

In re Clear Channel Outdoor Holdings, Inc. Shareholder Litigation

COURT: Delaware Court of Chancery
CASE NUMBER: 7315
CASE LEADERS: Mark Lebovitch

On March 7, 2012, BLB&G filed a shareholder derivative complaint in the Delaware Court of Chancery on behalf of the City of Pinellas Park Firefighters Pension Board in the name and for the benefit of Clear Channel Outdoor Holdings, Inc. ("Outdoor" or the "Company"), against Outdoor's board of directors (the "Board") and Outdoor's controlling shareholder Clear Channel Communications, Inc. ("Clear Channel").

This derivative lawsuit alleged that Clear Channel has abused its 90% ownership position to compel Outdoor to provide what will soon be a one billion loan (the "Loan") via an unsecured line of credit at an interest rate that is less than half of what the market would charge Clear Channel for similar debt. In light of Clear Channel's poor financial condition and \$16 billion debt load, Outdoor faces a strong prospect that it will never be paid back on the unsecured Loan.

In response to the filing of the Pinellas Park action, the Outdoor Board formed a special litigation committee ("SLC") of purportedly independent directors to investigate the alleged wrongdoing. In July 2012, the SLC requested, and the Court granted, a six-month stay ("Stay") of the derivative litigation to provide the SLC with sufficient time to conduct its investigation.

Following extensive discussions, BLB&G and the Outdoor SLC were able to negotiate a settlement pursuant to which Outdoor will, among other things, (a) immediately dividend \$200 million to its shareholders and (b) provide a delegation of authority to independent directors to demand repayment of a portion of the Loan when the Loan balance exceeds \$1 billion.

On July 8, 2013, the parties entered into the Stipulation of Settlement (the "Stipulation") reflecting the terms of the proposed settlement. A copy of the Stipulation is available on the [Case Documents](#) page.

On September 9, 2013, the Delaware Court of Chancery granted final approval of the settlement and plan of allocation.

Case Documents

- August 19, 2013 - Order and Final Judgment
- August 19, 2013 - Certificate of Service
- August 19, 2013 - Declaration of J.T. Atkins
- August 19, 2013 - Affidavit of Steven L. Myers in Support of Plaintiffs' Proposed Settlement and Application for Attorneys' Fees and Reimbursement of Expenses
- August 19, 2013 - Affidavit of Art Winqvist in Support of Plaintiffs' Proposed Settlement and Application for Attorneys' Fees and Reimbursement of Expenses

- August 19, 2013 - Joint Affidavit of Michael J. Barry and Mark Lebovitch in Support of Plaintiffs' Brief in Support of Proposed Settlement and Application for Attorneys' Fees and Reimbursement of Expenses
- August 19, 2013 - Plaintiffs' Motion for Approval of Proposed Settlement and Application for Attorneys' Fees and Reimbursement of Expenses
- July 8, 2013 - Exhibit A to Affidavit of Christopher M. Temple
- July 8, 2013 - Affidavit of Christopher M. Temple
- July 19, 2013 - Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear
- July 8, 2013 - Exhibit E (Charter of the Intercompany Note Committee of the Board of Directors of Clear Channel Outdoor Holdings, Inc.)
- July 8, 2013 - Exhibit D (Second Amendment to Revolving Promissory Note)
- July 8, 2013 - Stipulation of Settlement
- March 7, 2012 - Statement of Good Cause
- March 7, 2012 - Affidavit and Verification of Art Winqvist in Support of Shareholder Derivative Complaint of City of Pinellas Park Firefighters Pension Board
- March 7, 2012 - Verified Shareholder Derivative Complaint