute a release of claims, he will receive a severance payment determined in accordance with our policies relating to notice and severance.

Change in Control. Under his employment agreement, Mr. Martin is entitled to certain payments and benefits if we cease to be a consolidated subsidiary of Time Warner or if Time Warner disposes of all or substantially all of our assets that results in the financial results of our business not being consolidated with Time Warner's financial results. Upon such a transaction, unless Mr. Martin otherwise qualifies for retirement under the applicable stock option agreement, all stock options granted to Mr. Martin on or after January 10, 2000 (a) that would have vested on or before December 31, 2008 will vest immediately and (b) that are vested will remain exercisable for three years following the date of the transaction (but not beyond the original term of the options). All other restricted stock, restricted stock units or other awards will be treated pursuant to applicable plans as if Mr. Martin's employment was terminated without cause on the date of closing of the transaction. If this section applies to any equity-based compensation awards, then the termination without cause treatment of such awards (described above) will not apply.

Disability. Under his employment agreement, Mr. Martin is entitled to payments and benefits if he becomes disabled and has not resumed his duties after six consecutive months or an aggregate of six months in any 12-month period. In such event, we will pay him a pro-rata bonus for the year in which the disability occurs (which will be calculated based on his average annual bonus). In addition, through the later of August 8, 2008 or 12 months following the date the disability occurs, Mr. Martin will remain on our payroll, and we will pay Mr. Martin disability benefits equal to 75% of his annual base salary and average annual bonus, and he will continue to be eligible to participate in our benefit plans (other than equity-based plans) and to receive his other benefits (including financial services). We may generally deduct from these payments amounts equal to disability payments received by Mr. Martin during this payment period from Workers' Compensation, Social Security and our disability insurance policies.

Death. Under his employment agreement, if Mr. Martin dies, the employment agreement and all of our obligations to make any payments under the agreement terminate, except that Mr. Martin's estate or designated beneficiary is entitled

to receive: (a) Mr. Martin's salary to the last day of the month in which his death occurs and (b) bonus compensation, at the time bonuses are normally paid, based on his average annual bonus but

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pro-rated according to the number of whole or partial months Mr. Martin was employed by us in the calendar year.

For Cause. Under Mr. Martin's employment agreement, if we terminate his employment for cause (as defined above), we will have no further obligations to Mr. Martin other than (a) to pay his base salary through the effective date of termination, (b) to pay any bonus for any year prior to the year in which such termination occurs that has been determined but not yet paid as of the date of such termination, and (c) to satisfy any rights Mr. Martin has pursuant to any insurance or other benefit plans or arrangements.

See Pension Plans for a description of Mr. Martin's entitlements under our pension plans and Time Warner's pension plans.

Certain Restrictive Covenants. Mr. Martin's employment agreement provides that he is subject to restrictive covenants that obligate him, among other things: (1) not to disclose any of our confidential matters, (2) not to hire certain of our employees for one year following termination of employment for cause or without cause; and (3) not to compete with our business during his employment and until the latest of August 8, 2008, the date Mr. Martin leaves our payroll and 12 months after the effective date of any termination of the term of employment for cause or without cause.

Assuming the trigger event causing any of the termination payments and other benefits described above occurred on December 31, 2006, and based on the NYSE closing price per share of Time Warner Common Stock on December 29, 2006 (\$21.78), the dollar value of additional payments and other benefits provided Mr. Martin under his contract are estimated to be as follows:

| | Base Salary | Annual | Pro Rata | | Group | | | |
|---------------------------|---------------------|---------------------|-----------------|----------------|----------------|-------------------|--------------------|-----------------|
| | Continuation | Bonus | Bonus | LTIP(1) | Benefit | Pension | Stock-Based | Other(5) |
| | | Continuation | | | Plans | Accrual(3) | Awards(4) | |
| Termination without Cause | \$ 1,300,000 | \$ 1,587,119 | \$ 793,560 | \$ 578,000 | \$ 77,807 | \$ 45,030 | \$ 775,862 | \$ 52,232 |
| Change in Control | | | | \$ 192,667 | | | \$ 775,862 | |
| Disability | \$ 771,859 | \$ 942,332 | \$ 793,560 | \$ 497,723 | \$ 77,807 | | \$ 1,475,706 | \$ 52,232 |
| Death | | | \$ 793,560 | \$ 192,667 | | | \$ 1,475,706 | |

- (1) The amount shown reflects the amount payable under 2006 LTIP grant (based on target value) under his employment agreement and the terms of the LTIP by reason of his termination or a change in control, as applicable.
- (2) Includes \$57,807 to cover the estimated cost of continued health, life and disability insurance for two years, plus estimated Savings Plan (401(k)) company contributions of \$10,000 per year for two years.
- (3) Reflects the present value of the increase in the annual pension benefit payable as a result of the additional period of service during the post-termination period. See the Pension Benefits Table for additional information as of December 31, 2006.
- (4)

Based on the excess of the closing sale price of Time Warner Common Stock on December 29, 2006 over the exercise price for each accelerated option, and based on the closing sale price of Time Warner Common Stock on December 29, 2006 in the case of accelerated restricted stock and restricted stock units. The change-in-control amount is based on the assumption that the change in control of the Company results in the Company's financial results ceasing to be consolidated with those of Time Warner. If there were a change in control of Time Warner that met the requirements of the Time Warner equity award agreements, the amount would be \$1,475,706. See the Outstanding Time Warner Equity Awards at December 31, 2006 Table for additional information as of December 31, 2006.

- (5) Includes financial planning reimbursement of up to \$25,000 annually for two years and payments of \$2,232 in the aggregate corresponding to two times the premium cost of \$1,000,000 of life insurance coverage under our GUL insurance program.

Landel C. Hobbs

Termination without Cause/Company Material Breach. Under his employment agreement, Mr. Hobbs is entitled to certain payments and benefits upon a termination without cause, which includes our termination of his employment under the employment agreement without cause or his termination of such employment due to our material breach. For this purpose, cause means certain felony convictions and certain willful and intentional actions by Mr. Hobbs including failure to perform material duties; misappropriation, embezzlement or destruction of our property having a significant adverse effect on us; material breach of duty of loyalty to us having a significant adverse effect on us; improper conduct materially prejudicial to our business; and material breach of certain restrictive covenants regarding noncompetition, hiring of employees, and

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nondisclosure of confidential information. A material breach includes our failure to cause a successor to assume our obligations under the agreement; Mr. Hobbs not being employed as our COO with authority, functions, duties and powers consistent with that position; Mr. Hobbs not reporting to the CEO; and Mr. Hobbs' principal place of employment being anywhere other than Stamford, Connecticut or New York, New York.

In the event of a termination without cause, Mr. Hobbs is entitled to the following payments and benefits:

any earned but unpaid base salary;

a pro-rata portion of his average annual bonus, which is defined as the average of his two largest annual bonuses paid in the prior five years, except that if Mr. Hobbs has not been paid any full-year annual bonus under his current employment agreement, then he is entitled to be paid his target annual bonus, or if he has been paid only one full-year annual bonus under his current employment agreement, he will be paid the average of such full-year annual bonus and his target annual bonus; and

until the later of July 31, 2008 or 24 months after termination (and Mr. Hobbs will remain on our payroll during this period), continued payment by us of Mr. Hobbs' base salary (paid on our normal payroll payment dates in effect immediately prior to Mr. Hobbs' termination), his average annual bonus, and the continuation of his benefits, including pension, but not including any additional stock-based awards, unless Mr. Hobbs dies during such period, in which case these benefits will be replaced with the death benefits described below.

Conditions and Obligations Applicable to Receipt of Payments and Benefits. Mr. Hobbs' right to receive these payments and benefits upon a termination without cause is conditioned on his execution of a release of claims against us. If Mr. Hobbs does not execute a release of claims, he will receive a severance payment determined in accordance with our policies relating to notice and severance. Mr. Hobbs is required to engage in any mitigation necessary to preserve our tax deduction in respect of the payments described above and avoid applicability of the golden parachute excise taxes and related lost corporate tax deduction.

Disability. Under his employment agreement, Mr. Hobbs is entitled to payments and benefits if he becomes disabled and has not resumed his duties after six consecutive months or an aggregate of six months in any 12-month period. In such event, we will pay him a pro-rata bonus for the year in which the disability occurs (which will be calculated based on his average annual bonus). In addition, through the later of July 31, 2008 or 12 months following the date the disability occurs, Mr. Hobbs will remain on our payroll, and we will pay Mr. Hobbs disability benefits equal to 75% of his annual base salary and average annual bonus, and he will continue to be eligible to participate in our benefit plans (other than additional equity-based plans) and to receive his other benefits (including financial services). We may generally deduct from these payments amounts equal to disability payments received by Mr. Hobbs during this payment period from Workers' Compensation, Social Security and our disability insurance policies.

Death. Under his employment agreement, if Mr. Hobbs dies, the employment agreement and all of our obligations to make any payments under the agreement terminate, except that Mr. Hobbs' estate or designated beneficiary is entitled to receive: (a) Mr. Hobbs' salary to the last day of the month in which his death occurs and (b) bonus compensation, at the time bonuses are normally paid, based on his average annual bonus but pro-rated according to the number of whole or partial months Mr. Hobbs was employed by us in the calendar year.

For Cause. Under Mr. Hobbs' employment agreement, if we terminate his employment for cause (as defined above), we will have no further obligations to Mr. Hobbs other than (a) to pay his base salary through the effective date of termination, (b) to pay any bonus for any year prior to the year in which such termination occurs that has been determined but not yet paid as of the date of such termination, and (c) to satisfy any rights Mr. Hobbs has pursuant to any insurance or other benefit plans or arrangements.

See Pension Plans for a description of Mr. Hobbs' entitlements under our pension plans and Time Warner's pension plans. See Nonqualified Deferred Compensation for a description of Mr. Hobbs' entitlements under nonqualified deferred compensation plans in which he participates.

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Certain Restrictive Covenants. Mr. Hobbs' employment agreement provides that he is subject to restrictive covenants that obligate him, among other things: (a) not to disclose any of our confidential matters, (b) not to hire certain of our employees for one year following termination of employment for cause or without cause; and (c) not to compete with our business during his employment and until the latest of July 31, 2008, the date Mr. Hobbs leaves our payroll and 12 months after the effective date of any termination of the term of employment for cause or without cause.

Assuming the trigger event causing any of the termination payments and other benefits described above occurred on December 31, 2006, and based on the NYSE closing price per share of Time Warner Common Stock on December 29, 2006 (\$21.78), the dollar value of additional payments and other benefits provided Mr. Hobbs under his contract are estimated to be as follows:

| | Base Salary Continuation | Annual Bonus Continuation | Pro Rata Bonus | LTIP(1) | Group Benefit Plans Continuation(2) | Pension Accrual(3) | Stock- Based Awards(4) | Other(5) |
|---------------------------------|-------------------------------------|--|---------------------------|----------------|--|-------------------------------|---------------------------------------|-----------------|
| Termination without Cause | \$ 1,700,000 | \$ 2,023,270 | \$ 1,011,635 | \$ 1,567,400 | \$ 77,807 | \$ 36,400 | \$ 1,631,573 | \$ 84,176 |
| Change in Control | | | | \$ 721,933 | | | \$ 406,653 | |
| Disability | \$ 1,009,354 | \$ 1,201,291 | \$ 1,011,635 | \$ 1,432,817 | \$ 77,807 | | \$ 2,687,125 | \$ 84,176 |
| Death | | | \$ 1,011,635 | \$ 721,933 | | | \$ 2,687,125 | |

- (1) The amount shown reflects the amount payable under 2005 and 2006 LTIP grants (based on target value) under his employment agreement and the terms of the LTIP by reason of his termination or a change in control, as applicable.
- (2) Includes \$57,807 to cover the estimated cost of continued health, life and disability insurance for two years, plus estimated Savings Plan (401(K)) company contributions of \$10,000 per year for two years.
- (3) Reflects the present value of the increase in the annual pension benefit payable as a result of the additional period of service during the post-termination period. See the Pension Benefits Table for additional information as of December 31, 2006.
- (4) Based on the excess of the closing sale price of Time Warner Common Stock on December 29, 2006 over the exercise price for each accelerated option, and based on the closing sale price of Time Warner Common Stock on December 29, 2006 in the case of accelerated restricted stock and restricted stock units. The change-in-control amount is based on the assumption that the change in control of the Company results in the Company's financial results ceasing to be consolidated with those of Time Warner. If there were a change in control of Time Warner that met the requirements of the Time Warner equity award agreements, the amount would be \$2,687,125. See the Outstanding Time Warner Equity Awards at December 31, 2006 Table for additional information as of December 31, 2006.
- (5) Includes financial planning reimbursement of up to \$40,000 annually and payments of \$4,176 in the aggregate, corresponding to two times the premium cost of \$1,500,000 of life insurance coverage under our GUL insurance

program.

Robert D. Marcus

Termination without Cause/Company Material Breach. Under his employment agreement, Mr. Marcus is entitled to certain payments and benefits upon a termination without cause, which includes our termination of his employment under the employment agreement without cause or his termination of such employment due to our material breach. For this purpose, cause means certain felony convictions and certain willful and intentional actions by Mr. Marcus including failure to perform material duties; misappropriation, embezzlement or destruction of our property having a significant adverse effect on us; material breach of duty of loyalty to us having a significant adverse effect on us; improper conduct materially prejudicial to our business; and material breach of certain restrictive covenants regarding noncompetition, nonsolicitation of employees, and nondisclosure of confidential information. A material breach includes our failure to cause a successor to assume our obligations under the agreement; Mr. Marcus not being employed as our Senior Executive Vice President with authority, functions, duties and powers consistent with that position; Mr. Marcus not reporting to the CEO; and Mr. Marcus principal place of employment being anywhere other than the greater Stamford, Connecticut area or other location of our principal corporate offices in the New York metropolitan area.

In the event of a termination without cause, Mr. Marcus is entitled to the following payments and benefits:

any earned but unpaid base salary;

a pro-rata portion of his average annual bonus, which is defined as the average of his two largest regular annual bonuses paid in the prior five years, except that if Mr. Marcus has not been paid any

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full-year annual bonus under his current employment agreement, then he is entitled to be paid his target annual bonus, or if he has been paid only one full-year annual bonus under his current employment agreement, he will be paid the average of such full-year annual bonus and his target annual bonus. We will pay this bonus between January 1 and March 15 of the calendar year following the year of termination, which is the same time the full annual bonus would have been paid under the employment agreement had such termination not occurred;

until the later of August 15, 2008 or 24 months after termination (and Mr. Marcus will remain on our payroll during this period), continued payment by us of Mr. Marcus' base salary (paid on our normal payroll payment dates in effect immediately prior to Mr. Marcus' termination), his average annual bonus, and the continuation of his benefits, including pension and financial services benefits but not including any additional stock-based awards, unless Mr. Marcus dies during such period, in which case these benefits will be replaced with the death benefits described below; and

unless Mr. Marcus otherwise qualifies for retirement under the applicable stock option, restricted stock, restricted stock unit or other equity-based award agreement, all stock options granted to Mr. Marcus by Time Warner or us on or after January 10, 2000 (a) that would have vested on or before the date when the salary and bonus continuation payments described above would otherwise cease, will vest immediately on the date Mr. Marcus leaves our payroll and will remain exercisable for three years after Mr. Marcus leaves our payroll (but not beyond the original term of the options), (b) any unvested awards of Time Warner or our restricted stock, restricted stock units or other equity-based award that would have vested on or before the date when the salary and bonus continuation payments described above would otherwise cease, will vest immediately and (c) any grants of long-term cash compensation which would vest as of the date when the salary and bonus continuation payments described above would otherwise cease, will vest immediately and be paid on the dates on which such long-term cash compensation is ordinarily scheduled to be paid (with the awards in (b) and (c) above being deemed for this purpose to vest pro rata over the applicable vesting period).

Conditions and Obligations Applicable to Receipt of Payments and Benefits. Mr. Marcus' right to receive these payments and benefits upon a termination without cause is conditioned on his execution of a release of claims against us. If Mr. Marcus does not execute a release of claims, he will receive a severance payment determined in accordance with our policies relating to notice and severance. The payments may also be delayed to the extent we deem it necessary for compliance with section 409A of the Tax Code, governing nonqualified deferred compensation.

Change in Control. Under his employment agreement, Mr. Marcus is entitled to certain payments and benefits if we cease to be a consolidated subsidiary of Time Warner or if Time Warner disposes of all or substantially all of our assets that results in the financial results of our business not being consolidated with Time Warner's financial results. Upon such a transaction, unless Mr. Marcus otherwise qualifies for retirement under the applicable stock option, restricted stock, restricted stock unit or other equity-based award agreement, all stock options granted to Mr. Marcus by Time Warner or us on or after January 10, 2000 (a) that would have vested on or before the date when the salary and bonus continuation payments described above would otherwise cease, will vest immediately on the date the transaction closes and will remain exercisable for three years (but not beyond the original term of the options), (b) any unvested awards of Time Warner or our restricted stock, restricted stock units or other equity-based award that would have vested on or before the date when the salary and bonus continuation payments described above would otherwise cease, will vest immediately on the date the transaction closes and (c) any grants of long-term cash compensation which would vest as of the date when the salary and bonus continuation payments described above would otherwise cease, will vest immediately on the date the transaction closes and be paid on the dates on which such long-term cash compensation is ordinarily scheduled to be paid (with the awards in (b) and (c) above being deemed for this purpose to vest pro rata over the applicable vesting period).

Disability. Under his employment agreement, Mr. Marcus is entitled to payments and benefits if he becomes disabled and has not resumed his duties after six consecutive months or an aggregate of six months in any 12-month period. In such event, we will pay him a pro-rata bonus for the year in which the disability

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occurs (which will be calculated based on his average annual bonus). In addition, through the later of August 15, 2008 or 24 months following the date the disability occurs, Mr. Marcus will remain on our payroll, and we will pay Mr. Marcus disability benefits equal to 75% of his annual base salary and average annual bonus, and he will continue to be eligible to participate in our benefit plans (other than equity-based plans) and to receive his other benefits (including automobile allowance and financial services). We may generally deduct from these payments amounts equal to disability payments received by Mr. Marcus during this payment period from Workers' Compensation, Social Security and our disability insurance policies.

Death. Under his employment agreement, if Mr. Marcus dies, the employment agreement and all of our obligations to make any payments under the agreement terminate, except that Mr. Marcus' estate or designated beneficiary is entitled to receive: (a) Mr. Marcus' salary to the last day of the month in which his death occurs and (b) bonus compensation, at the time bonuses are normally paid, based on his average annual bonus but pro-rated according to the number of whole or partial months Mr. Marcus was employed by us in the calendar year.

For Cause. Under his employment agreement, if we terminate his employment for cause (as defined above), we will have no further obligations to Mr. Marcus other than (a) to pay his base salary through the effective date of termination, (b) to pay any bonus for any year prior to the year in which such termination occurs that has been determined but not yet paid as of the date of such termination, and (c) to satisfy any rights Mr. Marcus has pursuant to any insurance or other benefit plans or arrangements.

See *Pension Plans* for a description of Mr. Marcus' entitlements under our pension plans and Time Warner's pension plans. See *Nonqualified Deferred Compensation* for a description of Mr. Marcus' entitlements under nonqualified deferred compensation plans in which he participates.

Certain Restrictive Covenants. Mr. Marcus' employment agreement provides that he is subject to restrictive covenants that obligate him, among other things: (a) not to disclose any of our confidential matters, (b) not to solicit certain of our employees for one year following termination of employment for cause or without cause; and (c) not to compete with our business during his employment and until the latest of August 15, 2008, the date Mr. Marcus leaves our payroll and 12 months after the effective date of any termination of the term of employment for cause or without cause.

Assuming the trigger event causing any of the termination payments and other benefits described above occurred on December 31, 2006, and based on the NYSE closing price per share of Time Warner Common Stock on December 29, 2006 (\$21.78), the dollar value of additional payments and other benefits provided Mr. Marcus under his contract are estimated to be as follows:

| | Base Salary Continuation | Annual Bonus Continuation | Pro Rata Bonus | LTIP(1) | Group Benefit Plans Continuation(2) | Pension Accrual(3) | Stock- Based Awards(4) | Other(5) |
|---------------------------------|--------------------------------|---------------------------------|-------------------|------------|--|-----------------------|------------------------------|-----------|
| Termination without Cause | \$ 1,300,000 | \$ 1,716,919 | \$ 858,460 | \$ 578,000 | \$ 78,299 | \$ 31,160 | \$ 863,259 | \$ 55,184 |
| Change in Control | | | | \$ 192,667 | | | \$ 863,259 | |
| Disability | \$ 975,000 | \$ 1,287,689 | \$ 858,460 | \$ 578,000 | \$ 78,299 | | \$ 1,578,355 | \$ 55,184 |
| Death | | | \$ 858,460 | \$ 192,667 | | | \$ 1,578,355 | |

- (1) The amount shown reflects the amount payable under 2006 LTIP grant (based on target value) under his employment agreement and the terms of the LTIP by reason of his termination or a change in control, as applicable.
- (2) Includes \$58,299 to cover the estimated cost of continued health, life and disability insurance for two years, plus estimated Savings Plan (401(k)) company contributions of \$10,000 per year for two years.
- (3) Reflects the present value of the increase in the annual pension benefit payable as a result of the additional period of service during the post-termination period. See the Pension Benefits Table for additional information as of December 31, 2006.
- (4) Based on the excess of the closing sale price of Time Warner Common Stock on December 29, 2006 over the exercise price for each accelerated option, and based on the closing sale price of Time Warner Common Stock on December 29, 2006 in the case of accelerated restricted Stock and restricted stock units. The change-in-control amount is based on the assumption that the change in control of the Company results in the Company's financial results ceasing to be consolidated with those of Time Warner. If there were a change in control of Time Warner that met the requirements of the Time Warner equity award agreements, the amount would be \$1,578,355. See the Outstanding Time Warner Equity Awards at December 31, 2006 Table for additional information as of December 31, 2006.

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- (5) Includes financial planning reimbursement of up to \$25,000 annually and an annual payment of \$2,592 for two years corresponding to two times the premium cost of \$2,000,000 of life insurance coverage under our GUL insurance program.

Michael L. LaJoie

Termination without Cause. Under his employment agreement, Mr. LaJoie is entitled to certain payments and benefits upon our termination of his employment under the employment agreement without cause or his termination of such employment due to our material breach. For this purpose, cause means a felony conviction; willful refusal to perform his obligations; material breach of specified covenants, including restrictive covenants relating to confidentiality, noncompetition and nonsolicitation; or willful misconduct that has a substantial adverse effect on us. A material breach includes Mr. LaJoie not being employed as our Executive Vice President and Chief Technology Officer, with authority, functions, duties and powers consistent with that position, or certain changes in Mr. LaJoie's reporting line. If we terminate Mr. LaJoie's employment without cause, if we fail to renew his agreement or if Mr. LaJoie terminates his employment due to our material breach of his agreement, he will receive the benefits due under any of our benefit plans, and he may elect to either:

receive a lump sum amount equivalent to 30 months of his annual base salary plus the greater of (a) the average of his two most recent annual bonuses (except that if Mr. LaJoie has not been paid any full-year annual bonus under his current employment agreement, then he is entitled to be paid his target annual bonus, or if he has been paid only one full-year annual bonus under his current employment agreement, he will be paid the average of such full-year annual bonus and his target annual bonus), multiplied by 2.5 or (b) his then applicable annual target bonus, multiplied by 2.5; or

be placed on a leave of absence as an inactive employee for up to 30 months during which he will continue to receive his annual base salary and annual bonuses equal to the greater of the average of (a) his two most recent annual bonuses (subject to the same exception as noted in the parenthetical in the preceding bullet) and (b) his then applicable annual target bonus; and while on leave he will continue to receive employee benefits (other than stock-based awards).

Mr. LaJoie will also be entitled to executive level outplacement services for up to one year following his termination of employment.

Retirement Option. Under Mr. LaJoie's employment agreement, because Mr. LaJoie has worked for us at the senior executive level for more than five years, if he is employed by us when he is 55 years of age, he may elect a retirement option. Mr. LaJoie is not currently eligible to receive this benefit. The retirement option would require Mr. LaJoie to remain actively employed by us for a transition period of six months to one year following this election, during which he will continue to receive his current annual salary and bonus (calculated in the same manner as bonus is computed above for severance purposes). Following the transition period, Mr. LaJoie would become an advisor to us for three years during which he will be paid his annual base salary and he will also receive his full bonus for the first year, a 50% bonus for the second year and no bonus for the third year. As an advisor, he will not be required to devote more than 5 days per month to such services. Mr. LaJoie would continue vesting in any outstanding stock options and long-term cash incentives during this period, continue participation in benefit plans, pension plans and group insurance plans, and receive reimbursement for financial and estate planning expenses and \$10,000 for office space expenses.

If Mr. LaJoie attains age 65 by the end of the term of his employment agreement, we will not be obligated to renew the agreement, and Mr. LaJoie will not be entitled to severance as a result of our non-renewal in such event.

Conditions and Obligations Applicable to Receipt of Payments and Benefits. Mr. LaJoie's right to receive these payments and benefits upon a termination without cause, a termination due to a material breach or under the retirement option, is conditioned on his execution of a release of claims against us. If Mr. LaJoie does not execute a release of claims, he will receive a severance payment determined in accordance with our policies relating to notice and severance. Mr. LaJoie is required to engage in any mitigation necessary to preserve our tax deduction in respect of the payments described above and avoid applicability of the "golden parachute" excise taxes and related lost corporate tax deduction.

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Disability. Under his employment agreement, if Mr. LaJoie becomes disabled and cannot perform his duties for 26 consecutive weeks, his employment may be terminated, and he will receive, in addition to earned and unpaid base salary through termination, an amount equal to 2.5 times his annual base salary and the greater of the average of his two most recent annual bonuses or his then applicable annual target bonus amount (subject to the same exception described above if less than two annual bonuses are actually provided prior to termination).

Death. If Mr. LaJoie dies prior to the termination of his employment agreement, his estate or beneficiaries will receive life insurance payments equal to 30 months of his annual salary and the greater of his average annual bonus multiplied by 2.5, or his then applicable target bonus multiplied by 2.5 (subject to the same exception described above if less than two annual bonuses are actually provided prior to termination).

For Cause. Under Mr. LaJoie's employment agreement, our obligations to Mr. LaJoie in the event of his termination for cause (as defined in the agreement) are the same as our obligations to Mr. Hobbs.

See Pension Plans for a description of Mr. LaJoie's entitlements under our pension plans and Time Warner's pension plans.

Certain Restrictive Covenants. Mr. LaJoie's employment agreement provides that he is subject to restrictive covenants that obligate him, among other things: (1) not to disclose any of our confidential matters, (2) not to solicit certain of our employees for one year following termination of employment; and (3) not to compete with our business during his employment and for one year following termination of employment.

Assuming the trigger event causing any of the termination payments and other benefits described above occurred on December 31, 2006, and based on the NYSE closing price per share of Time Warner Common Stock on December 29, 2006 (\$21.78), the dollar value of additional payments and other benefits provided Mr. LaJoie under his contract are estimated to be as follows:

| | Group Benefit | | | | | | | |
|----------------------------------|----------------------|---------------------|-----------------------|----------------|------------------------------|---------------------------|------------------------------|-----------------|
| | Base Salary | Annual Bonus | Pro Rata Bonus | LTIP(1) | Plans Continuation(2) | Pension Accrual(3) | Stock-Based Awards(4) | Other(5) |
| Termination without Cause | \$ 1,125,000 | \$ 1,125,000 | \$ 431,080 | \$ 673,200 | \$ 99,772 | \$ 72,190 | \$ 881,874 | \$ 37,500 |
| Change in Control | | | | \$ 336,600 | | | \$ 150,000 | |
| Disability | \$ 1,125,000 | \$ 1,125,000 | \$ 431,080 | \$ 336,600 | | | \$ 1,012,806 | |
| Death | | | \$ 431,080 | \$ 336,600 | | | \$ 1,012,806 | |

(1) The amount shown reflects the amount payable under 2005 and 2006 LTIP grants (based on target value) under his employment agreement and the terms of the LTIP by reason of his termination or a change in control, as applicable.

(2)

Includes \$69,772 to cover the estimated cost of continued health, life and disability insurance for 30 months, plus estimated Savings Plan (401(k)) company contributions of \$10,000 per year for thirty months.

- (3) Reflects the present value of the increase in the annual pension benefit payable as a result of the additional period of service during the post-termination period. See the Pension Benefits Table for additional information as of December 31, 2006.
- (4) Based on the excess of the closing sale price of Time Warner Common Stock on December 29, 2006 over the exercise price for each accelerated option, and based on the closing sale price of Time Warner Common Stock on December 29, 2006 in the case of accelerated restricted stock and restricted stock units. The change-in-control amount is based on the assumption that the change in control of the Company results in the Company's financial results ceasing to be consolidated with those of Time Warner. If there were a change in control of Time Warner that met the requirements of the Time Warner equity award agreements, the amount would be \$1,012,806. See the Outstanding Time Warner Equity Awards at December 31, 2006 Table for additional information as of December 31, 2006.
- (5) Includes financial planning reimbursement of up to \$3,000 annually for 30 months and \$30,000 in the aggregate for outplacement services.

Director Compensation

The table below sets out the cash compensation that has been paid or earned by our directors who are not active employees of ours or of Time Warner or its affiliates (non-employee directors) during 2006. No equity awards or other compensatory awards were made to the non-employee directors during 2006. Directors

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who are active employees of Time Warner or its subsidiaries, including the Company, are not separately compensated for their Board activities.

We compensate non-employee directors with a combination of equity and cash that we believe is comparable to and consistent with approximately the median compensation provided to independent directors of similarly sized public entities. Prior to July 31, 2006, Messrs. Chang and Nicholas, who served as Independent Directors, received annual compensation of \$75,000. Since July 31, 2006, each non-employee director receives an annual cash retainer of \$85,000. Following the listing of our Class A common stock on the NYSE on March 1, 2007, each non-employee director is entitled to receive a total annual director compensation package consisting of (i) a cash retainer of \$85,000 and (ii) an equity award of full value stock units, in the form of restricted stock units, valued at \$95,000 representing our contingent obligation to deliver the designated number of shares of Class A common stock, generally after the Director ceases his service as a director.

An additional annual cash retainer of \$20,000 is paid to the chair of the Audit Committee and \$10,000 to each other member of the Audit Committee. No additional compensation is paid for attendance at meetings of the Board of Directors or a Board committee. Non-employee directors are reimbursed for out-of-pocket expenses (including travel, food and lodging) incurred in connection with attending Board, committee and stockholder meetings.

In general, for non-employee directors who join the Board less than six months prior to our next annual meeting of stockholders, our policy is to increase the stock unit grant on a pro-rated basis and to provide a pro-rated cash retainer consistent with the compensation package described above, subject to limitations that may exist under the applicable equity plan.

In the future, non-employee directors will be given the opportunity to defer for future distribution payment of their cash retainer. Deferred payments of director fees will be recorded as deferred units of Class A common stock. Distributions of the account upon the selected deferral date will be made in shares of Class A common stock.

DIRECTOR COMPENSATION FOR 2006

| Name | Fees Earned or | | Stock Awards | Option Awards | Non-Equity Incentive Plan Compensation | Change in Pension Value and Deferred Compensation Earnings | All Other Compensation | Total |
|------------------------|--------------------|--|-----------------|------------------|---|---|------------------------------|-----------|
| | | | | | | | | |
| | Paid in Cash(1) | | | | | | | |
| Carole Black | \$ 35,417 | | | | | | | \$ 35,417 |
| Thomas H. Castro | \$ 35,417 | | | | | | | \$ 35,417 |
| David C. Chang | \$ 84,334 | | | | | | | \$ 84,334 |
| James E. Copeland, Jr. | \$ 43,751 | | | | | | | \$ 43,751 |
| Peter R. Haje | \$ 35,417 | | | | | | | \$ 35,417 |
| Don Logan | \$ 35,417 | | | | | | | \$ 35,417 |
| Michael Lynne | | | | | | | | |

| | | | |
|--------------------|----|--------|-----------|
| N.J. Nicholas, Jr. | \$ | 84,334 | \$ 84,334 |
| Wayne H. Pace | | | |
| Jeffrey Bewkes(2) | | | |

(1) Amounts represent a pro rata portion of (a) an annual cash retainer of (1) \$75,000 paid to Messrs. Chang and Nicholas prior to July 31, 2006 and (2) \$85,000 earned by each non-employee director commencing July 31, 2006 and paid in 2007; and (b) an annual additional payment of \$10,000 for each member of the Audit Committee (Messrs. Chang and Nicholas), with \$20,000 to its chair (Mr. Copeland) commencing July 31, 2006. Each of Messrs. Chang and Nicholas also received \$1,000 in connection with an Audit Committee meeting not held on the same date as a Board meeting.

(2) Mr. Bewkes, Time Warner's President and Chief Operating Officer, served as a director until July 31, 2006.

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In connection with an administrative order dated March 21, 2005, Mr. Pace reached a settlement with the SEC pursuant to which he agreed, without admitting or denying the SEC's allegations, to the entry of an administrative order that he cease and desist from causing violations or future violations of certain reporting provisions of the securities laws; however, he is not subject to any suspension, bar or penalty. The spouse of Ms. Black's half sister is employed by our North Carolina division. In connection with his employment, he received compensation in excess of \$120,000 in 2006.

Compensation Committee Interlocks and Insider Participation

Prior to July 31, 2006, our entire six-member Board of Directors served as our Compensation Committee and participated in deliberations concerning the compensation of our executive officers. On July 31, 2006, upon the closing of the Adelphia/Comcast Transactions, Mr. Jeffrey Bewkes, Time Warner's President and Chief Operating Officer, resigned from our Board and we expanded our Board from six members to ten. A new, separate, five-member Compensation Committee served through the remainder of 2006 consisting of Ms. Black and Messrs. Castro, Haje, Logan and Lynne. Mr. Britt, who serves as a Class B director, was our Chief Executive Officer throughout the last completed fiscal year and has served as our President and Chief Executive Officer since February 15, 2006. Mr. Logan, Chairman of our Board of Directors and a Class B director, served as Chairman of Time Warner's Media and Communications Group from July 31, 2002 until December 31, 2005 and is currently a non-active employee of Time Warner. Mr. Wayne H. Pace, a Class B director, served as Executive Vice President and Chief Financial Officer of TWE from November 2001 to October 2004 and has served as Executive Vice President and Chief Financial Officer of Time Warner since November 2001.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2006 regarding the compensation plan under which the Company's equity securities are authorized for issuance.

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|--|--|--|--|
| Equity compensation plans approved by security holders | | | 100,000,000 ⁽¹⁾ |

Equity compensation plans not approved by
security holders
Total

100,000,000

- (1) 100,000,000 shares of Class A common stock are authorized to be issued under the Time Warner Cable Inc. 2006 Stock Incentive Plan that was adopted by our Board of Directors and approved by our majority stockholder in December 2006. The Company is seeking stockholder approval of the Time Warner Cable Inc. 2006 Stock Incentive Plan at the Annual Meeting in order to meet certain requirements of the Tax Code. For more information regarding the Time Warner Cable Inc. 2006 Stock Incentive Plan see Company Proposals Proposal Three: Approval of the Time Warner Cable Inc. 2006 Stock Incentive Plan.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Procedures for Approval of Transactions with Related Persons

Our by-laws, which were amended in connection with the Adelphia/Comcast Transactions, provide that Time Warner may only enter into transactions with us and our subsidiaries, including TWE, that are on terms that, at the time of entering into such transaction, are substantially as favorable to us or our subsidiaries as we or they would be able to receive in a comparable arm's-length transaction with a third party. Any such transaction involving reasonably anticipated payments or other consideration of \$50 million or greater also requires the prior approval of a majority of our Independent Directors. Our by-laws prohibit us from entering into any transaction having the intended effect of benefiting Time Warner and any of its affiliates (other than us and our subsidiaries) in a manner that would deprive us of the benefit we would have otherwise obtained if the transaction were to have been effected on arm's length terms. We have included a provision in our by-laws that prohibits amending this provision until August 1, 2011 (five years following the closing of the Adelphia/Comcast Transactions) without the consent of a majority of the holders of our Class A common stock, other than Time Warner and its affiliates (other than us and our subsidiaries).

Our Standards of Business Conduct and Guidelines for Non-Employee Directors contain general procedures for the approval of transactions between us and our directors and executive officers and certain other transactions involving our directors and executive officers. Our Standards of Business Conduct and Guidelines for Non-Employee Directors are available on our website.

The Adelphia/Comcast Transactions

On July 31, 2006, we completed the following transactions with Adelphia and Comcast and its affiliates (together Comcast):

The Adelphia Acquisition. One of our subsidiaries, Time Warner NY Cable LLC (TW NY), acquired certain assets and assumed certain liabilities from Adelphia, which was then in bankruptcy, for approximately \$8.9 billion in cash and 156 million shares, or 17.3%, of our Class A common stock (approximately 16% of our total common stock). On the same day, Comcast purchased certain assets and assumed certain liabilities from Adelphia for approximately \$3.6 billion in cash. Together, we and Comcast purchased substantially all of the cable assets of Adelphia (the Adelphia Acquisition).

The Redemptions. Immediately before the Adelphia Acquisition, we redeemed Comcast's interests in (i) our company, which were held in a trust for the benefit of Comcast and consisted of 17.9% of our Class A common stock, and (ii) TWE, one of our subsidiaries, which were held in a trust for the benefit of Comcast and consisted of a 4.7% residual equity interest, in exchange for the capital stock of a subsidiary of ours and a subsidiary of TWE, respectively, together holding both an aggregate of approximately \$2 billion in cash and cable systems serving approximately 751,000 basic video subscribers (the Redemptions).

The Exchange. Immediately after the Adelphia Acquisition, we and Comcast also swapped certain cable systems, most of which were acquired from Adelphia, in order to enhance our and Comcast's respective geographic clusters of subscribers (the Exchange).

We refer to the Adelphia Acquisition, the Redemption and the Exchange collectively as the Adelphia/Comcast Transactions.

In 2005 and 2006, we and/or our subsidiaries entered into certain agreements with Time Warner, Comcast and Adelphia in connection with the Adelphia/Comcast Transactions. As described in more detail below, under separate agreements (as amended, the TW NY Purchase Agreement and Comcast Purchase Agreement, respectively, and, collectively, the Purchase Agreements), we and Comcast purchased substantially all of the cable assets of Adelphia. The Purchase Agreements were entered into after Adelphia filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the Bankruptcy Code). This section provides additional details regarding the Purchase Agreements and our and Comcast s underlying acquisition

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of Adelphia's assets (the TW NY Adelphia Acquisition and the Comcast Adelphia Acquisition, respectively), along with certain other agreements we entered into with Comcast in 2006.

The TW NY Purchase Agreement. On April 20, 2005, TW NY, one of our subsidiaries, entered into the TW NY Purchase Agreement with Adelphia. The TW NY Purchase Agreement provided that TW NY would purchase certain assets and assume certain liabilities from Adelphia. On June 21, 2006, Adelphia and TW NY entered into Amendment No. 2 to the TW NY Purchase Agreement (the TW NY Amendment). Under the terms of the TW NY Amendment, the assets we acquired from Adelphia and the consideration to be paid to Adelphia remained unchanged. However, the TW NY Amendment provided that the TW NY Adelphia Acquisition would be effected in accordance with the provisions of sections 105, 363 and 365 of the Bankruptcy Code and, as a result, Adelphia's creditors were not required to approve a plan of reorganization under chapter 11 of the Bankruptcy Code prior to the consummation of the TW NY Adelphia Acquisition. The TW NY Adelphia Acquisition closed on July 31, 2006, immediately after the Redemptions. The TW NY Adelphia Acquisition included cable systems located in the following areas: West Palm Beach, Florida; Cleveland and Akron, Ohio; Los Angeles, California; and suburbs of the District of Columbia. As consideration for the assets purchased from Adelphia, TW NY assumed certain liabilities as specified in the TW NY Purchase Agreement and paid to Adelphia approximately \$8.9 billion in cash (including approximately \$360 million paid into escrow), after giving effect to certain purchase price adjustments discussed below, and delivered 149,765,147 shares of our Class A common stock to Adelphia and 6,148,283 shares of our Class A common stock into escrow. This represented approximately 17.3% of our Class A common stock (including shares issued into escrow), and approximately 16% of our total outstanding common stock as of the closing of the TW NY Adelphia Acquisition.

The purchase price is subject to customary adjustments to reflect changes in Adelphia's net liabilities and subscribers as well as any shortfall in Adelphia's capital expenditure spending relative to its budget during the interim period (the Interim Period) between the execution of the TW NY Purchase Agreement and the closing of the transactions contemplated by the TW NY Purchase Agreement (the Adelphia Closing). The approximately \$360 million in cash and 6 million shares of our Class A common stock that were deposited into escrow are securing Adelphia's obligations in respect of any post-closing adjustments to the purchase price and its indemnification obligations for, among other things, breaches of its representations, warranties and covenants contained in the TW NY Purchase Agreement. On January 31, 2007 (six months after the Adelphia Closing), the escrow agent released to Adelphia approximately \$172 million in cash, representing one-third of the aggregate value of the escrow. The remaining amounts are to be released on July 31, 2007 (12 months after the Adelphia Closing), except to the extent of amounts paid prior to such date or that would be expected to be necessary to satisfy claims asserted on or prior to such date.

The parties to the TW NY Purchase Agreement made customary representations and warranties. Adelphia's representations and warranties survive for twelve months after the Adelphia Closing and, to the extent any claims are made prior to such date, until such claims are resolved. The debtors in Adelphia's bankruptcy proceedings (excluding, except to the extent provided in the TW NY Purchase Agreement, certain joint ventures described in The Comcast Purchase Agreement below), are jointly and severally liable for breaches or violations by Adelphia of its representations, warranties and covenants. The representations and warranties of TW NY contained in the TW NY Purchase Agreement expired at the Adelphia Closing.

The TW NY Purchase Agreement requires Adelphia to indemnify TW NY and each of its affiliates (including us), their respective directors, officers, shareholders, agents and other individuals (the TW Indemnified Parties) for losses and expenses stemming from the breach of any representation or warranty, covenant and certain other items. Subject to very limited exceptions, the TW Indemnified Parties are only able to seek reimbursement for losses from the escrowed cash and shares. In addition, subject to specified exceptions, losses associated with breaches of representations and warranties generally must exceed certain dollar amounts before a TW Indemnified Party may make a claim for indemnification. Even after the applicable threshold has been reached, a claim for indemnification for losses associated with breaches of representations and warranties is subject to specified aggregate deductibles and

cap amounts. With respect to assets acquired from Adelphia by TW NY that were subsequently transferred to Comcast in the Exchange, Adelphia's indemnification obligation is subject to a threshold of \$74 million, a deductible of \$42 million and

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is capped at \$296.7 million, subject to certain adjustments, and with respect to assets acquired by TW NY that were not transferred to Comcast pursuant to the Exchange, Adelphia's indemnification obligation is subject to a threshold of \$67 million, a deductible of \$38 million and is capped at \$267.9 million, subject to certain adjustments. The TW NY Purchase Agreement required us, at the Adelphia Closing, to amend and restate our by-laws to restrict us and our subsidiaries from entering into transactions with or for the benefit of Time Warner and its affiliates other than us and our subsidiaries (the Time Warner Group), subject to specified exceptions. Additionally, prior to August 1, 2011 (five years following the Adelphia Closing), our restated certificate of incorporation and by-laws (as required to be amended by the TW NY Purchase Agreement) do not allow for an amendment to the provisions of our by-laws restricting these transactions without the consent of a majority of the holders of our Class A common stock, other than any member of the Time Warner Group. Additionally, under the TW NY Purchase Agreement, we agreed that we will not enter into any short-form merger prior to August 1, 2008 (two years after the Adelphia Closing) and that we will not issue equity securities to any person (other than, subject to satisfying certain requirements, us and our affiliates) that have a higher vote per share than our Class A common stock prior to February 1, 2008 (18 months after the Adelphia Closing).

The Adelphia Registration Rights and Sale Agreement. At the closing of the Adelphia Acquisition on July 31, 2006, we and Adelphia entered into a registration rights and sale agreement (the Adelphia Registration Rights and Sale Agreement), which governed the disposition of the shares of our Class A common stock received by Adelphia in the TW NY Adelphia Acquisition. Upon the effectiveness of Adelphia's plan of reorganization, the parties' obligations under the Adelphia Registration Rights and Sale Agreement terminated.

The Comcast Purchase Agreement. The Comcast Purchase Agreement has similar terms to the TW NY Purchase Agreement and the transactions contemplated by the Comcast Purchase Agreement also closed on July 31, 2006. The Comcast Adelphia Acquisition was effected in accordance with the provisions of sections 105, 363 and 365 of the Bankruptcy Code and a plan of reorganization for the joint ventures referred to in the following sentence. The Comcast Adelphia Acquisition included cable systems and Adelphia's interest in two joint ventures in which Comcast also held interests: Century-TCI California Communications, L.P., which owned cable systems in the Los Angeles, California area, and Parnassos Communications, L.P., which owned cable systems in Ohio and western New York. The purchase price under the Comcast Purchase Agreement was approximately \$3.6 billion in cash.

Description of Certain Agreements Related to Comcast

Prior to the Adelphia/Comcast Transactions, trusts established for the benefit of Comcast, held a 21% economic interest in us through a 17.9% direct common stock ownership interest in us and a 4.7% residual equity interest in TWE, one of our subsidiaries. In the Redemptions, we and TWE, respectively, redeemed all of Comcast's common stock ownership in us and its residual equity interest in TWE and, as a result, Comcast no longer beneficially owns an interest in our company. In the ordinary course of our cable business, we have entered into various agreements with Comcast and its various divisions and affiliates on terms that we believe are no less favorable than those that could be obtained in agreements with third parties. We do not believe that any of these agreements are material to our business. These agreements include:

agreements, often entered into on a spot basis, to sell advertising to various video programming vendors owned by Comcast and carried on our cable systems;

local, regional and national advertising interconnect agreements under which Comcast or we owned cable system operators arrange for local or regional advertising to be carried by the various cable system operators in a market area;

agreements under which affiliates of Comcast sell advertising on our behalf in some geographic areas to local advertisers and our affiliates sell advertising on Comcast's behalf in some geographic areas to local advertisers;

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an agreement under which a joint venture owned by us (or our affiliates), Comcast and another cable operator sells national advertising on our behalf to national advertisers;

agreements, which generally expire between 2006 and 2013, to purchase or license programming from various programming vendors owned in whole or in part by Comcast with license fees to the various vendors calculated generally on a per subscriber basis; and

agreements with and related to iN DEMAND, which is a joint venture among one of our subsidiaries (Time Warner Entertainment-Advance/Newhouse Partnership), Comcast and Cox, that licenses, from film studios and other producers, motion pictures and other materials, which it then licenses to cable operators for VOD and Pay-Per-View distribution.

Under these agreements, we received approximately \$188,000 from Comcast and its affiliates, and we conferred approximately \$29.4 million to Comcast and its affiliates during the year ended December 31, 2006.

Relationship between Time Warner and Us

Time Warner Registration Rights Agreement

At the closing of the restructuring of TWE in March 2003 (the "TWE Restructuring"), Time Warner and the Company entered into a registration rights agreement (the "Registration Rights Agreement") relating to Time Warner's shares of the Company's common stock. Subject to several exceptions, including the Company's right to defer a demand registration under some circumstances, Time Warner may, under that agreement, require that the Company take commercially reasonable steps to register for public resale under the Securities Act all shares of common stock that Time Warner requests to be registered. Time Warner may demand an unlimited number of registrations. In addition, Time Warner has been granted "piggyback" registration rights subject to customary restrictions and the Company is permitted to piggyback on Time Warner's registrations. The Company has also agreed that, in connection with a registration and sale by Time Warner under the Registration Rights Agreement, it will indemnify Time Warner and bear all fees, costs and expenses, except underwriting discounts and selling commissions.

Indebtedness Approval Right

Under a shareholder agreement entered into between us and Time Warner on April 20, 2005 (the "Shareholder Agreement"), until such time as our indebtedness is no longer attributable to Time Warner, in Time Warner's reasonable judgment, we, our subsidiaries and the entities that we manage may not, without the consent of Time Warner, create, incur or guarantee any indebtedness (except for the issuance of commercial paper or borrowings under our current revolving credit facility up to the limit of that credit facility, to which Time Warner has already consented), including preferred equity, or rental obligations (other than with respect to certain approved leases) if our ratio of indebtedness plus six times our annual rental expense to EBITDA (as defined in the Shareholder Agreement) plus rental expense, or EBITDAR, then exceeds or would as a result of that incurrence exceed 3:1, calculated without including any of our indebtedness or preferred equity held by Time Warner and its wholly owned subsidiaries.

Other Time Warner Rights

Under the Shareholder Agreement, as long as Time Warner has the power to elect a majority of our Board of Directors, we must obtain Time Warner's consent before we enter into any agreement that binds or purports to bind Time Warner or its affiliates or that would subject us or our subsidiaries to significant penalties or restrictions as a result of any action or omission of Time Warner or its affiliates; or adopt a stockholder rights plan, become subject to

section 203 of the Delaware General Corporation Law, adopt a fair price provision in our certificate of incorporation or take any similar action.

Furthermore, pursuant to the Shareholder Agreement, Time Warner (and its subsidiaries) may purchase debt securities issued by TWE only after giving us notice of the approximate amount of debt securities it intends to purchase and the general time period (the Specified Period) for the purchase, which period may

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not be greater than 90 days and the opportunity to indicate our good faith intention to purchase the amount of debt securities indicated in Time Warner's notice within the Specified Period.

Time Warner Standstill

Under the Shareholder Agreement, Time Warner has agreed that for a period of three years following the closing of the Adelphia Acquisition, Time Warner will not make or announce a tender offer or exchange offer for our Class A common stock without the approval of a majority of our Independent Directors; and for a period of 10 years following the Adelphia Closing, Time Warner will not enter into any business combination with us, including a short-form merger, without the approval of a majority of our Independent Directors. Under the TW NY Purchase Agreement, we have agreed that for a period of two years following the Adelphia Closing, we will not enter into any short-form merger and that for a period of 18 months following the Adelphia Closing we will not issue equity securities to any person (other than, subject to satisfying certain requirements, us and our affiliates) that have a higher vote per share than our Class A common stock.

Reimbursement for Time Warner Equity Compensation

From time to time our employees and employees of our subsidiaries and joint ventures have been granted options to purchase shares of Time Warner common stock in connection with their employment with subsidiaries and affiliates of Time Warner. We and TWE have agreed that, upon the exercise by any of our officers or employees of any options to purchase Time Warner common stock, we will reimburse Time Warner in an amount equal to the excess of the closing price of a share of Time Warner common stock on the date of the exercise of the option over the aggregate exercise price paid by the exercising officer or employee for each share of Time Warner common stock. As of December 31, 2006, we had accrued approximately \$137 million of stock option reimbursement obligations payable to Time Warner. That amount, which is not payable until the underlying options are exercised, will be adjusted in subsequent accounting periods based on the number of additional options granted and changes in the quoted market prices for shares of Time Warner common stock. We reimbursed Time Warner \$16 million in 2006. For more information regarding the reimbursement amounts, please see Note 4 to our audited consolidated financial statements for the year ended December 31, 2006, in our Annual Report on Form 10-K. A similar arrangement has been entered into with respect to Time Warner's reimbursement to us related to awards based on our Class A common stock that may from time to time be held by our former employees who may subsequently become employees of Time Warner and its subsidiaries other than the Company.

Debt Guarantees

Warner Communications Inc. (WCI) and American Television and Communications Corporation (ATC), subsidiaries of Time Warner that are not our subsidiaries, have previously guaranteed our obligations under our credit facilities and the \$3.2 billion of notes and debentures issued by TWE (the TWE Notes). On November 2, 2006, each of WCI's and ATC's guarantees of the TWE Notes and our credit facilities were terminated.

Other Agreements Related to Our Business

In the ordinary course of our business, we have entered into various agreements and arrangements with Time Warner and its various divisions and affiliates on terms that we believe are no less favorable than those that could be obtained in agreements with third parties. We do not believe that any of these agreements or arrangements are individually material to our business. These agreements and arrangements include:

agreements to sell advertising to various video programming vendors owned by Time Warner and its affiliates and carried on our cable systems;

agreements to purchase or license programming from various programming vendors owned in whole or in part by Time Warner and its affiliates;

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leases with AOL LLC (formerly America Online, Inc., AOL), an affiliate of ours, and Time Warner Telecom Inc., a former affiliate of Time Warner s, relating to the use of fiber and backbone networks;

real property lease agreements with Time Warner and its affiliates;

intellectual property license agreements with Time Warner and its affiliates; and

carriage agreements with AOL and its affiliates.

Under these agreements, we received approximately \$94.0 million in aggregate payments from Time Warner and its affiliates (other than us and our subsidiaries), and we made approximately \$808.3 million in aggregate payments to Time Warner and its affiliates (other than us and our subsidiaries) during 2006.

Reimbursement for Services

Under an arrangement that went into effect immediately after the completion of the TWE Restructuring, Time Warner provides us with specified administrative services, including selected tax, human resources, legal, information technology, treasury, financial, public policy and corporate and investor relations services. We pay fees that approximate Time Warner s estimated overhead cost for services rendered. The services rendered and fees paid are renegotiated annually. In 2006, we incurred a total of approximately \$11.8 million under this arrangement.

Intellectual Property Agreements

Time Warner Brand and Trade Name License Agreement. In connection with the TWE Restructuring, we entered into a license agreement with Time Warner, under which Time Warner granted us a perpetual, royalty-free, exclusive license to use, in the United States and its territories and possessions, the TW, Time Warner Cable, TWC and TW Cable marks and specified related marks as a trade name and on marketing materials, promotional products, portals and equipment and software. We may extend these rights to our subsidiaries and specified others involved in delivery of our products and services. This license agreement contains restrictions on use and scope, including as to exclusivity, as well as cross indemnification provisions. Time Warner may terminate the agreement if we fail to cure a material breach or other specified breach of the agreement, we become bankrupt or insolvent or if a change of control of us occurs. A change of control occurs upon the earlier of:

Time Warner and its affiliates ceasing to beneficially own at least 40% of either our outstanding common stock or our outstanding securities entitled to vote in an election of directors; or

Time Warner and its affiliates ceasing to beneficially own at least 60% of our outstanding common stock or our outstanding securities entitled to vote in the election of directors, and Time Warner determines in good faith that it no longer has the power to direct our management and policies.

Road Runner Brand License Agreement. In connection with the TWE Restructuring, we entered into a license agreement with WCI. WCI granted us a perpetual, royalty-free license to use, in the United States and its territories and possessions and in Canada, the Road Runner mark and copyright and some of the related marks. We may use the Road Runner licensed marks in connection with high-speed data services and other services ancillary to those services, and on marketing materials, promotional products, portals and equipment and software. The license is exclusive regarding high-speed data services, ancillary broadband services and equipment and software. The license is non-exclusive regarding promotional products and portals. WCI is prohibited from licensing to third parties the right to use these marks in connection with DSL, dial-up or direct broadcast satellite technologies in the United States, its

territories and possession, or in Canada.

We may extend these rights to our subsidiaries and specified others involved in delivery of our products and services. This license agreement contains restrictions on use and scope, including quality control standards, as well as cross-indemnification provision. WCI may terminate the agreement if we fail to cure a

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material breach or other specified breach of the agreement, if we become bankrupt or insolvent or if a change of control of us occurs. A change of control occurs upon the earlier of:

Time Warner and its affiliates ceasing to beneficially own at least 40% of either our outstanding common stock or our outstanding securities entitled to vote in an election of directors; or

Time Warner and its affiliates ceasing to beneficially own at least 60% of our outstanding common stock or our outstanding securities entitled to vote in the election of directors, and Time Warner determines in good faith that it no longer has the power to direct our management and policies.

TWE Intellectual Property Agreement. As part of the TWE Restructuring, TWE entered into an intellectual property agreement (the "TWE Intellectual Property Agreement") with WCI that allocated to TWE intellectual property relating to the cable business and allocated to WCI intellectual property relating to the non-cable business, primarily content-related assets, such as HBO assets and Warner Bros. Studio assets. The agreement also provided for cross licenses between TWE and WCI so that each may continue to use intellectual property that each was respectively using at the time of the TWE Restructuring. Under the TWE Intellectual Property Agreement, each of TWE and WCI granted the other a non-exclusive, fully paid up, worldwide, perpetual, non-sublicensable (except to affiliates), non-assignable (except to affiliates), royalty free and irrevocable license to use the intellectual property covered by the TWE Intellectual Property Agreement. In addition, both TWE and WCI granted each other sublicenses to use intellectual property licensed to either by third parties that were being used at the time of the TWE Restructuring.

TWI Cable Intellectual Property Agreement. Prior to the TWE Restructuring, TWI Cable Inc. ("TWI Cable"), an entity that was under the control of Time Warner, entered into an intellectual property agreement (the "TWI Cable Intellectual Property Agreement") with WCI with substantially the same terms as the TWE Intellectual Property Agreement. The TWI Cable Intellectual Property Agreement allocated to WCI intellectual property related to the cable business and allocated to TWI Cable intellectual property related to the non-cable business. As part of the TWE Restructuring, WCI then assigned to us the cable-related intellectual property assets it received under that agreement. These agreements make us the beneficiary of cross licenses to TWI Cable intellectual property related to the non-cable business, on substantially the same terms as those described above. In connection with the TWI Cable Intellectual Property Agreement, TW Cable and WCI executed and delivered assignment agreements in substantially the same form as those executed in connection with the TWE Intellectual Property Agreement.

Tax Matters Agreement

We are party to a tax matters agreement with Time Warner that governs our inclusion in any Time Warner consolidated, combined or unitary group for federal and state tax purposes for taxable periods beginning on and after the date of the TWE Restructuring. Under the tax matters agreement, for each year we are included in the Time Warner consolidated group for federal income tax purposes, we have agreed to make periodic payments, subject to specified adjustments, to Time Warner based on the applicable federal income tax liability that we and our affiliated subsidiaries would have had for each taxable period if we had not been included in the Time Warner consolidated group. Time Warner agreed to reimburse us, subject to specified adjustments, for the use of tax items, such as net operating losses and tax credits attributable to us or an affiliated subsidiary, to the extent that these items are applied to reduce the taxable income of a member of the Time Warner consolidated group other than us or one of our subsidiaries. Similar provisions apply to any state income, franchise or other tax returns filed by any Time Warner consolidated, combined or unitary group for each year we are included in such consolidated, combined or unitary group for any state income, franchise or other tax purposes. During 2006, we made cash tax payments to Time Warner of approximately \$489 million.

Under applicable United States Treasury Department regulations, each member of a consolidated group filing consolidated federal income tax returns is severally liable for the federal income tax liability of each other member of the consolidated group. Similar rules apply with respect to members of combined or unitary groups for state tax purposes. If we ceased to be a member of the Time Warner consolidated group for federal income tax purposes, we would continue to have several liability for the federal income tax liability of the Time Warner consolidated group for all taxable years, or portions of taxable years, during which we were a

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member of the Time Warner consolidated group. In addition, we would have several liability for some state income taxes of groups with which we file or have filed combined or unitary state tax returns. Although Time Warner has indemnified us against this several liability, we would be liable in the event that this federal and/or state liability was incurred but not discharged by Time Warner or any member of the relevant consolidated, combined or unitary group.

The descriptions of the foregoing agreements do not purport to be complete and are subject to, and qualified in their entirety by reference to, those agreements.

COMPANY PROPOSALS

PROPOSAL ONE: Election of Directors

Upon the recommendation of the Nominating and Governance Committee, the Board has nominated for election at the Annual Meeting the following slate of two nominees for Class A directors and eight nominees for Class B directors. Each of the nominees is currently serving as a director of the Company. The Company expects each nominee for election as a director at the Annual Meeting to be able to accept such nomination. Information about these nominees is provided above under the heading Directors.

The persons named in the enclosed proxy intend to vote such proxy for the election of each of the two nominees for Class A directors named below, unless the holder of Class A common stock indicates on the proxy that the vote should be withheld from any or all of the nominees for Class A directors. If any nominee is unable to accept the nomination, proxies will be voted in favor of the remainder of those nominated for Class A director and may be voted for substitute nominees for Class A directors. The Class B directors are elected by the holder of the Class B common stock.

The Board of Directors recommends a vote **FOR** the election of the ten director nominees listed below.

Class A Directors

David C. Chang
James E. Copeland, Jr.

Class B Directors

Carole Black
Glenn A. Britt
Thomas H. Castro
Peter R. Haje
Don Logan
Michael Lynne
N.J. Nicholas, Jr.
Wayne H. Pace

Vote Required for Approval

Holders of the Class A common stock vote, as a separate class, with respect to the election of our Class A directors, and holders of the Class B common stock vote, as a separate class, with respect to the election of our Class B directors. A plurality of the votes duly cast by the holders of Class A common stock is required for the election of Class A directors and a plurality of the votes duly cast by the holders of Class B common stock is required for the election of Class B directors. Time Warner controls 100% of the vote for the election of Class B directors and 82.7% of the vote for the election of Class A directors in Proposal One. As a result of its shareholdings, Time Warner has the ability to cause the election of all Class A directors and Class B directors. The Company expects that Time Warner

will vote **FOR** the approval of the two nominees for Class A directors and the eight nominees for Class B directors ensuring the election of the entire slate of directors nominated by the Board.

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PROPOSAL TWO: Ratification of Appointment of Independent Auditors

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as independent auditors of the Company to audit its consolidated financial statements for 2007 and the Board of Directors has determined that it would be desirable to request that the stockholders ratify such appointment.

Ernst & Young LLP, a registered public accounting firm, has served the Company as independent auditors since the Company's incorporation in 2003. Representatives of Ernst & Young LLP will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and to respond to appropriate questions from stockholders.

Vote Required for Approval

Stockholder approval is not required for the appointment of Ernst & Young LLP, since the Audit Committee of the Board of Directors has the responsibility for selecting auditors. However, the appointment is being submitted for approval at the Annual Meeting.

For the approval of the appointment of Ernst & Young LLP as independent auditors of the Company, each share of Class B common stock issued and outstanding has ten votes and each share of Class A common stock issued and outstanding has one vote. The Class A common stock and the Class B common stock will vote together as a single class. Time Warner controls approximately 90.6% of the vote for Proposal Two. The Company expects that Time Warner will vote **FOR** Proposal Two ensuring the appointment of Ernst & Young LLP as independent auditors of the Company.

The Board of Directors recommends a vote **FOR** approval of the appointment of
Ernst & Young LLP as independent auditors.

PROPOSAL THREE: Approval of the Time Warner Cable Inc. 2006 Stock Incentive Plan

General

The Company is proposing for stockholder approval the Time Warner Cable Inc. 2006 Stock Incentive Plan (the 2006 Plan) pursuant to which various types of stock-based incentives may be awarded to selected participants, including employees, prospective employees, officers, directors and advisors of the Company and its affiliates. In December 2006, the 2006 Plan was adopted by our Board of Directors and approved by Time Warner, our controlling stockholder.

The Company is seeking stockholder approval of the 2006 Plan at the Annual Meeting in order to meet requirements of Section 162(m) of the Internal Revenue Code (Section 162(m)) and preserve the tax deductibility of certain performance-based awards that are intended by the Company to be deductible. Stockholder approval of the 2006 Plan will also constitute approval of (i) the performance criteria upon which performance-based awards that are intended to be deductible by the Company under Section 162(m) may be based under the 2006 Plan, (ii) the annual per-participant limit of \$10 million for other stock-based awards that are not denominated or payable in shares of Class A common stock (non-stock denominated awards) and (iii) the classes of employees eligible to receive awards under the 2006

Plan. See Tax Status of 2006 Plan Awards Section 162(m).

The Company believes that the awards made under the 2006 Plan will help retain and motivate the recipients to exert their best efforts on behalf of the Company, thus benefiting the Company and its stockholders. The Company believes that equity-based incentive awards are crucial to recruit and retain employees, as well as an important means of aligning employee interests with those of the Company's stockholders.

In making awards from the 2006 Plan, the Company will balance the goals of retaining and motivating employees with the interests of stockholders in limiting dilution from equity plans. As described below, the

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maximum number of shares of Class A common stock with respect to which awards can be made from the 2006 Plan during a calendar year (net of any awards that terminate or lapse during such year without payment of consideration) is 1.5% of the number of shares of our Class A common stock outstanding on December 31 of the preceding year. See Description of the 2006 Plan Shares Subject to the Plan.

The 2006 Plan provides that stock options and stock appreciation rights granted under the 2006 Plan may not be repriced.

Description of 2006 Plan

The description of the 2006 Plan set forth below is a summary, does not purport to be complete and is qualified in its entirety by the provisions of the 2006 Plan itself. The complete text of the 2006 Plan is attached as Annex A to this Proxy Statement.

Purpose

The purpose of the 2006 Plan is to aid us in attracting, retaining and motivating employees, directors and advisors and to provide us with a stock plan providing incentives directly related to our success.

Eligibility

Awards may be made to any of our or our subsidiaries employees, prospective employees, directors, officers and advisors in the discretion of our Compensation Committee or a subcommittee of our Compensation Committee (the 2006 Plan Committee).

Shares Subject to the Plan

The total number of shares of Class A common stock that may be issued under the 2006 Plan is 100,000,000. The maximum number of shares with respect to which awards may be granted during each calendar year to any given participant may not exceed 1,500,000 shares; however, the maximum number of shares that may be awarded in the form of restricted stock, restricted stock units (RSU) or other stock-based awards payable in shares of Class A common stock will be equal to 1,500,000 divided by a ratio (the full value award ratio) that is the quotient resulting from dividing the most recent fair value of a share of such stock or award, as determined for financial reporting purposes, by the most recent fair value of a stock option granted under the 2006 Plan. The maximum aggregate number of shares with respect to which awards may be made during each calendar year is 1.5% of the number of shares of Class A common stock outstanding on December 31 of the preceding year. If any award is forfeited or otherwise terminates or lapses without payment of consideration, the shares subject to that award will again be available for future grant. In addition, any shares issued in connection with awards other than stock options or stock appreciation rights will be counted against the 100,000,000 share authorization as the number of shares equal to the full value award ratio for every one share issued in connection with such award, or by which the award is valued.

Types of Awards

Under the 2006 Plan, the 2006 Plan Committee may award stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards, as described below.

Stock Options and Stock Appreciation Rights

Stock options awarded under the 2006 Plan may be nonqualified or incentive stock options. Stock appreciation rights may be granted independent of or in conjunction with stock options. The exercise price per share of Class A common stock for any nonqualified or incentive stock options or stock appreciation rights cannot be less than the fair market value of a share of Class A common stock on the date the award is granted; except that, in the case of a stock appreciation right granted in conjunction with a stock option, the

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exercise price cannot be less than the exercise price of the related stock option. The 2006 Plan Committee will be responsible for administering the 2006 Plan and may impose the terms and conditions of stock options and stock appreciation rights as it deems fit, but the awards generally will not be exercisable for a period of more than ten years after they are granted. Participants in the 2006 Plan will not receive dividends or dividend equivalents or have any voting rights with respect to shares underlying stock options or stock appreciation rights. Each stock appreciation right granted independent of a stock option will entitle a participant upon exercise to an amount equal to the product of (i) the excess of (A) the fair market value on the exercise date of one share of Class A common stock over (B) the exercise price, multiplied by (ii) the number of shares of Class A common stock covered by the stock appreciation right, and each unexercised stock appreciation right granted in conjunction with a stock option will entitle a participant to surrender the stock option and receive the amount described in the preceding formula. Payment of the exercise price will be made in cash and/or shares of Class A common stock (valued at fair market value), as determined by the 2006 Plan Committee.

No Repricing

Once granted, no option or stock appreciation right may be repriced.

Restricted Stock and Restricted Stock Units

The 2006 Plan Committee will determine the terms and conditions of restricted stock and RSU awards, including the number of shares of restricted stock to grant to a participant. The 2006 Plan Committee may also determine the period during which, and the conditions, if any, under which, the restricted stock and RSU may be forfeited; however, except with respect to awards to members of our Board of Directors, not less than 95% of the shares of restricted stock will remain subject to forfeiture for at least three years after the date of grant, though such forfeiture condition may expire earlier, in whole or in part, in the event of a change in control of our company or the death, disability or other termination of the award holder's employment. Dividends on restricted stock, or dividend equivalents with respect to RSUs, may be paid directly to the participant, withheld by us subject to vesting, or reinvested in additional shares of restricted stock, as determined by the 2006 Plan Committee, in its sole discretion. Certain restricted stock or RSU awards may be granted in a manner designed to allow us to deduct their value under Section 162(m); these awards will be based on one or more of the performance criteria set forth below.

Other Stock-Based Awards

The 2006 Plan Committee may grant stock awards, unrestricted stock and other awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value of, our Class A common stock (including restricted stock units and deferred stock units). Such stock-based awards may be in the form, and dependent on conditions, determined by the 2006 Plan Committee, including the right to receive, or vest with respect to, one or more shares of Class A common stock (or the equivalent cash value of such shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. The maximum amount of other stock-based awards that may be granted during a calendar year to any participant is: (i) the number of shares equal to 1,500,000 divided by the full value award ratio, with respect to other stock-based awards that are denominated or payable in shares of Class A common stock, and (ii) \$10 million, with respect to non-stock denominated awards.

Performance-Based Awards

Certain awards may be granted in a manner designed to allow us to deduct their value under Section 162(m). These performance-based awards will be based on one or more of the following performance criteria: (i) operating income before depreciation and amortization, (ii) operating income, (iii) earnings per share, (iv) return on shareholders' equity,

(v) revenues or sales, (vi) free cash flow, (vii) return on invested capital, (viii) total shareholder return and (ix) revenue generating unit-based metrics. The 2006 Plan Committee will establish the performance goals for these performance-based awards and certify that the goals have been met, in each case, in the manner required by Section 162(m).

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Adjustments Upon Certain Events

In the event of a change in the outstanding shares of our Class A common stock due to a stock dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination, share exchange or any other similar transaction, the 2006 Plan Committee may adjust (i) the number or kind of shares of Class A common stock or other securities issued or reserved for issuance pursuant to the 2006 Plan or pursuant to outstanding awards, (ii) the maximum number of shares for which awards may be granted during a calendar year to any participant, (iii) the option price or exercise price of any stock appreciation right and/or (iv) any other affected terms of such awards. Upon the occurrence of a change in control of our company (as defined in the 2006 Plan), the 2006 Plan Committee may (a) accelerate, vest or cause the restrictions to lapse with respect to all or any portion of an award, (b) cancel awards for fair value, (c) provide for the issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected awards previously granted under the 2006 Plan, as determined by the 2006 Plan Committee in its sole discretion, or (d) provide that, for a period of at least 30 days prior to the change in control, such stock options will be exercisable as to all shares subject to the 2006 Plan and that upon the occurrence of the change in control, such stock options will terminate.

Administration

The 2006 Plan is currently administered by the 2006 Plan Committee, which has appointed a subcommittee that consists of two directors who are intended to qualify as non-employee directors within the meaning of Rule 16b-3 under the Exchange Act and outside directors within the meaning of Section 162(m). The 2006 Plan Committee is authorized to interpret the 2006 Plan, to establish, amend and rescind any rules and regulations relating to the 2006 Plan, and to make any other determinations that it deems necessary or desirable for the administration of the 2006 Plan.

Amendment and Termination

Our Board of Directors or the 2006 Plan Committee may amend, alter or discontinue the 2006 Plan, but no amendment, alteration or discontinuation will be made (i) without stockholder approval, if it would increase the total number of shares of Class A common stock reserved under the plan or the maximum number of shares of restricted stock or other stock-based awards that may be awarded thereunder, or if it would increase the maximum number of shares for which awards may be granted to any participant, (ii) without the consent of a participant, if it would diminish any of the rights of the participant under any award previously granted to the participant or (iii) without stockholder approval, to permit repricing of options or stock appreciation rights. No new awards may be made under the 2006 Plan after the fifth anniversary of the first grant of an award under the 2006 Plan.

Transferability

Awards under the 2006 Plan are not transferable or assignable by participants other than by will or the laws of descent and distribution, unless determined otherwise by the 2006 Plan Committee (but subject to the limitation that no Award may be transferred for consideration or value). Awards may be exercised after the death of a participant by the legatees, personal representatives or distributees of such participant.

Successors and Assigns

The 2006 Plan is binding on successors and assigns of the Company and participants; participants' estates and the executors, administrators or trustees of such estates; and any receiver or trustee in bankruptcy or other representative of participants' creditors.

Awards Under the 2006 Plan

As stated above, any awards under the 2006 Plan will be determined by the 2006 Plan Committee in its discretion. It is, therefore, not possible to predict the awards that will be made to particular individuals in the future under the 2006 Plan. In early 2007, nonqualified stock options covering in the aggregate 383,713 shares

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of Class A common stock were awarded to the Company's current executive officers as a group (8 people) and 2,366,079 nonqualified stock options were awarded to all employees other than current executive officers. A total of 2,043,635 RSUs with respect to Class A common stock were also awarded during 2007.

Tax Status of 2006 Plan Awards

The following discussion of the U.S. federal income tax status of awards under the 2006 Plan is based on current U.S. federal tax laws and regulations and does not purport to be a complete description of the U.S. federal income tax laws. Participants may also be subject to certain state and local taxes or may be subject to taxes imposed by countries other than the U.S., none of which are described below.

Nonqualified Stock Options. If the stock option is a nonqualified stock option, no income is realized by the participant at the time of grant of the stock option, and no deduction is available to the Company at such time. At the time of exercise (other than by delivery of shares of Class A common stock to the Company), ordinary income is realized by the participant in an amount equal to the excess, if any, of the fair market value of the shares of Class A common stock on the date of exercise over the exercise price, and the Company receives a tax deduction for the same amount. If a stock option is exercised by delivering Class A common stock to the Company, a number of shares received by the optionee equal to the number of shares so delivered will be received free of tax and will have a tax basis and holding period equal to the shares so delivered. The fair market value of additional shares of Class A common stock received by the participant will be taxable to the participant as ordinary income, and the participant's tax in such shares will be their fair market value on the date of exercise. Upon disposition, any difference between the participant's tax basis in the shares of Class A common stock and the amount realized on disposition of the shares is treated as capital gain or loss.

Incentive Stock Options. If the option is an incentive stock option, no income is realized by the participant upon award or exercise of the option, and no deduction is available to the Company at such times. If the Class A common stock purchased upon the exercise of an incentive stock option is held by a participant for at least two years from the date of the grant of such option and for at least one year after exercise, any resulting gain is taxed, upon disposition of the shares, at long-term capital gains rates. If the Class A common stock purchased pursuant to the option is disposed of before the expiration of that period, any gain on the disposition, up to the difference between the fair market value of the Class A common stock at the time of exercise and the exercise price, is taxed at ordinary rates as compensation paid to the participant, and the Company is entitled to a deduction for an equivalent amount. Any amount realized by the participant in excess of the fair market value of the stock at the time of exercise is taxed at capital gains rates.

Stock Appreciation Rights. No income is realized by the participant at the time a stock appreciation right is granted, and no deduction is available to the Company at such time. When the right is exercised, ordinary income is realized by the participant in the amount of the cash and/or the fair market value of the Class A common stock received by the participant, and the Company will be entitled to a deduction of equivalent value.

Restricted Stock; Stock Awards. Subject to Section 162(m), discussed below, the Company receives a deduction and the participant recognizes taxable income equal to the fair market value of the restricted stock at the time the restrictions on the shares awarded lapse, unless the participant elects to recognize such income immediately by so electing not later than 30 days after the date of grant as permitted under Section 83(b) of the Tax Code, in which case both the Company's deduction and the participant's inclusion in income occur on the grant date. The tax value of any part of a stock award distributed to participants is taxable as ordinary income to such participant in the year in which such stock is received, and the Company will be entitled to a corresponding tax deduction, subject to Section 162(m).

Restricted Stock Units; Deferred Stock Units. Subject to Section 162(m), discussed below, the Company receives a deduction and the participant recognizes taxable income at the time restricted stock units vest and are settled, or

deferred stock units are settled, equal to the fair market value of the shares of Class A common stock issued or other cash or property paid in settlement of the award. Section 83(b) of the Tax Code is not applicable to restricted stock units or deferred stock units.

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Section 162(m). Section 162(m) generally disallows a tax deduction to public companies for compensation over \$1 million paid to the Chief Executive Officer and the four other most highly compensated executive officers in any taxable year of the Company. Qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. One requirement is shareholder approval of (i) the performance criteria upon which performance-based awards may be based, (ii) the annual per-participant limits on grants and (iii) the class of employees eligible to receive awards. In the case of restricted stock and performance-based awards, other requirements generally are that objective performance goals and the amounts payable upon achievement of the goals be established by a committee solely of at least two outside directors, as defined under Section 162(m), and that no discretion be retained to increase the amount payable under the awards. In the case of stock options and stock appreciation rights, other requirements are that the option or stock appreciation right be granted by a committee of at least two outside directors and that the exercise price of the stock option or stock appreciation right be not less than the fair market value of the Class A common stock on the date of grant.

Section 409A. The American Jobs Creation Act of 2004 introduced a new section of the Tax Code (Section 409A) covering certain nonqualified deferred compensation arrangements. Section 409A generally establishes new rules that must be followed with respect to covered deferred compensation arrangements in order to avoid the imposition of an additional 20% tax (plus interest) on the service provider who is entitled to receive the deferred compensation. Certain awards that may be granted under the 2006 Plan may constitute deferred compensation within the meaning of Section 409A. The 2006 Plan is intended to be interpreted and operated in accordance with Section 409A, including any regulations or guidance issued by the Treasury Department, and contains a number of provisions intended to avoid the imposition of additional tax on the 2006 Plan participants under Section 409A. No award under the 2006 Plan can be granted, deferred, accelerated, extended, paid out or modified under the 2006 Plan in a manner that would result in the imposition of an additional tax under Section 409A on a participant. If a payment with respect to an award would result in tax liability to the participant under Section 409A, the Company will not make the payment when otherwise required and instead will make the payment on the first day that payment would not result in the tax liability.

Other Information and Conclusion

On April 11, 2007, the closing sale price of the Class A common stock, as reported on the New York Stock Exchange, was \$38.04 per share.

The Company believes that its best interests will be served by the approval of the 2006 Plan. The 2006 Plan will enable the Company to be in a position to continue to grant long-term incentive awards to employees and directors, including those who through promotions and development of the Company's business will be entrusted with new and more important responsibilities, while preserving, where appropriate, the tax deductibility of these awards.

Vote Required for Approval

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock is required to approve the 2006 Plan. For the approval of the 2006 Plan, each share of Class B common stock issued and outstanding has ten votes and each share of Class A common stock issued and outstanding has one vote. The Class A common stock and the Class B common stock will vote together as a single class. Time Warner controls approximately 90.6% of the vote for Proposal Three. The Company expects that Time Warner will vote **FOR** Proposal Three ensuring the approval of the 2006 Plan.

The Board of Directors recommends a vote **FOR** approval of the Time Warner Cable Inc.
2006 Stock Incentive Plan.

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PROPOSAL FOUR: Approval of the Time Warner Cable Inc. 2007 Annual Bonus Plan

General

The Company is proposing for stockholder approval the Time Warner Cable Inc. 2007 Annual Bonus Plan (the Annual Bonus Plan). The Company is seeking stockholder approval of the 2006 Plan at the Annual Meeting in order to meet requirements of Section 162(m) and preserve the tax deductibility of certain performance-based awards that are intended by the Company to be deductible. Section 162(m) generally provides that we may not take a federal income tax deduction for compensation in excess of \$1,000,000 paid to the Chief Executive Officer and the four other most highly compensated executive officers in any one year. However, Section 162(m) does not preclude us from taking a federal income tax deduction for certain qualifying performance-based compensation paid to an executive officer in a year even if that compensation exceeds \$1,000,000. The Annual Bonus Plan is structured to satisfy the requirements for performance-based compensation within the meaning of Section 162(m) and related regulations. Section 162(m) requires that certain material terms of the Annual Bonus Plan be approved by our stockholders. Stockholder approval of the Annual Bonus Plan will also constitute approval of (i) the performance criteria upon which performance-based awards that are intended to be deductible by the Company under Section 162(m) may be based under the Annual Bonus Plan; (ii) the annual per-participant limit of \$10 million for any bonus award; and (iii) the classes of employees eligible to receive awards under the Annual Bonus Plan.

Description of the Annual Bonus Plan

The description of the Annual Bonus Plan set forth below is a summary, does not purport to be complete and is qualified in its entirety by the provisions of the Annual Bonus Plan itself. The complete text of the Annual Bonus Plan is attached as Annex B to this Proxy Statement. Our Board of Directors has approved the Annual Bonus Plan, effective February 14, 2007.

Purpose. The purpose of the Annual Bonus Plan is to establish a program of incentive compensation for designated officers and/or key executive employees of the Company and its subsidiaries and divisions that is directly related to the performance results of the Company and such employees. The Annual Bonus Plan provides annual incentives, contingent upon continued employment and meeting certain corporate goals, to certain key executives who make substantial contributions to the Company.

Administration. The Annual Bonus Plan will be administered by either (i) our Board of Directors or (ii) a committee selected by our Board of Directors to administer the Annual Bonus Plan and composed of not less than two directors, each of whom is an outside director , within the meaning of Section 162(m) (the Annual Bonus Plan Committee). If at any time such an Annual Bonus Plan Committee has not been so designated, our Compensation Committee will constitute the Annual Bonus Plan Committee or if there is no Compensation Committee, our Board of Directors will constitute the Annual Bonus Plan Committee.

The Annual Bonus Plan Committee, in its sole discretion, will determine eligibility for participation, establish the maximum award which may be earned by each participant (which may be expressed in terms of dollar amount, percentage of salary or any other measurement), establish goals for each participant (which may be objective or subjective, and based on individual, Company, subsidiary and/or division performance), calculate and determine each participant's level of attainment of such goals, and calculate the bonus award for each participant based upon such level of attainment. Except as otherwise expressly provided in the Annual Bonus Plan, the Annual Bonus Plan Committee has the full power and authority to construe, interpret, and administer the Annual Bonus Plan, including the power to amend or terminate the Annual Bonus Plan as further described below. The Annual Bonus Plan Committee may at any time adopt such rules, regulations, policies, or practices as, in its sole discretion, it will

determine to be necessary or appropriate for the administration of, or the performance of its respective responsibilities under, the Annual Bonus Plan. The Annual Bonus Plan Committee may at any time amend, modify, suspend, or terminate such rules, regulations, policies, or practices.

Eligibility. Participants in the Annual Bonus Plan will be selected by the Annual Bonus Plan Committee for each performance period from those officers and key executives of the Company and its subsidiaries whose

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efforts contribute materially to the success of the Company. No employee will be a participant unless he or she is selected by the Annual Bonus Plan Committee, in its sole discretion. No employee will at any time have the right to be selected as a participant nor, having been selected as a participant for one performance period, to be selected as a participant in any other performance period.

Bonus Awards and Performance Goals. The Annual Bonus Plan Committee, based upon information to be supplied by management of the Company and, where determined as necessary by our Board of Directors, the ratification of our Board of Directors, will establish for each performance period a maximum award (and, if the Annual Bonus Plan Committee deems appropriate, a threshold and target award) and goals relating to Company, subsidiary, divisional, departmental and/or functional performance for each participant and communicate such award levels and goals to each participant prior to or during the performance period for which such award may be made. For purposes of the Annual Bonus Plan, the performance period is the fiscal year of the Company, during which performance is measured to determine the level of attainment of a bonus award. Bonus awards will be earned by each participant based upon the level of attainment of his or her goals during the applicable performance period; provided that the Annual Bonus Plan Committee may reduce the amount of any bonus award in its sole and absolute discretion. As soon as practicable after the end of the applicable performance period, the Annual Bonus Plan Committee will determine the level of attainment of the goals for each participant and the bonus award to be made to each participant.

162(m) Performance Criteria. The performance goals applicable for bonus awards intended to qualify as performance-based compensation under Section 162(m) (162(m) bonus awards) will be based on objective performance criteria established by the Annual Bonus Plan Committee (162(m) performance criteria) and measured in terms of one or more of the following objectives: (i) earnings before or after taxes, interest, depreciation and/or amortization; (ii) net earnings (before or after taxes); (iii) net income (before or after taxes); (iv) operating income before or after depreciation and amortization (and including or excluding capital expenditures); (v) operating income (before or after taxes); (vi) operating profit (before or after taxes); (vii) book value; (viii) earnings per share (before or after taxes); (ix) market share; (x) return measures (including, but not limited to, return on capital, invested capital, assets, equity); (xi) margins; (xii) share price (including, but not limited to, growth measures and total shareholder return); (xiii) sales or product volume growth; (xiv) productivity improvement or operating efficiency; (xv) costs or expenses; (xvi) shareholders' equity; (xvii) revenues or sales; (xviii) cash flow (including, but not limited to, operating cash flow, free cash flow and cash flow return on capital); (xix) revenue-generating unit-based metrics; (xx) expense targets; (xxi) objective measures of customer satisfaction; (xxii) working capital targets; (xxiii) measures of economic value added; (xxiv) inventory control; or (xxv) enterprise value.

The foregoing 162(m) performance criteria may relate to the Company, one or more of its affiliates or one or more of its or their divisions or units, or departments or functions, or any combination of the foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Annual Bonus Plan Committee will determine. In addition, to the degree consistent with Section 162(m) (or any successor section thereto), the 162(m) performance criteria may be calculated without regard to extraordinary items.

Each grant of a 162(m) bonus award will specify the 162(m) performance criteria to be achieved, a minimum acceptable level of achievement below which no payment or award will be made, and a formula for determining the amount of any payment or award to be made if performance is at or above the minimum acceptable level but falls short of full achievement of the specified 162(m) performance criteria.

If the Annual Bonus Plan Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the 162(m) performance criteria to be unsuitable, the Annual Bonus Plan Committee may modify such 162(m) performance criteria or the related minimum acceptable level of achievement, in whole or in part, as the Annual Bonus Plan Committee deems appropriate and equitable; provided, however, that no such modification will be made if the

effect would be to cause a 162(m) bonus award to fail to qualify for the performance-based compensation exception to Section 162(m). In addition, at the time performance goals are established as to a 162(m) bonus award, the Annual Bonus Plan Committee is authorized to

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determine the manner in which the related 162(m) performance criteria will be calculated or measured to take into account certain factors over which the participant has no control or limited control including changes in industry margins, general economic conditions, interest rate movements and changes in accounting principles.

162(m) Bonus Awards. Unless determined otherwise by the Annual Bonus Plan Committee, each bonus award awarded under the Annual Bonus Plan will be a 162(m) bonus award and will be subject to the following requirements, notwithstanding any other provision of the Annual Bonus Plan to the contrary:

No 162(m) bonus award may be paid for years after 2007 unless and until the shareholders of the Company have approved the Annual Bonus Plan in a manner which complies with the shareholder approval requirements of Section 162(m).

A 162(m) bonus award may be made only by an Annual Bonus Plan Committee which is comprised solely of not less than two directors, each of whom is an outside director (within the meaning of Section 162(m)).

The performance goals to which a 162(m) bonus award is subject must be based solely on 162(m) performance criteria. Such performance goals, and the maximum, target and/or threshold (as applicable) bonus amount payable upon attainment thereof, must be established by the Annual Bonus Plan Committee within the time limits required in order for the 162(m) bonus award to qualify for the performance-based compensation exception to Section 162(m).

No 162(m) bonus award may be paid until the Annual Bonus Plan Committee has certified the level of attainment of the applicable performance criteria.

The maximum amount of a 162(m) bonus award is \$10 million to a single participant.

Payment of Bonus Awards. Bonus awards earned during any performance period will be paid as soon as practicable following the end of such performance period and the determination of the amount thereof will be made by the Annual Bonus Plan Committee. Payment of bonus awards will be made in the form of cash. Bonus award amounts earned but not yet paid will not accrue interest.

Termination of Employment. Except as otherwise provided pursuant to an employment agreement between the participant and the Company, a participant will be eligible to receive payment of his or her bonus award earned during a performance period, so long as the participant is employed on the last day of such performance period, notwithstanding any subsequent termination of employment prior to the actual payment of the bonus award. In the event of a participant's death prior to the payment of a bonus award which has been earned, such payment will be made to the participant's designated beneficiary or, if there is none living, to the estate of the participant.

Transferability. A participant may not assign, sell, encumber, transfer or otherwise dispose of any rights or interests under the Annual Bonus Plan except by will or the laws of descent and distribution. Any attempted disposition in contravention of the preceding sentence will be null and void.

Reorganization or Discontinuance. The obligations of the Company under the Annual Bonus Plan will be binding upon any successor corporation or organization resulting from merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company will make appropriate provision for the preservation of participants' rights under the Annual Bonus Plan in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets. If the business conducted by the Company will be discontinued, any previously earned and unpaid bonus awards under the Annual Bonus Plan will become immediately payable to the

participants then entitled thereto.

Section 409A. To the extent applicable, notwithstanding anything in the Annual Bonus Plan to the contrary, the Annual Bonus Plan and all bonus awards (including 162(m) bonus awards) will be interpreted in accordance with Section 409A and Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the effective date of the Annual Bonus Plan. Notwithstanding any provision of the Annual Bonus Plan to the

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contrary, in the event that the Annual Bonus Plan Committee determines that any amounts payable under the Annual Bonus Plan will be taxable to a participant under Section 409A and related Department of Treasury guidance, prior to payment to such participant of such amount, the Company may (i) adopt such amendments to the Annual Bonus Plan and bonus awards (including 162(m) bonus awards) and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Annual Bonus Plan Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Annual Bonus Plan and the bonus awards (including 162(m) bonus awards) and/or (b) take such other actions as the Annual Bonus Plan Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A.

Termination or Amendment of Annual Bonus Plan. The Annual Bonus Plan Committee may amend, suspend or terminate the Annual Bonus Plan at any time; provided that no amendment may be made without the approval of the Company's shareholders if the effect of such amendment would be to cause outstanding or pending 162(m) bonus awards to cease to qualify for the performance-based compensation exception to Section 162(m).

Awards Under the Annual Bonus Plan

No payments have yet been made in respect of awards granted under the Annual Bonus Plan. The amount of the actual bonus payments that may be made under the Annual Bonus Plan will be determined by the Annual Bonus Plan Committee in its discretion. It is, therefore, not possible to predict the actual amounts that will be paid to particular individuals in the future under the Annual Bonus Plan.

Conclusion

The Company believes that its best interests will be served by the approval of the Annual Bonus Plan. The Annual Bonus Plan will enable the Company to be in a position to continue to grant annual cash incentive awards while preserving, where appropriate, the tax deductibility of these awards.

Vote Required for Approval

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock is required to approve the Annual Bonus Plan. For the approval of the Annual Bonus Plan, each issued and outstanding share of Class B common stock has ten votes and each issued and outstanding share of Class A common stock has one vote. The Class A common stock and the Class B common stock will vote together as a single class. Time Warner controls approximately 90.6% of the vote for Proposal Four. The Company expects that Time Warner will vote **FOR** the approval of Proposal Four ensuring the approval of the Annual Bonus Plan.

The Board of Directors recommends a vote **FOR** approval of the Time Warner Cable Inc.
2007 Annual Bonus Plan.

VOTING AT THE ANNUAL MEETING

Voting at the Annual Meeting; Record Date

Only holders of record of the Company's Class A and Class B common stock at the close of business on March 27, 2007, the record date, are entitled to notice of and to vote at the Annual Meeting. At that time, the number of shares entitled to vote and their voting rights were:

901,913,430 shares of Class A common stock, par value \$0.01 per share; and

75,000,000 shares of Class B common stock, par value \$0.01 per share.

Each issued and outstanding share of Class B common stock has ten votes and each issued and outstanding share of Class A common stock has one vote on any matter submitted to a vote of stockholders. The Class A

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common stock and the Class B common stock will vote together as a single class on all matters submitted to a vote of stockholders at the Annual Meeting, except with respect to the election of directors. Holders of the Class A common stock vote, as a separate class, with respect to the election of our Class A directors, and holders of the Class B common stock vote, as a separate class, with respect to the election of our Class B directors. Time Warner controls approximately 90.6% of the vote in matters where the Class A common stock and the Class B common stock vote together as a single class, 82.7% of the vote of the Class A common stock and 100% of the vote of the Class B common stock in any other vote. As a result of its shareholdings, Time Warner has the ability to cause (i) the election of all the nominees for Class A directors and Class B directors, (ii) the ratification of the appointment of Ernst & Young LLP as independent auditors of the Company for 2007, (iii) the approval of the Time Warner Cable Inc. 2006 Stock Incentive Plan, and (iv) the approval of the Time Warner Cable Inc. 2007 Annual Bonus Plan.

The presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast at the Annual Meeting is necessary to constitute a quorum.

Required Vote

A plurality of the votes duly cast is required to elect each of the Class A directors and Class B directors.

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock, voting together, is required to approve the other matters to be acted upon at the Annual Meeting.

An abstention is deemed present, but is not deemed a vote cast. As a result, abstentions and broker non-votes are not included in the tabulation of the voting results on the election of directors or issues requiring approval of a majority of the votes cast and, therefore, do not have the effect of votes in opposition. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power on that item and has not received instructions from the beneficial owner. Broker non-votes and the shares with respect to which a stockholder abstains are included in determining whether a quorum is present.

Proxies and Voting Procedures

Proxies. All shares entitled to vote and represented by properly executed proxies received prior to the Annual Meeting, and not revoked, will be voted as instructed on those proxies. If no instructions are indicated, the shares will be voted as recommended by the Board of Directors. No stockholder of record may appoint more than three persons to act as his or her proxy at the Annual Meeting.

Voting on Other Matters. If any other matters are properly presented at the Annual Meeting for consideration, the persons named in the enclosed form of proxy will have discretion to vote on those matters in accordance with their own judgment to the same extent as the person signing the proxy would be entitled to vote. In accordance with the Company's by-laws, the Annual Meeting may be adjourned, including by the Chairman, in order to permit the solicitation of additional proxies. The Company does not currently anticipate that any other matters will be raised at the Annual Meeting.

Voting Methods Internet, Telephone or Mail. Many stockholders will have the option to submit their proxies or voting instructions electronically through the Internet or by telephone. Stockholders should check their proxy card or voting instructions forwarded by their broker, bank or other holder of record to see which options are available. Stockholders submitting proxies or voting instructions via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that would be borne by the stockholder.

Revoking a Proxy. Any stockholder of record may revoke a proxy at any time before it is voted by:

(i) filing with the Secretary of the Company, at or before the taking of the vote at the Annual Meeting, a written notice of revocation or a duly executed proxy, in either case dated later than the prior proxy relating to the same shares; or

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(ii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not by itself revoke a proxy).

Any written notice of revocation or subsequent proxy should be delivered to Time Warner Cable Inc., 290 Harbor Drive, Stamford, CT 06902-7441, Attention: General Counsel, or hand delivered to the Secretary, before the taking of the vote at the Annual Meeting. To revoke a proxy previously submitted by telephone, a stockholder may simply submit a new proxy at a later date before the taking of the vote at the Annual Meeting, in which case, the later submitted proxy will be recorded and the earlier proxy will be revoked.

Stockholders Sharing the Same Address; Householding

In accordance with notices to many stockholders who hold their shares through a bank, broker or other holder of record (a "street-name stockholder") and share a single address, only one annual report and proxy statement is being delivered to that address unless contrary instructions from any stockholder at that address were received. This practice, known as "householding," is intended to reduce the Company's printing and postage costs. However, any such street-name stockholder residing at the same address who wishes to receive a separate copy of this Proxy Statement or accompanying Time Warner Cable Inc. 2006 Annual Report to Stockholders may request a copy by contacting the bank, broker or other holder of record, or the Company by telephone at: 1-877-4-INFO-TWC, by e-mail to: ir@twcable.com or by mail to: Time Warner Cable Inc., North Tower, One Time Warner Center, New York, NY 10019, Attention: Investor Relations. The voting instruction sent to a street-name stockholder should provide information on how to request (1) householding of future Company materials or (2) separate materials if only one set of documents is being sent to a household. If it does not, a stockholder who would like to make one of these requests should contact the Company as indicated above.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange. Officers, directors and greater than ten-percent stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Because our Class A common stock was not registered under the Exchange Act until 2007, our officers and directors and persons who own more than ten-percent of the Class A common stock were not required to file reports under Section 16 during 2006.

OTHER PROCEDURAL MATTERS

Expenses of Solicitation

All expenses of this solicitation, including the cost of preparing and mailing this Proxy Statement, will be borne by the Company. In addition to solicitation by use of the mail, proxies and voting instructions may be solicited by directors, officers and employees of the Company in person, by telephone or other means of communication. Such directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. The Company has retained D.F. King & Co., Inc. at an estimated cost of \$5,000, plus reimbursement of expenses, to assist in its solicitation of proxies from brokers, nominees, institutions and individuals. Arrangements will also be made with custodians, nominees and fiduciaries for forwarding proxy solicitation materials to beneficial owners of shares held of record by such custodians, nominees and fiduciaries, and the Company will reimburse such custodians, nominees and fiduciaries for reasonable expenses incurred in connection therewith.

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Procedures for Submitting Stockholder Proposals

Proposals for Inclusion in the Proxy Statement. Pursuant to Rule 14a-8 under the Exchange Act, stockholders may present proper proposals for inclusion in the Company's proxy statement and for consideration at the next annual meeting of its stockholders by submitting their proposals to the Company in a timely manner. In order to be included for the 2008 Annual Meeting, stockholder proposals must be received by the Company no later than December 19, 2007, and must otherwise comply with the requirements of Rule 14a-8.

Proposals not Included in the Proxy Statement. In addition, the Company's by-laws establish an advance notice procedure with regard to certain matters, including stockholder proposals not included in the Company's proxy statement, to be brought before an annual meeting of stockholders. In general, notice must be received by the Corporate Secretary of the Company not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting and must contain specified information concerning the matters to be brought before such meeting and concerning the stockholder proposing such matters. Therefore, to be presented at the Company's 2008 Annual Meeting, such a proposal must be received by the Company on or after January 23, 2008 but no later than February 22, 2008. If the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, notice must be received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.

If a stockholder who has notified the Company of his intention to present a proposal at an annual meeting does not appear or send a qualified representative to present his proposal at such meeting, the Company need not present the proposal for a vote at such meeting.

Procedures for Submitting Director Recommendations and Nominations

Submitting Director Recommendations to the Nominating and Governance Committee. If a stockholder would like the Nominating and Governance Committee to consider an individual as a candidate for election to the Board of Directors, the stockholder must submit a proper and timely request as follows:

Timing. The stockholder should notify the Nominating and Governance Committee by no later than September 1 of the year prior to the annual stockholders meeting at which the candidate would seek to be elected.

Information. In notifying the Committee, the stockholder should provide the following information to the Committee:

The name and the address of the stockholder making the submission and the name, address, telephone number and social security number of the candidate to be considered.

The class or series and number of shares of the Company's stock that are beneficially owned by the stockholder making the submission, a description of all arrangements or understandings between the stockholder and the candidate, and an executed written consent of the candidate to serve as a director of the Company if so elected.

A copy of the candidate's resume and references.

An analysis of the candidate's qualifications to serve on the Board of Directors and on each of the Board's committees in light of the criteria set forth in the by-laws, Corporate Governance Policy, and the Policy Statement Regarding Director Nominations (including all regulatory requirements incorporated by references therein).

Address. The foregoing information should be submitted to the Nominating and Governance Committee through the Corporate Secretary, Time Warner Cable Inc., 290 Harbor Drive, Stamford, CT 06902-7441.

The Committee has a policy of applying the same criteria in reviewing candidates proposed by stockholders as it employs in reviewing candidates proposed by any other source.

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Stockholder Nominations Submitted to Stockholders. The Company's by-laws provide that stockholders may nominate persons for election as directors at the Company's stockholders meeting by giving timely written notice to the Company containing required information. The Company's by-laws require that, to be timely and proper, notice of a nomination by a stockholder must be delivered to or mailed to and received at the Company's principal executive offices as follows:

Annual Stockholders Meetings. For elections to be held at an annual meeting of the stockholders, at least 90 days and no more than 120 days before the first anniversary of the date of the annual meeting of stockholders for the prior year. If the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, notice by the stockholder must be delivered or received no earlier than the 120th day before the annual meeting and no later than the close of business on the later of the 90th day prior to the annual meeting or the 10th day after the day on which the date of such meeting is first publicly announced.

Special Stockholders Meetings. For elections that are going to take place at a special meeting of the stockholders, no earlier than the 90th day before the special meeting and no later than the close of business on the later of the 60th day before the special meeting or the 10th day after the day on which the date of the special meeting and the names of the nominees to be elected at the meeting are first publicly announced.

Other Circumstances. Additionally, if the number of directors to be elected to the Board at an annual meeting of the stockholders is increased and there is no public announcement naming all of the nominees for directors or specifying the size of the increased Board at least 90 days before the first anniversary of the date of the prior year's annual meeting, a stockholder's notice will also be timely with respect to nominees for any new positions if it is delivered to or mailed to and received by the Company not later than the 10th day after the public announcement is made.

Information. The notice must contain prescribed information about the proponent and each nominee, including the information about the nominee that would have been required to be included in a proxy statement filed under SEC rules had such nominee been nominated by the Board of Directors.

Address. All notices of proposals by stockholders, whether or not to be included in the Company's proxy materials, should be sent to the attention of the Corporate Secretary of the Company at 290 Harbor Drive, Stamford, CT 06902-7441.

Communicating with the Board of Directors

The Company's Independent Directors have approved a process for stockholders to communicate with directors. Pursuant to that process, stockholders, employees and others interested in communicating with the CEO, the Board's only employee director, should write to the address below:

Glenn A. Britt
President and Chief Executive Officer
Time Warner Cable Inc.
North Tower
One Time Warner Center
New York, NY 10019

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Those interested in communicating directly with the Board, any of the Board's committees, the non-employee directors as a group or any individual non-employee director should write to the address below:

[Name of Addressee]
c/o Corporate Secretary
Time Warner Cable Inc.
290 Harbor Drive
Stamford, CT 06902-7441

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General

The Board of Directors does not currently know of any other matters to be presented at the Annual Meeting. If any additional matters are properly presented, the persons named in the proxy will have discretion to vote in accordance with their own judgment on such matters.

BY ORDER OF THE BOARD OF DIRECTORS,

Marc Lawrence-Apfelbaum
*Executive Vice President, General
Counsel and Secretary*

April 16, 2007

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ANNEX A

TIME WARNER CABLE INC.

2006 STOCK INCENTIVE PLAN

1. Purpose of the Plan

The purpose of the Plan is to aid the Company and its Affiliates in recruiting and retaining employees, directors and advisors and to motivate such employees, directors and advisors to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Awards. The Company expects that it will benefit from the added interest which such employees, directors and advisors will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

2. Definitions

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

- (a) **Act** means The Securities Exchange Act of 1934, as amended, or any successor thereto.
- (b) **Affiliate** means any entity that is consolidated with the Company for financial reporting purposes or any other entity designated by the Board in which the Company or an Affiliate has a direct or indirect equity interest of at least twenty percent (20%), measured by reference to vote or value.
- (c) **Award** means an Option, Stock Appreciation Right, Restricted Stock or Other Stock-Based Award granted pursuant to the Plan.
- (d) **Board** means the Board of Directors of the Company.
- (e) **Change in Control** means the occurrence of any of the following events:
 - (i) any Person within the meaning of Section 13(d)(3) or 14(d)(2) of the Act (other than (a) the Company or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; or (b) Time Warner Inc. or any successor to Time Warner Inc.) becomes the Beneficial Owner within the meaning of Rule 13d-3 promulgated under the Act of 30% or more of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors at a time that Time Warner Inc. or any successor controls less than a majority of such voting power; *excluding, however*, any circumstance in which such beneficial ownership resulted from any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or by any entity controlling, controlled by, or under common control with, the Company;
 - (ii) a change in the composition of the Board since the Effective Date, such that the individuals who, as of such date, constituted the Board (the **Incumbent Board**) cease for any reason to constitute at least a majority of such Board; *provided that* any individual who becomes a director of the Company subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by either (a) the vote of at least a majority of the directors then comprising the Incumbent Board or (b) Time Warner Inc., a successor to Time Warner Inc. or subsidiaries of Time Warner Inc. or a successor to Time Warner Inc., at a time that Time Warner Inc. or a successor to Time Warner Inc. controls a majority of the combined voting power of the then outstanding securities of

the Company entitled to vote generally in the election of directors of the Company, shall be deemed a member of the Incumbent Board; and *provided further*, that any individual who was initially elected as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any person or entity other than the Board shall not be deemed a member of the Incumbent Board;

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(iii) a reorganization, recapitalization, merger or consolidation (a **Corporate Transaction**) involving the Company, unless securities representing more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company or the corporation resulting from such Corporate Transaction (or the parent of such corporation) are held subsequent to such transaction either (a) by the person or persons who were the beneficial holders of the outstanding voting securities entitled to vote generally in the election of directors of the Company immediately prior to such Corporate Transaction, in substantially the same proportions as their ownership immediately prior to such Corporate Transaction or (b) by the person or persons who were the beneficial holders of the outstanding voting securities entitled to vote generally in the election of directors of Time Warner Inc. or any successor to Time Warner Inc. immediately prior to such Corporate Transaction, in substantially the same proportions as their ownership immediately prior to such Corporate Transaction, if such Corporate Transaction occurs at a time that Time Warner Inc. or a successor to Time Warner Inc. controls a majority of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors of the Company; or

(iv) the sale, transfer or other disposition of all or substantially all of the assets of the Company.

(f) **Code** means The Internal Revenue Code of 1986, as amended, or any successor thereto.

(g) **Committee** means the Compensation Committee of the Board or its successor, or such other committee of the Board to which the Board has delegated power to act under or pursuant to the provisions of the Plan or a subcommittee of the Compensation Committee (or such other committee) established by the Compensation Committee or such other committee.

(h) **Company** means Time Warner Cable Inc., a Delaware corporation.

(i) **Effective Date** means the date the Board approved the Plan (June 8, 2006).

(j) **Employment** means (i) a Participant's employment if the Participant is an employee of the Company or any of its Affiliates and (ii) a Participant's services as a non-employee director, if the Participant is a non-employee member of the Board or the board of directors of an Affiliate; *provided, however* that unless otherwise determined by the Committee, a change in a Participant's status from employee to non-employee (other than to a director of the Company or an Affiliate) shall constitute a termination of employment hereunder.

(k) **Fair Market Value** means, on a given date, (i) if there should be a public market for the Shares on such date, the closing price of the Shares on the New York Stock Exchange, or, if the Shares are not listed or admitted on any national securities exchange, the average of the per Share closing bid price and per Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such prices are regularly quoted) (the "NASDAQ"), or, if no sale of Shares shall have been reported on the New York Stock Exchange or quoted on the NASDAQ on such date, then the immediately preceding date on which sales of the Shares have been so reported or quoted shall be used, and (ii) if there should not be a public market for the Shares on such date, the Fair Market Value shall be the value established by the Committee in good faith.

(l) **ISO** means an Option that is also an incentive stock option granted pursuant to Section 6(d).

(m) **Option** means a stock option granted pursuant to Section 6.

- (n) **Option Price** means the price for which a Share can be purchased upon exercise of an Option, as determined pursuant to Section 6(a).
- (o) **Other Stock-Based Awards** means awards granted pursuant to Section 9.
- (p) **Participant** means an employee, prospective employee, director or advisor of the Company or an Affiliate who is selected by the Committee to participate in the Plan.

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- (q) **Performance-Based Awards** means certain Other Stock-Based Awards granted pursuant to Section 9(b).
- (r) **Plan** means the Time Warner Cable Inc. 2006 Stock Incentive Plan, as amended from time to time.
- (s) **Ratio** means the quotient resulting from dividing (a) the grant date fair value of a share of Restricted Stock or other Stock-Based Award payable in Stock, as the case may be, as determined for financial reporting purposes (the grant date fair value) by (b) the grant date fair value of an Option with a ten-year term that becomes exercisable in installments of 25% on the first four anniversaries of the date of grant; provided, however, that if such grant date fair value is not available, the fair value shall be the fair value as determined for financial reporting purposes as of the most recently completed fiscal quarter of the Company for which financial statements and such valuation have been prepared.
- (t) **Restricted Stock** means any Share granted under Section 8.
- (u) **Shares** means shares of Class A Common Stock of the Company, \$.01 par value per share.
- (v) **Stock Appreciation Right** means a stock appreciation right granted pursuant to Section 7.
- (w) **Subsidiary** means a subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto), of the Company.

3. Shares Subject to the Plan

The total number of Shares which may be issued under the Plan is 100,000,000. Any Shares issued in connection with Awards other than Options or Stock Appreciation Rights shall be counted against this authorization as the number of Shares equal to the Ratio for every one Share issued in connection with such Award or by which the Award is valued by reference. Any Shares issued in connection with Awards of Options or Stock Appreciation Rights shall be counted against this limit as one Share for every one Share issued. The maximum aggregate number of Shares with respect to which Awards may be granted during a calendar year, net of any Shares which are subject to Awards (or portions thereof) which, during such year, terminate or lapse without payment of consideration, shall be equal to 1.5% of the number of Shares outstanding on December 31 of the preceding calendar year; *provided that* for the year ended December 31, 2006 if such number of outstanding shares is less than one billion, such number shall be deemed to be one billion. The maximum number of Shares with respect to which Awards may be granted during a calendar year to any Participant shall be 1,500,000; *provided that* the maximum number of Shares that may be awarded in the form of Restricted Stock or Other Stock-Based Awards payable in Shares during any calendar year to any Participant shall be 1,500,000 divided by the Ratio. The number of Shares available for issuance under the Plan shall be reduced by the full number of Shares covered by Awards granted under the Plan (including, without limitation, the full number of Shares covered by any Stock Appreciation Right, regardless of whether any such Stock Appreciation Right or other Award covering Shares under the Plan is ultimately settled in cash or by delivery of Shares); *provided, however*, that the number of Shares covered by Awards (or portions thereof) that are forfeited or that otherwise terminate or lapse without the payment of consideration in respect thereof shall again become available for issuance under the Plan; and *provided further* that any Shares that are forfeited after the actual issuance of such Shares to a Participant under the Plan shall not become available for re-issuance under the Plan.

4. Administration

- (a) The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof consisting solely of at least two individuals who are intended to qualify as

independent directors within the meaning of the New York Stock Exchange listed company rules (to the extent required), Non-Employee Directors within the meaning of Rule 16b-3 under the Act (or any successor rule thereto) and, to the extent required by Section 162(m) of the Code (or any successor section thereto), outside directors within the

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meaning thereof. In addition, the Committee may delegate the authority to grant Awards under the Plan to any employee or group of employees of the Company or an Affiliate; *provided that* such grants are consistent with guidelines established by the Committee from time to time.

- (b) The Committee shall have the full power and authority to make, and establish the terms and conditions of, any Award to any person eligible to be a Participant, consistent with the provisions of the Plan and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or its affiliates or a company acquired by the Company or with which the Company combines. The number of Shares underlying such substitute awards shall be counted against the aggregate number of Shares available for Awards under the Plan.
- (c) The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan, and may delegate such authority, as it deems appropriate. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors).
- (d) The Committee shall require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the exercise, grant or vesting of an Award. Unless the Committee specifies otherwise, the Participant may elect to pay a portion or all of such withholding taxes by (a) delivery of Shares or (b) having Shares withheld by the Company with a Fair Market Value equal to the minimum statutory withholding rate from any Shares that would have otherwise been received by the Participant.

5. Limitations

- (a) No Award may be granted under the Plan after the fifth anniversary of the first grant of an Award under the Plan, but Awards granted prior to such fifth anniversary may extend beyond that date.
- (b) No Option or Stock Appreciation Right, once granted hereunder, may be repriced.

6. Terms and Conditions of Options

Options granted under the Plan shall be, as determined by the Committee, nonqualified or incentive stock options for federal income tax purposes, as evidenced by the related Award agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine, and as evidenced by the related Award agreement:

- (a) Option Price. The Option Price per Share shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of a Share on the date an Option is granted.
- (b) Exercisability. Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted, except as may be provided pursuant to Section 15.

- (c) Exercise of Options. Except as otherwise provided in the Plan or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of this Section 6, the exercise date of an Option shall be the date a notice of exercise is received by the Company, together with provision for payment of the full purchase price in accordance with this Section 6(c). The purchase price for the Shares as to which an Option

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is exercised shall be paid to the Company, as designated by the Committee, pursuant to one or more of the following methods: (i) in cash or its equivalent (e.g., by check); (ii) in Shares having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; *provided that* such Shares have been held by the Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles); (iii) partly in cash and partly in such Shares or (iv) if there is a public market for the Shares at such time, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such Sale equal to the aggregate Option Price for the Shares being purchased. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to an Option until the Shares are issued to the Participant.

- (d) ISOs. The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). No ISO may be granted to any Participant who at the time of such grant, owns more than ten percent of the total combined voting power of all classes of stock of the Company or of any Subsidiary, unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who disposes of Shares acquired upon the exercise of an ISO either (i) within two years after the date of grant of such ISO or (ii) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. All Options granted under the Plan are intended to be nonqualified stock options, unless the applicable Award agreement expressly states that the Option is intended to be an ISO. If an Option is intended to be an ISO, and if for any reason such Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such non-qualification, such Option (or portion thereof) shall be regarded as a nonqualified stock option granted under the Plan; *provided that* such Option (or portion thereof) otherwise complies with the Plan's requirements relating to nonqualified stock options. In no event shall any member of the Committee, the Company or any of its Affiliates (or their respective employees, officers or directors) have any liability to any Participant (or any other person) due to the failure of an Option to qualify for any reason as an ISO.
- (e) Attestation. Wherever in this Plan or any agreement evidencing an Award a Participant is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and/or shall withhold such number of Shares from the Shares acquired by the exercise of the Option, as appropriate.

7. Terms and Conditions of Stock Appreciation Rights

- (a) Grants. The Committee may grant (i) a Stock Appreciation Right independent of an Option or (ii) a Stock Appreciation Right in connection with an Option, or a portion thereof. A Stock Appreciation Right granted pursuant to clause (ii) of the preceding sentence (A) may be granted at the time the related Option is granted or at any time prior to the exercise or cancellation of the related Option, (B) shall cover the same number of Shares covered by an Option (or such lesser number of Shares as the Committee may determine) and (C) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 7 (or such additional limitations as may be included in an Award agreement).

- (b) Terms. The exercise price per Share of a Stock Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the Fair Market Value of a Share on the date the Stock Appreciation Right is granted; *provided, however,* that notwithstanding the

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foregoing in the case of a Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, the exercise price may not be less than the Option Price of the related Option. Each Stock Appreciation Right granted independent of an Option shall entitle a Participant upon exercise to an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share, times (ii) the number of Shares covered by the Stock Appreciation Right. Each Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, shall entitle a Participant to surrender to the Company the unexercised Option, or any portion thereof, and to receive from the Company in exchange therefor an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the Option Price per Share, times (ii) the number of Shares covered by the Option, or portion thereof, which is surrendered. Payment shall be made in Shares or in cash, or partly in Shares and partly in cash (any such Shares valued at such Fair Market Value), all as shall be determined by the Committee. Stock Appreciation Rights may be exercised from time to time upon actual receipt by the Company of written notice of exercise stating the number of Shares with respect to which the Stock Appreciation Right is being exercised. The date a notice of exercise is received by the Company shall be the exercise date. No fractional Shares will be issued in payment for Stock Appreciation Rights, but instead cash will be paid for a fraction or, if the Committee should so determine, the number of Shares will be rounded downward to the next whole Share. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares covered by Stock Appreciation Rights until the Shares are issued to the Participant.

- (c) Limitations. The Committee may impose, in its discretion, such conditions upon the exercisability of Stock Appreciation Rights as it may deem fit, but in no event shall a Stock Appreciation Right be exercisable more than ten years after the date it is granted, except as may be provided pursuant to Section 15.

8. Restricted Stock

- (a) Grant. Subject to the provisions of the Plan, the Committee shall determine the number of Shares of Restricted Stock to be granted to each Participant, the duration of the period during which, and the conditions, if any, under which, the Restricted Stock may be forfeited to the Company, and the other terms and conditions of such Awards; *provided that*, except with respect to Awards to members of the Company's Board, not less than 95% of the Shares of Restricted Stock (other than those awarded pursuant to Section 8(d)) shall remain subject to forfeiture for at least three years after the date of grant, subject to earlier termination of such potential for forfeiture in whole or in part in the event of a Change in Control or the death, disability or other termination of the Participant's employment.
- (b) Transfer Restrictions. Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as provided in the Plan or the applicable Award agreement. Certificates, or other evidence of ownership, issued in respect of Shares of Restricted Stock shall be registered in the name of the Participant and deposited by such Participant, together with a stock power endorsed in blank, with the Company. After the lapse of the restrictions applicable to such Shares of Restricted Stock, the Company shall deliver such certificates, or other evidence of ownership, to the Participant or the Participant's legal representative.
- (c) Dividends. Dividends paid on any Shares of Restricted Stock may be paid directly to the Participant, withheld by the Company subject to vesting of the Restricted Shares pursuant to the terms of the applicable Award agreement, or may be reinvested in additional Shares of Restricted Stock, as determined by the Committee in its sole discretion.
- (d)

Performance-Based Grants. Notwithstanding anything to the contrary herein, certain Shares of Restricted Stock granted under this Section 8 may, at the discretion of the Committee, be granted in a manner which is intended to be deductible by the Company under Section 162(m) of the Code (or any successor section thereto). The restrictions applicable to such Restricted Stock shall lapse based

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wholly or partially on the attainment of written performance goals approved by the Committee for a performance period established by the Committee (i) while the outcome for that performance period is substantially uncertain and (ii) no more than 90 days after the commencement of the performance period to which the performance goal relates or, if less, the number of days which is equal to 25 percent of the relevant performance period. The performance goals, which must be objective, shall be based upon one or more of the criteria set forth in Section 9(b) below. The Committee shall determine in its discretion whether, with respect to a performance period, the applicable performance goals have been met with respect to a given Participant and, if they have, shall so certify prior to the release of the restrictions on the Shares.

9. Other Stock-Based Awards

- (a) Generally. The Committee, in its sole discretion, may grant or sell Awards of Shares and Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares (Other Stock-Based Awards). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive, or vest with respect to, one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine the number of Shares to be awarded to a Participant under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable). The maximum amount of Other Stock-Based Awards that may be granted during a calendar year to any Participant shall be: (x) with respect to Other Stock-Based Awards that are denominated or payable in Shares, the number of Shares equal to 1,500,000 divided by the Ratio and (y) with respect to Other Stock-Based Awards that are not denominated or payable in Shares, \$10 million. Notwithstanding any other provision, with respect to Other Stock-Based Awards settled in Shares that are subject to time-based vesting, except with respect to Awards to members of the Company's Board, not less than 95% of such Other Stock-Based Awards payable in Shares shall vest and become payable at least three years after the date of grant, subject to earlier termination of such potential for forfeiture in whole or in part in the event of a Change in Control or the death, disability or other termination of the Participant's employment.
- (b) Performance-Based Awards. Notwithstanding anything to the contrary herein, certain Other Stock-Based Awards granted under this Section 9 may be granted in a manner which is intended to be deductible by the Company under Section 162(m) of the Code (or any successor section thereto) (Performance-Based Awards). A Participant's Performance-Based Award shall be determined based on the attainment of written performance goals approved by the Committee for a performance period of not less than one year established by the Committee (i) while the outcome for that performance period is substantially uncertain and (ii) no more than 90 days after the commencement of the performance period to which the performance goal relates or, if less, the number of days which is equal to 25 percent of the relevant performance period. The performance goals, which must be objective, shall be based upon one or more of the following criteria: (i) operating income before depreciation and amortization; (ii) operating income; (iii) earnings per share; (iv) return on shareholders' equity; (v) revenues or sales; (vi) free cash flow; (vii) return on invested capital; (viii) total stockholder return; and (ix) revenue generating unit-based metrics. The foregoing criteria may relate to the Company, one or more of its Affiliates or one or more of its or their divisions or units, or any combination of the foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Committee shall determine. In

addition, to the degree consistent with Section 162(m) of the Code (or any successor section thereto), the performance goals may be calculated without regard to

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extraordinary items. The Committee shall determine whether, with respect to a performance period, the applicable performance goals have been met with respect to a given Participant and, if they have, shall so certify and ascertain the amount of the applicable Performance-Based Award. No Performance-Based Awards will be paid for such performance period until such certification is made by the Committee. The amount of the Performance-Based Award actually paid to a given Participant may be less than the amount determined by the applicable performance goal formula, at the discretion of the Committee. The amount of the Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period; *provided, however*, that a Participant may, if and to the extent permitted by the Committee and consistent with the provisions of Section 162(m) of the Code and Section 19 below, elect to defer payment of a Performance-Based Award.

10. Adjustments Upon Certain Events

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

- (a) **Generally.** In the event of any change in the outstanding Shares (including, without limitation, the value thereof) after the Effective Date by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination, combination or transaction or exchange of Shares or other corporate exchange, or any distribution to stockholders of Shares other than regular cash dividends or any transaction similar to the foregoing, the Committee in its sole discretion and without liability to any person shall make such substitution or adjustment, if any, as it deems to be equitable (subject to Section 19), as to (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the maximum number of Shares for which Awards (including limits established for Restricted Stock or Other Stock-Based Awards) may be granted during a calendar year to any Participant, (iii) the Option Price or exercise price of any Stock Appreciation Right and/or (iv) any other affected terms of such Awards.
- (b) **Change in Control.** In the event of a Change in Control after the Effective Date, the Committee may (subject to Section 19), but shall not be obligated to, (A) accelerate, vest or cause the restrictions to lapse with respect to, all or any portion of an Award, (B) cancel Awards for fair value (as determined in the sole discretion of the Committee) which, in the case of Options and Stock Appreciation Rights, may equal the excess, if any, of value of the consideration to be paid in the Change in Control transaction to holders of the same number of Shares subject to such Options or Stock Appreciation Rights (or, if no consideration is paid in any such transaction, the Fair Market Value of the Shares subject to such Options or Stock Appreciation Rights) over the aggregate exercise price of such Options or Stock Appreciation Rights, (C) provide for the issuance of substitute Awards that will substantially preserve the otherwise applicable terms of any affected Awards previously granted hereunder as determined by the Committee in its sole discretion or (D) provide that for a period of at least 30 days prior to the Change in Control, such Options shall be exercisable as to all shares subject thereto and that upon the occurrence of the Change in Control, such Options shall terminate and be of no further force and effect.

11. No Right to Employment or Awards

The granting of an Award under the Plan shall impose no obligation on the Company or any Affiliate to continue the Employment of a Participant and shall not lessen or affect the Company's or Subsidiary's right to terminate the Employment of such Participant. No Participant or other person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders of Awards. The terms and conditions of

Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

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12. Successors and Assigns

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

13. Non-transferability of Awards

Unless otherwise determined by the Committee (and subject to the limitation that in no circumstances may an Award be transferred by the Participant for consideration or value), an Award shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution. An Award exercisable after the death of a Participant may be exercised by the legatees, personal representatives or distributees of the Participant.

14. Amendments or Termination

The Board or the Committee may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made, (a) without the approval of the stockholders of the Company, if such action would (except as is provided in Section 10 of the Plan), increase the total number of Shares reserved for the purposes of the Plan or increase the maximum number of Shares of Restricted Stock or Other Stock-Based Awards that may be awarded hereunder, or the maximum number of Shares for which Awards may be granted to any Participant, (b) without the consent of a Participant, if such action would diminish any of the rights of the Participant under any Award theretofore granted to such Participant under the Plan or (c) to Section 5(b), relating to repricing of Options or Stock Appreciation Rights, to permit such repricing; *provided, however*, that the Committee may amend the Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of the Code or other applicable laws.

Without limiting the generality of the foregoing, to the extent applicable, notwithstanding anything herein to the contrary, this Plan and Awards issued hereunder shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that the Committee determines that any amounts payable hereunder will be taxable to a Participant under Section 409A of the Code and related Department of Treasury guidance, prior to payment to such Participant of such amount, the Company may (a) adopt such amendments to the Plan and Awards and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Awards hereunder and/or (b) take such other actions as the Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A of the Code.

15. International Participants

With respect to Participants who reside or work outside the United States of America and who are not (and who are not expected to be) covered employees within the meaning of Section 162(m) of the Code, the Committee may, in its sole discretion, amend the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant, the Company or an Affiliate.

16. Other Benefit Plans

All Awards shall constitute a special incentive payment to the Participant and shall not be taken into account in computing the amount of salary or compensation of the Participant for the purpose of determining any benefits under any pension, retirement, profit-sharing, bonus, life insurance or other benefit plan of the Company or under any agreement between the Company and the Participant, unless such plan or agreement specifically provides otherwise.

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17. Choice of Law

The Plan shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of laws, and except as otherwise provided in the pertinent Award agreement, any and all disputes between a Participant and the Company or any Affiliate relating to an Award shall be brought only in a state or federal court of competent jurisdiction sitting in Manhattan, New York.

18. Effectiveness of the Plan

The Plan shall be effective as of the Effective Date.

19. Section 409A

Notwithstanding other provisions of the Plan or any Award agreements thereunder, no Award shall be granted, deferred, accelerated, extended, paid out or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. In the event that it is reasonably determined by the Committee that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

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ANNEX B

TIME WARNER CABLE INC.

2007 ANNUAL BONUS PLAN

I. Purpose

The purpose of the Plan is to establish a program of incentive compensation for designated officers and/or key executive employees of the Company and its subsidiaries and divisions that is directly related to the performance results of the Company and such employees. The Plan provides annual incentives, contingent upon continued employment and meeting certain corporate goals, to certain key executives who make substantial contributions to the Company.

II. Definitions

Board means the Board of Directors of the Company.

Bonus Award means the award, as determined by the Committee, to be granted to a Participant based on that Participant's level of attainment of his or her goals established in accordance with Articles IV and V.

Code means the Internal Revenue Code of 1986, as amended.

Committee means either (i) the Board or (ii) a committee selected by the Board to administer the Plan and composed of not less than two directors, each of whom is an outside director (within the meaning of Section 162(m) of the Code). If at any time such a Committee has not been so designated, the Compensation Committee of the Board shall constitute the Committee or if there shall be no Compensation Committee of the Board, the Board shall constitute the Committee.

Company means Time Warner Cable Inc. together with each of its subsidiaries.

Designated Beneficiary means the beneficiary or beneficiaries designated in accordance with Article XIII hereof to receive the amount, if any, payable under the Plan upon the Participant's death.

162(m) Bonus Award means a Bonus Award which is intended to qualify for the performance-based compensation exception to Section 162(m) of the Code, as further described in Article VII.

Participant means any officer or key executive designated by the Committee to participate in the Plan.

Performance Criteria means objective performance criteria established by the Committee with respect to 162(m) Bonus Awards. Performance Criteria shall be measured in terms of one or more of the following objectives:

- (i) earnings before or after taxes, interest, depreciation and/or amortization;
- (ii) net earnings (before or after taxes);
- (iii) net income (before or after taxes);

- (iv) operating income before or after depreciation and amortization (and including or excluding capital expenditures);
- (v) operating income (before or after taxes);
- (vi) operating profit (before or after taxes);
- (vii) book value;
- (viii) earnings per share (before or after taxes);
- (ix) market share;
- (x) return measures (including, but not limited to, return on capital, invested capital, assets, equity);

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- (xi) margins;
- (xii) share price (including, but not limited to, growth measures and total shareholder return);
- (xiii) sales or product volume growth;
- (xiv) productivity improvement or operating efficiency;
- (xv) costs or expenses;
- (xvi) shareholders equity;
- (xvii) revenues or sales;
- (xviii) cash flow (including, but not limited to, operating cash flow, free cash flow and cash flow return on capital);
- (xix) revenue-generating unit-based metrics;
- (xx) expense targets;
- (xxi) objective measures of customer satisfaction;
- (xxii) working capital targets;
- (xxiii) measures of economic value added;
- (xxiv) inventory control; or
- (xxv) enterprise value.

The foregoing criteria may relate to the Company, one or more of its affiliates or one or more of its or their divisions or units, or departments or functions, or any combination of the foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Committee shall determine. In addition, to the degree consistent with Section 162(m) of the Code (or any successor section thereto), the Performance Criteria may be calculated without regard to extraordinary items.

Each grant of a 162(m) Bonus Award shall specify the Performance Criteria to be achieved, a minimum acceptable level of achievement below which no payment or award will be made, and a formula for determining the amount of any payment or award to be made if performance is at or above the minimum acceptable level but falls short of full achievement of the specified Performance Criteria.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Performance Criteria to be unsuitable, the Committee may modify such Performance Criteria or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable; provided, however, that no such modification shall be made if the effect would be to cause a 162(m) Bonus Award to fail to qualify for the performance-based compensation exception to Section 162(m) of the Code. In addition, at the time performance goals

are established as to a 162(m) Bonus Award, the Committee is authorized to determine the manner in which the Performance Criteria related thereto will be calculated or measured to take into account certain factors over which the Participant has no control or limited control including changes in industry margins, general economic conditions, interest rate movements and changes in accounting principles.

Performance Period means the period during which performance is measured to determine the level of attainment of a Bonus Award, which shall be the fiscal year of the Company.

Plan means the Time Warner Cable Inc. 2007 Annual Bonus Plan.

III. Eligibility

Participants in the Plan shall be selected by the Committee for each Performance Period from those officers and key executives of the Company and its subsidiaries whose efforts contribute materially to the success of the Company. No employee shall be a Participant unless he or she is selected by the Committee, in its sole discretion. No employee shall at any time have the right to be selected as a Participant nor, having

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been selected as a Participant for one Performance Period, to be selected as a Participant in any other Performance Period.

IV. Administration

The Committee, in its sole discretion, will determine eligibility for participation, establish the maximum award which may be earned by each Participant (which may be expressed in terms of dollar amount, percentage of salary or any other measurement), establish goals for each Participant (which may be objective or subjective, and based on individual, Company, subsidiary and/or division performance), calculate and determine each Participant's level of attainment of such goals, and calculate the Bonus Award for each Participant based upon such level of attainment.

Except as otherwise herein expressly provided, full power and authority to construe, interpret, and administer the Plan shall be vested in the Committee, including the power to amend or terminate the Plan as further described in Article XVI. The Committee may at any time adopt such rules, regulations, policies, or practices as, in its sole discretion, it shall determine to be necessary or appropriate for the administration of, or the performance of its respective responsibilities under, the Plan. The Committee may at any time amend, modify, suspend, or terminate such rules, regulations, policies, or practices.

V. Bonus Awards

The Committee, based upon information to be supplied by management of the Company and, where determined as necessary by the Board, the ratification of the Board, will establish for each Performance Period a maximum award (and, if the Committee deems appropriate, a threshold and target award) and goals relating to Company, subsidiary, divisional, departmental and/or functional performance for each Participant and communicate such award levels and goals to each Participant prior to or during the Performance Period for which such award may be made. Bonus Awards will be earned by each Participant based upon the level of attainment of his or her goals during the applicable Performance Period; provided that the Committee may reduce the amount of any Bonus Award in its sole and absolute discretion. As soon as practicable after the end of the applicable Performance Period, the Committee shall determine the level of attainment of the goals for each Participant and the Bonus Award to be made to each Participant.

VI. Payment of Bonus Awards

Bonus Awards earned during any Performance Period shall be paid as soon as practicable following the end of such Performance Period and the determination of the amount thereof shall be made by the Committee. Payment of Bonus Awards shall be made in the form of cash. Bonus Award amounts earned but not yet paid will not accrue interest.

VII. 162(m) Bonus Awards

Unless determined otherwise by the Committee, each Bonus Award awarded under the Plan shall be a 162(m) Bonus Award and will be subject to the following requirements, notwithstanding any other provision of the Plan to the contrary:

1. No 162(m) Bonus Award may be paid for years after 2007 unless and until the shareholders of the Company have approved the Plan in a manner which complies with the shareholder approval requirements of Section 162(m) of the Code.
2. A 162(m) Bonus Award may be made only by a Committee which is comprised solely of not less than two directors, each of whom is an outside director (within the meaning of Section 162(m) of the Code).

3. The performance goals to which a 162(m) Bonus Award is subject must be based solely on Performance Criteria. Such performance goals, and the maximum, target and/or threshold (as applicable) Bonus Amount payable upon attainment thereof, must be established by the Committee

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within the time limits required in order for the 162(m) Bonus Award to qualify for the performance-based compensation exception to Section 162(m) of the Code.

4. No 162(m) Bonus Award may be paid until the Committee has certified the level of attainment of the applicable Performance Criteria.
5. The maximum amount of a 162(m) Bonus Award is \$10 million to a single Participant.

VIII. Termination of Employment

Except as otherwise provided pursuant to an employment agreement between the Participant and the Company, a Participant shall be eligible to receive payment of his or her Bonus Award earned during a Performance Period, so long as the Participant is employed on the last day of such Performance Period, notwithstanding any subsequent termination of employment prior to the actual payment of the Bonus Award. In the event of a Participant's death prior to the payment of a Bonus Award which has been earned, such payment shall be made to the Participant's Designated Beneficiary or, if there is none living, to the estate of the Participant.

IX. Reorganization or Discontinuance

The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company will make appropriate provision for the preservation of Participants' rights under the Plan in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

If the business conducted by the Company shall be discontinued, any previously earned and unpaid Bonus Awards under the Plan shall become immediately payable to the Participants then entitled thereto.

X. Non-Alienation of Benefits

A Participant may not assign, sell, encumber, transfer or otherwise dispose of any rights or interests under the Plan except by will or the laws of descent and distribution. Any attempted disposition in contravention of the preceding sentence shall be null and void.

XI. No Claim or Right to Plan Participation

No employee or other person shall have any claim or right to be selected as a Participant under the Plan. Neither the Plan nor any action taken pursuant to the Plan shall be construed as giving any employee any right to be retained in the employ of the Company.

XII. Taxes

The Company shall deduct from all amounts paid under the Plan all federal, state, local and other taxes required by law to be withheld with respect to such payments.

XIII. Designation and Change of Beneficiary

Each Participant may indicate upon notice to him or her by the Committee of his or her right to receive a Bonus Award a designation of one or more persons as the Designated Beneficiary who shall be entitled to receive the

amount, if any, payable under the Plan upon the death of the Participant. Such designation shall be in writing to the Committee. A Participant may, from time to time, revoke or change his or her Designated Beneficiary without the consent of any prior Designated Beneficiary by filing a written designation with the Committee. The last such designation received by the Committee shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt.

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XIV. Payments to Persons Other Than the Participant

If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his or her affairs because of incapacity, illness or accident, or is a minor, or has died, then any payment due to such person or his or her estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee, in its sole discretion, to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Company therefor.

XV. No Liability of Committee Members

No member of the Committee shall be personally liable by reason of any contract or other instrument related to the Plan executed by such member or on his or her behalf in his or her capacity as a member of the Committee, nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each employee, officer, or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including legal fees, disbursements and other related charges) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

XVI. Termination or Amendment of the Bonus Plan

The Committee may amend, suspend or terminate the Bonus Plan at any time; provided that no amendment may be made without the approval of the Company's shareholders if the effect of such amendment would be to cause outstanding or pending 162(m) Bonus Awards to cease to qualify for the performance-based compensation exception to Section 162(m) of the Code.

XVII. Unfunded Plan

Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, Beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

XVIII. Section 409A of the Code.

To the extent applicable, notwithstanding anything herein to the contrary, the Plan and Bonus Awards issued hereunder (including 162(m) Bonus Awards) shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the effective date of the Plan. Notwithstanding any provision of the Plan to the contrary, in the event that the Committee determines that any amounts payable hereunder will be taxable to a Participant under Section 409A of the Code and related Department of Treasury guidance, prior to

payment to such Participant of such amount, the Company may (a) adopt such amendments to the Plan and Bonus Awards (including 162(m) Bonus Awards) and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Bonus Awards (including 162(m) Bonus Awards) hereunder and/or (b) take such other actions

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as the Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A of the Code.

XIX. Governing Law

The terms of the Plan and all rights thereunder shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws.

XX. Effective Date

The effective date of the Plan is February 14, 2007.

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**Directions to
Hyatt Regency Hotel
Old Greenwich, Connecticut**

From I-95 North or South:

Take the Old Greenwich exit #5. Make a right at the end of the ramp onto East Putnam Ave. (route 1). Follow the avenue to the third traffic light and make a right into the Hotel entrance.

From New York City:

Take the F.D.R. Drive north to the Triborough Bridge. Go over the Triborough Bridge and follow the signs to the Bruckner Expressway, New England. Follow the signs to the I-95 north, New England. Take the Old Greenwich exit #5. Make a right at the end of the ramp onto East Putnam Ave. (route 1). Follow the avenue to the third traffic light and make a right into the Hotel entrance.

From New Jersey:

Follow the Garden State Parkway North to I-87 South. Go over the Tappan Zee Bridge. Take the exit for 287 East. Follow signs to I-95 North into CT. Take the Old Greenwich exit #5. Make a right at the end of the ramp onto East Putnam Ave. (route 1). Follow the avenue to the third traffic light and make a right into the Hotel Entrance.

From the Merritt Parkway heading North/South:

Take the North Street exit #31. Make a left (heading North) or make a right (heading South) onto North Street toward the Greenwich business district. Follow North Street to the end, (approximately 4 miles). Take a left onto Maple Ave. Take the next left onto East Putnam Ave. Follow E. Putnam Ave. for approximately 3 miles. After passing the I-95 thruway entrance signs, the Hyatt will be at the third traffic light. Turn right into the Hotel entrance.

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**PROXY
TIME WARNER CABLE INC.**

Proxy Solicited on Behalf of the Board of Directors of

Time Warner Cable Inc. for the Annual Meeting of Stockholders on May 23, 2007

The undersigned hereby acknowledges receipt of the Time Warner Cable Inc. Notice of Annual Meeting and Proxy Statement and hereby constitutes and appoints Marc Lawrence-Apfelbaum, Robert D. Marcus and John K. Martin, and each of them, its true and lawful agents and proxies, with full power of substitution in each, to attend the Annual Meeting of Stockholders of TIME WARNER CABLE INC. on Wednesday, May 23, 2007, and any adjournment thereof, and to vote on the matters indicated all the shares of Class A Common Stock that the undersigned would be entitled to vote if personally present.

Please mark, sign and date this Proxy Card on the reverse side and return it promptly using the enclosed reply envelope.

This proxy when properly executed will be voted in the manner directed herein. If no direction is made, this proxy will be voted FOR all nominees listed and FOR proposals 2, 3 and 4.

Continued and to be signed on reverse side

x Votes must be indicated in Black or Blue ink as in this example.

The Board of Directors recommends a vote FOR all nominees in Item 1 and FOR proposals 2, 3 and 4.

1. Election of Class A Directors.

FOR ALL NOMINEES ☐ WITHHOLD AUTHORITY ☐ *EXCEPTIONS ☐
to vote for ALL NOMINEES listed below
Nominees: David C. Chang and James E. Copeland, Jr.

INSTRUCTIONS: To withhold authority to vote for one of the nominees, mark the Exceptions box and write the nominee's name in the space provided below. Mark only one box above.

*Exceptions _____

2. Ratification of Auditors. FOR ☐ AGAINST ☐ ABSTAIN ☐
3. Approval of the Time Warner Cable Inc. 2006 Stock Incentive Plan. FOR ☐ AGAINST ☐ ABSTAIN ☐
4. Approval of the Time Warner Cable Inc. 2007 Annual Bonus Plan. FOR ☐ AGAINST ☐ ABSTAIN ☐
5. In their discretion, on such other matters as may properly come before the meeting.

To register to attend the meeting, please mark this box.

☐

To change your address, please mark this box.

o

Authorized Signatures Sign Here This section must be completed for your instructions to be executed.

Signature _____ Date: _____

Signature _____ Date: _____

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.