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# Clear Channel Outdoor, Bain sued over cheap loan

Thu, Mar 8 2012

March 8 (Reuters) - The board of Clear Channel Outdoor Holdings Inc was sued Thursday by an investor seeking to rescind what it called an improper \$656 million loan that the billboard advertising company made to its ailing parent.

The loan has "so significantly" depleted Clear Channel Outdoor's cash reserves that the company was forced to borrow \$2 billion to fund a special dividend, according to the lawsuit filed in Delaware's Chancery Court.

Clear Channel Communications Inc, the radio broadcaster and parent of Clear Channel Outdoor, was also named as a defendant. Its owners, private equity firms Bain Capital LLC and Thomas H Lee Partners LLC, were also named as defendants.

None was immediately available for comment.

Bain and Thomas H Lee bought Clear Channel Communications in 2008 for about \$18 billion. Clear Channel Communications owns 89 percent of Clear Channel Outdoor.

According to the complaint by the City of Pinellas Park Firefighters Pension Board, Clear Channel Outdoor's directors were compelled by their ties to the parent and the private equity firms to make the loan on "incredibly favorable" terms, hurting investors.

Late last year, a shareholder challenged the loan and asked the board to review it, but the board said the loan could not be modified or eliminated.

"Outdoor faces a severe risk that the unsecured loan will never be paid back because (Clear Channel Communications) has been drowning under a massive debt load since its 2008 leveraged buyout," the lawsuit said.

Shares of Clear Channel Outdoor rose 23 cents on Thursday to end at \$13.73 on the New York Stock Exchange.

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