

To: 'John Silcock' [REDACTED] 'Bob Taylor' [REDACTED]
Cc: Paul Gongaware [REDACTED] Shawn Trell [REDACTED] 'Deniz Dervish' [REDACTED]
From: Timm Woolley
Sent: Sun 3/22/2009 4:13:43 PM
Importance: Normal
Subject: FW: Tour Insurance
MJLondon03-15-09V20CashFlow.xls

Guys

I haven't walked through this with PaulG yet, but am expecting to later today. There will be individual line-item changes in expenses, probably, but income won't change as they have been previously discussed with PaulG by Gord Berg.

Format: There are two sections to the budget: first 30 shows, second tranche of 20 shows. Within the former there's the pre-tour and rehearsal section and then the 30-show run. Within the latter, there's the break cost (three months at 25% pay - policy as yet unresolved, but ballpark) and then the run of 20 shows. Please ignore all sheets except 'Production'.

Income: Ticket sales are estimated as sell-out at a pre-stage-design cap of 14992, but sighlines are expected to improve to allow another 500 tickets to go on sale when the stage and stage-design is complete. The ticket income is shown as being subject to 15% VAT and the combined expenses of the 50 shows is reflected in 'Show %' on line 99 - i.e. approx 15% is comprised of local expenses including AEG rent, stagehands, catering, support, pl insurance, etc. Merchandising is not expected to contribute more than approx \$2.6m over the entire run. But secondary ticketing (premium sales through ViaGoGo, for example) plus boat-ferry packages plus VIP packages, plus outlet commissions are expected to contribute \$200,000 per show. Note: this might improve to \$400,000 per show. Exchange rates were taken as GBP1=\$1.4 but the recent Fed actions have already caused the GBP to increase to \$1.46 and the trend is likely to increase to between \$1.5 and \$1.6 by summer.

Expense: 7 weeks of casting/choreographing and arranging/rehearsals will take place for dancers and vocalists/musicians respectively. The production may then go into Sony Studios rehearsal space or (less likely) LA Forum for 3.5 weeks of sound, lights, video, staging, fx rehearsals. After airfreight to UK, there will be approx 1 week of full UK rehearsals in EC or Wembley, former being preferable, prior to the first O2 show.

Please note that there are columns that have been 'hidden' that include cash flow analyses I didn't get to yesterday and a division between costs arising in GBP -v- US\$ to inform internal decisions on remitting cash to AEG corporate. This doesn't affect what you are looking for.



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AEG000191193

Exhibit 677 - 44

Central to this exercise:

1) Pre-production and rehearsal expenses are now expected to be \$10.5; so the sum insured goes up to \$17.5m. These costs will all be recouped in the 30 show run, together with the artist advance and the pre-tour layout in rent and 'production supervision'.

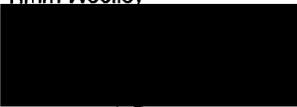
2) Break costs, representing upfront expenses prior to the second tranche of 20 shows will probably not represent an additional, later line-item to insure.

3) Pre-tour costs and advances are recouped on a straight-line amortised 30-show basis with the artist, with staged-settlements taking place each few shows and a further payment being made to artist taking into account also the current costs of the shows taking place in the time period. If, due to a postponement, costs were incurred without concomitant revenue, the next staged-settlement would take these into account and the artist payment resulting would be reduced by those expenses.

Please call for explanations.

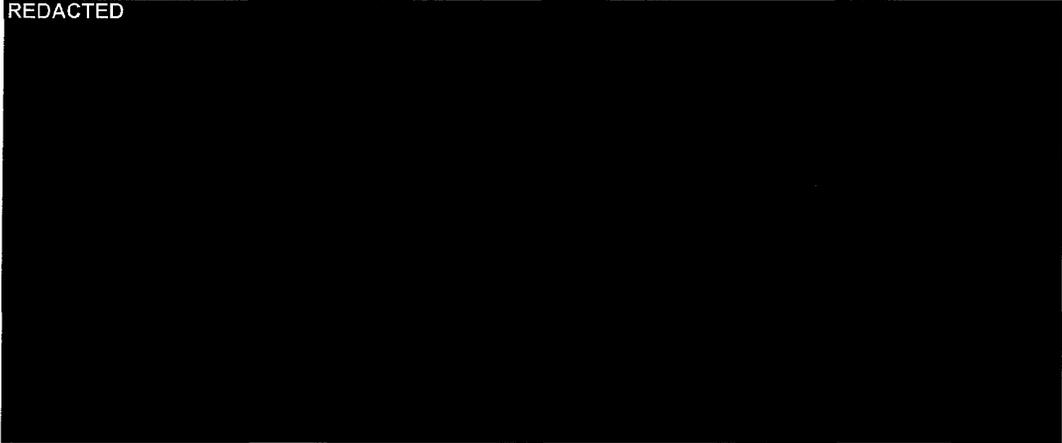
Timm

Timm Woolley



From: John Silcock [REDACTED]
Sent: Sunday, March 22, 2009 9:28 AM
To: Bob Taylor; Paul Gongaware
Cc: TimmWoolley [REDACTED] Deniz Dervish; Shawn Trel
Subject: RE: Tour Insurance

REDACTED



REDACTED



From: Bob Taylor
Sent: 22 March 2009 01:55
To: John Silcock; 'Paul Gongaware'
Cc: 'TimmWoolley' [REDACTED] Deniz Dervish; 'Shawn Trell'
Subject: RE: Tour Insurance

REDACTED



-----Original Message-----

From: John Silcock

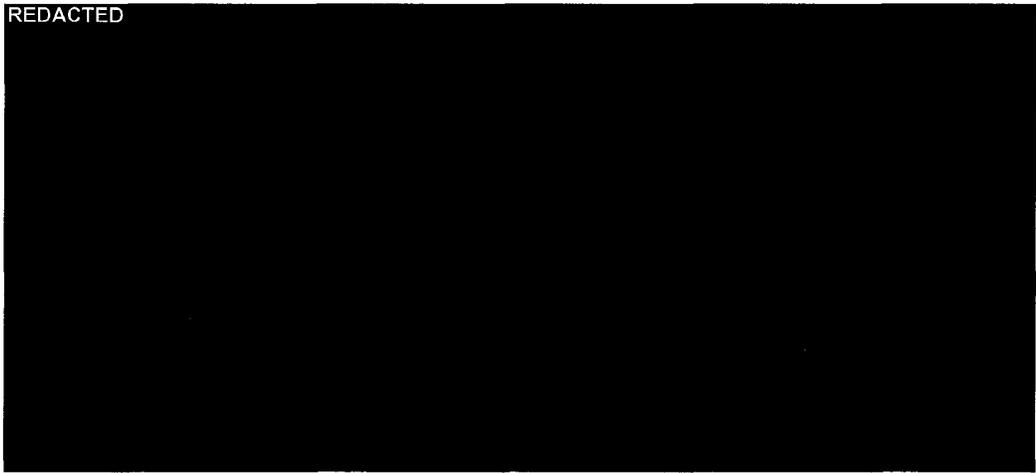
Sent: 21 March 2009 23:45

To: 'Paul Gongaware'

Cc: TimmWoolley [REDACTED]; Deniz Dervish; Shawn Trell; Bob Taylor

Subject: RE: Tour Insurance

REDACTED



REDACTED



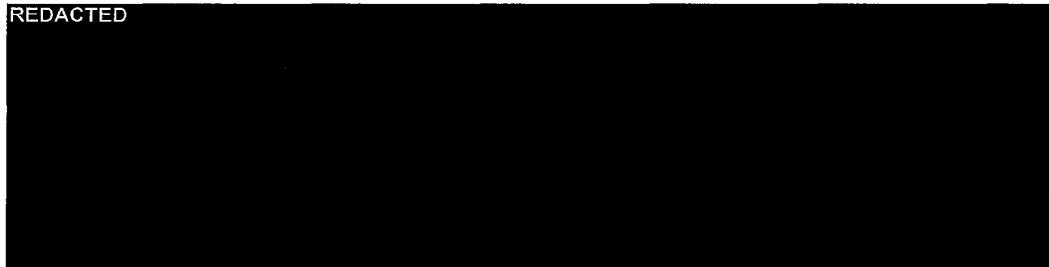
Confidential

AEGL000191196

Exhibit 677 - 47

From: Paul Gongaware [REDACTED]
Sent: 21 March 2009 20:07
To: John Silcock
Cc: TimmWoolley [REDACTED]; Deniz Dervish; Shawn Trel; Bob Taylor
Subject: Re: Tour Insurance

REDACTED



REDACTED

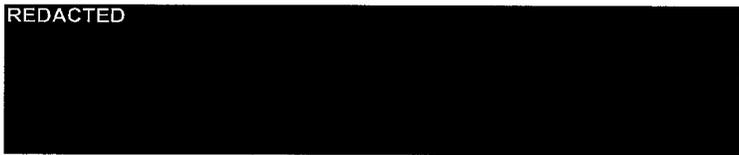


On Mar 21, 2009, at 6:48 AM, John Silcock wrote:

REDACTED



REDACTED



REDACTED

From:

Paul Gongaware [
REDACTED]

Sent:

21 March 2009 12:50

To:

John Silcock

Cc:

TimmWoolley [REDACTED]
Deniz Dervish; Shawn Trell;
Bob Taylor

Subject:

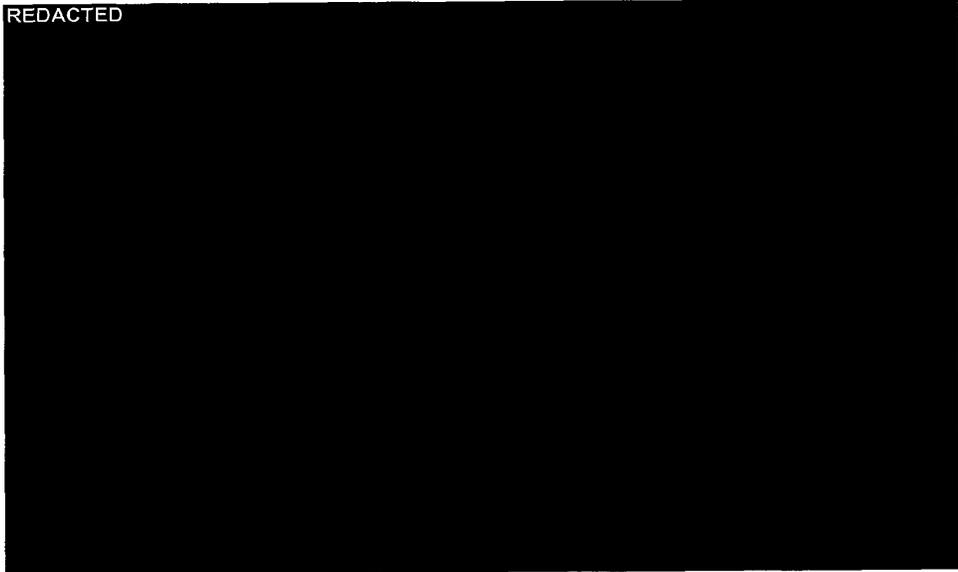
Re: Tour Insurance

Confidential

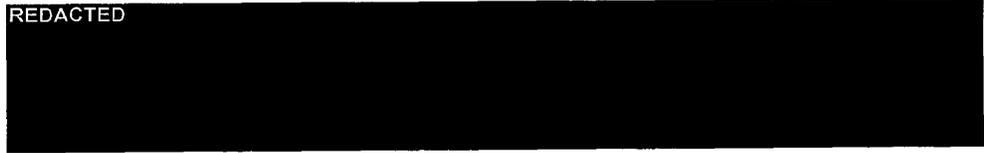
AEGL000191199

Exhibit 677 - 50

REDACTED



REDACTED



On Mar 20, 2009, at 4:00 PM, John Silcock wrote:

Just to let you know that I've now got some indications of cost for Death / Disability.

To provide cover for Death (any cause) and Permanent Total Disablement due to Accident or Sickness for a limit of \$14.5m the premium would be \$435,000.

To provide cover for Accidental Death and Permanent Total Disablement due to Accident only (in other words excluding sickness or disease or natural causes) the premium would be \$145,000.

Both quotations will exclude suicide or intentional self-injury.

Permanent Total Disablement means disablement due to an unforeseen cause which entirely prevents the person from performing their normal occupation and which lasts for 12 months, at which time it is deemed to be beyond hope of improvement.

The cover / indicated cost options all based on 30 shows and a limit of \$14.5m are therefore

Non-Appearance

3 show deductible

\$ 797,500

Cancellation / Failure to Recoup

No deductible

\$ 362,500

Death / Disability (Accident and Sickness)

No deductible

\$ 435,000

Death / Disability (Accident only)

No deductible

\$ 145,000

Terrorism

No deductible

Limit \$2,500,000 - premium = \$19,750

Limit \$5,000,000 - premium = \$34,750

Limit \$10,000,000 - premium = \$46,500

The most comprehensive coverage is the Non-Appearance. The Failure to Recoup is more competitive and will provide cover in the event you fail to recoup of course, BUT in this context recoupment means out of net revenue from day one, not amortisation over the course of the 30 shows. Both are subject to more information.

Given the very good medical, the Accidental Death / Disability is a good option, and is by far and away the most competitive. However, this is only basic cover and would not include coverage for situations such as damage / unavailability of the venue, life threatening illness of family members etc. The Death / Disability cover is not subject to the same requirement regarding further information.

It may even be worth considering a combination of the Failure to Recoup and the Accidental Death / Disability, as the latter can continue to provide some protection after recoupment.

We would strongly recommend that the Terrorism cover is purchased as a stand alone policy irrespective as to which of the other options you decide upon.

Look forward to hearing from you once you've had an opportunity to review, and if you have any questions please do not hesitate to contact us.

John

From:

John Silcock

Sent:

20 March 2009 05:44

To:

'Paul Gongaware'

Confidential

AEGL000191208

Exhibit 677 - 59

Cc:

TimmWoolley [REDACTED]
Deniz Dervish;
'Shawn Trell';
Bob Taylor

Subject:

RE: Tour Insurance

Sensitivity:

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Sorry for delay, have just got to NY.

We've got some indicative terms, but there will be more information required before we are able to firm these up. This will however give you some idea of likely costs, subject to the additional information. We are also working on some other options, such as Death / Disability only, but I will come on to these later.

As I am sure you will appreciate, this is a far from straightforward and somewhat more complicated placement, almost entirely due to how this particular artist is portrayed in the media. Consequently there are a lot of pre-conceived ideas about him, some of which have been very difficult to overcome, simply due the overwhelming amount of negative publicity, despite the good medical report.

To insure 30 shows with a sum insured of \$14.5M (per Timm's email) on the basis of insuring only those shows cancelled and not rescheduled. Subject to a 3 show deductible (shows lost). There will be no cover for the costs to reschedule any shows.

Based on

No back-to-back shows.

Every attempt made to reschedule.

Premium: \$797,500 (Rate: 5.50%)

As I have said, this is an indication only and is subject to more detailed information – for example:

- 1.
1. Due to the specific nature of this risk, insurers will require a further medical examination to be carried out by their nominated doctor. This will be very similar to the previous examination. They may restrict illness cover or death from illness cover until this

examination has taken place.

- 2.
2. Full review of past 5 year medical history by nominated doctor.

- 3.
3. No catastrophe non-appearance coverage of bands, dancers or backing singers will be granted until all names and ages of performers seen and agreed by underwriters.

- 4.
4. Full details of the stage to be provided. No cover for losses arising from the staging will be covered until information seen and accepted by underwriters.

5.
5. Full details of weekly fitness programme.

6.
6. Full details of any pre-existing conditions or illnesses suffered by the children along with a signed release granting access to their full medical records in the event of a related loss hereunder.

7.
7. Journey details (time allowed for travel + number of vehicles, etc.) to the venue to be advised to underwriters.

8.
8. Full details of any promotional work that will be undertaken during the policy period.

9.
9. Limit of Indemnity of \$14.5M (or final figure) is amortised over the 30 shows.

10.
10. A full budget showing anticipated revenues and costs
10.

11.
11. How many songs will be performed (is there a contractual minimum or maximum)? The show not to be longer than 90 minutes (we may be able to negotiate on this, but will need to know how long the show will be including any encores).

Additional Information which will be required prior to binding:

1. Comprehensive list of ALL proposed shows not already announced up to the end of 2010.

2. Confirmation of when cover will be purchased for the 2010 shows (up to February) and an estimation of the level of cover that will be required.

3. Details of any coverage that artistco will require on the 30 shows to be covered hereunder.

4. Will the artist have a medical practitioner travelling with the tour party or will one be retained in London? If so, (either scenario) please provide their names.

5. Confirmation from the mother's doctor as to her current state of health and any medical conditions from which she suffers (or has suffered).

6. Details of the mother's living arrangements, e.g. private residence, care home, and is there any retained dedicated care staff?

An alternative indication is for a cancellation policy to cover failure to achieve breakeven. The policy will respond to a failure to achieve breakeven (number of shows / amount to be advised) and the policy will end once the run goes into profit. There will be no cover for individual losses, and no deductible. For example, breakeven achieved after 15 shows have taken place, then policy off risk after 15 shows have played. If 30 show run is over, and only 10 shows played, then policy responds in respect of 5 shows. Premium would be in region of \$362,500 (rate around 2.50%).

We have also obtained indications for Death and/or Disability only. However so far the premium rates indicated have been almost the same as the Non-Appearance indication, although we are discussing with alternative markets and are expecting a response tomorrow, so will update you then.

Finally we have obtained an indication of cost for losses due to Terrorism. We feel this is important to consider given that this involves a fixed location and unavailability of the venue would have serious implications.

Indicated limits and relevant costs are as follows -

\$2,500,000 - premium = \$19,750

\$5,000,000 - premium = \$34,750

\$10,000,000 - premium = \$46,500

We should be able to obtain terms for the full limit of \$14.5m if required.

Perhaps you could give me a call when you've had an opportunity to review the above, and if you have any questions, please do not hesitate to contact us (I will be available on myUS cell [REDACTED] as well as my UK [REDACTED] cell [REDACTED]).

Look forward to hearing from you.

John

From:

John Silcock

Sent:

17 March 2009 22:11

To:

'Paul Gongaware'

Cc:

TimmWoolley [REDACTED]
Deniz Dervish;
'Shawn Trell';
Bob Taylor

Subject:

RE: Tour Insurance

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AEGL000191221

Exhibit 677 - 72

We have some terms from insurers which potentially look interesting, but we need to clarify a couple of points. We will aim to get back to you tomorrow. This will be on basis of covering the \$11.5m per Timm's email yesterday.

I am travelling to Vegas tonight and then on to Nashville and NY, but will be on my cell [REDACTED]

Rgds

John

From:

Bob Taylor

Sent:

15 March 2009 22:29

To:

'Paul Gongaware'

Cc:

John Silcock;

TimmWoolley [REDACTED]

Deniz Dervish;

Shawn Trell;

Ian France

Subject:

RE: Tour Insurance

Confidential

AEGL000191223

Exhibit 677 - 74

REDACTED

-----Original Message-----

From:
Paul Gongaware [

Sent:
15 March 2009 13:10

To:
Bob Taylor

Cc:
John Silcock;

[TimmWoolley](#) [REDACTED]
Deniz Dervish;
Shawn Trell

Subject:
Re: Tour Insurance

REDACTED

Confidential

AEGL000191224

Exhibit 677 - 75

REDACTED

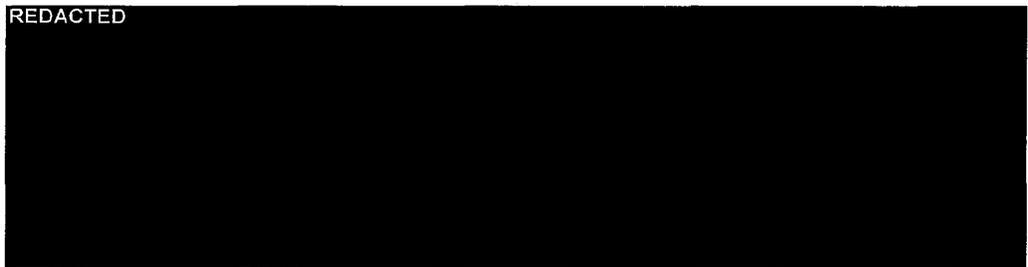


REDACTED



On Mar 15, 2009, at 1:12 AM,
Bob Taylor
wrote:

REDACTED



-----Original Message-----

From:
John Silcock

Sent:
15 March 2009 03:42

To:
Paul Gongaware;

TimmWoolley 

Cc:
Deniz Dervish;
'Shawn Trel';
Bob Taylor

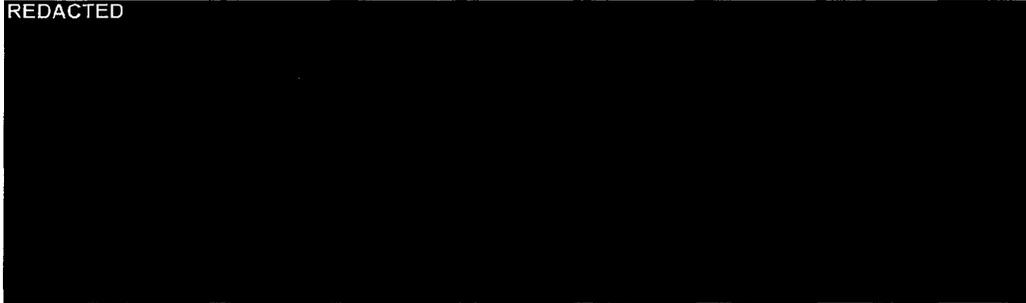
Subject:
RE: Tour Insurance

Confidential

AEGL000191226

Exhibit 677 - 77

REDACTED



From:

Paul Gongaware <
[REDACTED]>

Sent:

Sunday, March 15, 2009 2:54 AM

To:

TimmWoolley@ [REDACTED]

Cc:

'John Silcock' <
[REDACTED]> Deniz Dervish' <

'Shawn Trel'

<

[REDACTED] Bob TAYLOR <

>

Subject:

Confidential

AEGL000191227

Exhibit 677 - 78

Re: Tour Insurance

REDACTED



REDACTED

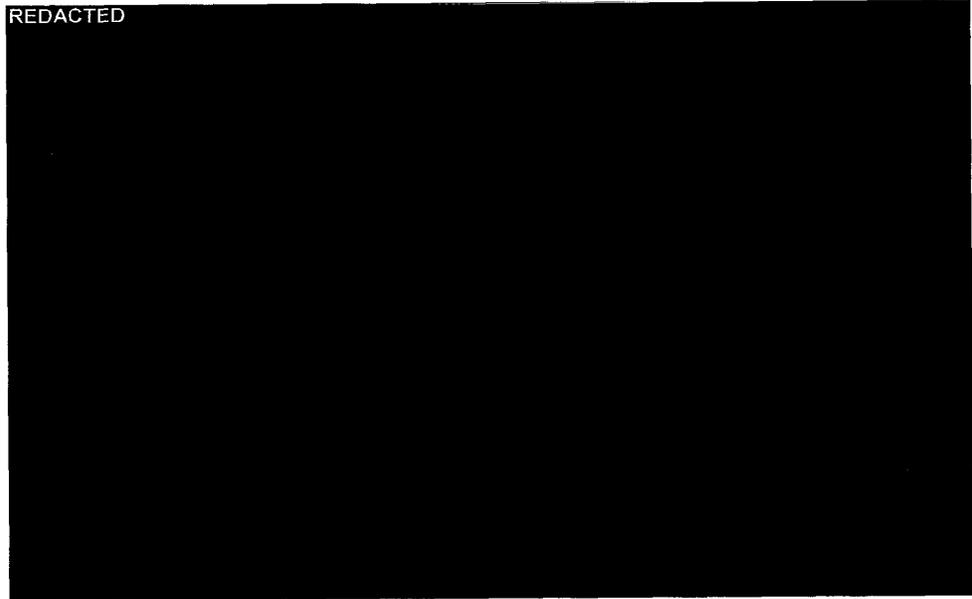


On Mar 13, 2009, at 12:57 PM, Timm Woolley wrote:

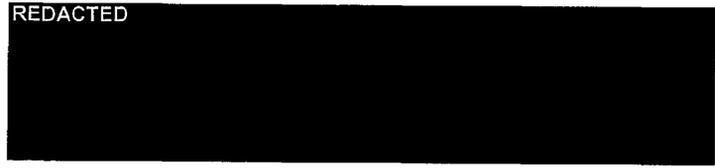
REDACTED

A horizontal black rectangular redaction box covering the text of the email body.

REDACTED

A large vertical black rectangular redaction box covering the majority of the email body text.

REDACTED



[The entire original message is not included]