

# LAMAR ADVERTISING CO/NEW

## FORM 10-K (Annual Report)

Filed 03/28/00 for the Period Ending 12/31/99

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Symbol	LAMR
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Industry	Advertising
Sector	Technology
Fiscal Year	12/31

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**Form 10-K**

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
**EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 1999

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

**EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission File Number 0-30242*

**Lamar Advertising Company**

*Commission File Number 1-12407 Lamar Media Corp.*

(Exact name of registrants as specified in its charter)

Delaware	72-1449411
Delaware	72-1205791
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5551 Corporate Blvd., Baton Rouge, LA	70808
(Address of principal executive offices)	(Zip Code)

Registrants' telephone number, including area code: (225) 926-1000

**SECURITIES OF LAMAR ADVERTISING COMPANY  
REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

Title of Each Class: -----	Name of each Exchange On Which Registered: -----
Class A common stock, \$.001 par value	Nasdaq National Market

**SECURITIES OF LAMAR ADVERTISING COMPANY  
REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**

None

**SECURITIES OF LAMAR MEDIA CORP.  
REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

Title of Each Class: -----	Name of each Exchange On Which Registered: -----
None	N/A

**SECURITIES OF LAMAR MEDIA CORP.**

**REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

**9 5/8% Senior Subordinated Notes due 2006**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ( )

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

The aggregate market value of the voting stock held by nonaffiliates of Lamar Advertising Company as of March 8, 2000: \$1,962,907,848

The number of shares of Lamar Advertising Company's Class A common stock outstanding as of March 8, 2000: 71,555,810

The number of shares of the Lamar Advertising Company's Class B common stock outstanding as of March 8, 2000: 17,000,000

This combined Form 10-K is separately filed by (i) Lamar Advertising Company and (ii) Lamar Media Corp. (which is a wholly-owned subsidiary of Lamar Advertising Company). Lamar Media Corp. meets the conditions set forth in general instruction I(1) (A) and (B) of Form 10-K and is, therefore, filing this form with the reduced disclosure format permitted by such instruction.

On July 20, 1999, Lamar Advertising Company completed a corporate reorganization to create a new holding company structure. The reorganization was accomplished through a merger under section 251(g) of the Delaware General Corporation Law. At the effective time of the merger, all stockholders of Lamar Advertising Company became stockholders in a new holding company and Lamar Advertising Company became a wholly-owned subsidiary of the new holding company. The new holding company took the Lamar Advertising Company name and the old Lamar Advertising Company was renamed Lamar Media Corp. In the merger, all outstanding shares of old Lamar Advertising Company's capital stock were converted into shares of the new holding company with the same voting powers, designations, preferences and rights, and the same qualifications, restrictions and limitations, as the shares of old Lamar Advertising Company. Following the restructuring, the Class A common stock of the new holding company trades under the symbol "LAMR" on the Nasdaq National Market with the same CUSIP number as the old Lamar Advertising Company's Class A common stock.

In this annual report, "Lamar," the "Company," "we," "us" and "our" refer to Lamar Advertising Company and its consolidated subsidiaries with respect to periods following the reorganization and to old Lamar Advertising Company with respect to periods prior to the reorganization, except where we make it clear that we are only referring to Lamar Media Corp. or a particular subsidiary.

In addition, "Lamar Media" and "Media" refer to Lamar Media Corp. and its consolidated subsidiaries with respect to periods following the reorganization and to old Lamar Advertising Company with respect to periods prior to the reorganization, except where we make it clear that we are only referring to Lamar Media Corp. or a particular subsidiary.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of Lamar Advertising Company's proxy statement for the Annual Meeting of Stockholders to be held on May 25, 2000 are incorporated by reference into

Part III of this Form 10-K.

### **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This combined Annual Report on Form 10-K of Lamar Advertising Company and Lamar Media Corp. contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These are statements that relate to future periods and include statements about the Company's, and Lamar Media's:

- o expected operating results;
- o market opportunities;
- o acquisition opportunities;
- o ability to compete; and
- o stock price.

Generally, the words "anticipates," "believes," "expects," "intends," "estimates," "projects," "plans" and similar expressions identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company's actual results, performance or achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other important factors include, among others: (1) risks and uncertainties relating to the Company's significant indebtedness; (2) the need for additional funds; (3) the integration of companies that the Company acquires and the Company's ability to recognize cost savings or operating efficiencies as a result of

such acquisitions; (4) the continued popularity of outdoor advertising as an advertising medium; (5) the regulation of the outdoor advertising industry and (6) the risks and uncertainties described below under the caption "Factors Affecting Future Operating Results" under Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations. The forward-looking statements contained in this Annual Report on Form 10-K speak only as of the date of this Annual Report. Lamar Advertising Company and Lamar Media expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this Annual Report to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

## **PART I**

### **ITEM 1. BUSINESS**

#### **GENERAL**

Lamar is one of the largest and most experienced owners and operators of outdoor advertising structures in the United States. The Company conducts a business that has operated under the Lamar name since 1902. As of December 31, 1999, the Company operated approximately 116,800 outdoor advertising displays in 42 states. The Company also operates the largest logo sign business in the United States. Logo signs are signs located near highway exits which deliver brand name information on available gas, food, lodging and camping services. As of December 31, 1999, the Company maintained over 79,500 logo sign displays in 20 states. The Company also operates transit advertising displays on bus shelters, bus benches and buses in several markets.

#### **BUSINESS STRATEGY**

##### **OUTDOOR ADVERTISING**

The Company's overall business strategy is to be the leading provider of outdoor advertising in the markets it serves. This strategy includes the following elements:

##### **OPERATING STRATEGY:**

**HIGH QUALITY LOCAL SALES AND SERVICE.** Local advertising constituted approximately 86% of the Company's net revenues in 1999, which management believes is higher than the industry average. The Company attempts to identify and closely monitor the needs of its customers and seeks to provide them with quality advertising products at a lower cost than competitive media.

At December 31, 1999, the Company's 526-person sales force was supported by 126 full-service offices. Each salesperson is compensated under a performance-based compensation system and supervised by a sales manager executing a coordinated marketing plan. Art departments assist local customers in the development and production of creative, effective advertisements.

**CENTRALIZED CONTROL/DECENTRALIZED MANAGEMENT.** Management believes that in 126 of the 139 markets in which the Company operated at December 31, 1999, the Company is the only outdoor advertising company offering a full complement of outdoor advertising services coupled with local production facilities, management and account executives. Local offices operate in defined geographic areas and function essentially as independent business units, consistent with senior management's philosophy that a decentralized organization is more responsive to particular local market demands.

The Company maintains centralized accounting and financial control over its local operations, but local managers are responsible for the day-to-day operations in each local market and are compensated according to that market's financial performance. Each local manager reports to one of nine regional managers who in turn report to the Company's Chief Executive Officer.

## **GROWTH STRATEGY:**

**INTERNAL GROWTH.** Within its existing markets, the Company enhances revenue and cash flow growth by employing highly targeted local marketing efforts to improve display occupancy rates and by increasing advertising rates. This strategy is facilitated through its local sales and service offices, which allow management to respond quickly to the demands of its local customer base. In addition, the Company routinely invests in upgrading its existing structures and constructing new display faces in order to provide quality service to its current customers and to attract new advertisers.

**ACQUISITIONS.** Aggressive internal growth is enhanced by focused strategic acquisitions, resulting in increased operating efficiencies, greater geographic diversification and increased market penetration. The Company has completed over 220 acquisitions of outdoor advertising businesses since 1983. In addition to acquiring positions in new markets, the Company purchases smaller outdoor advertising properties within existing or contiguous markets. Acquisitions offer opportunities for inter-market cross-selling and the opportunity to centralize and combine accounting and administrative functions, thereby achieving economies of scale. In addition, the Company leverages its reputation for high quality local sales and service by taking advantage of opportunities to acquire high-profile bulletin displays that may become available in larger markets. Although the acquisition market is becoming more competitive, the Company believes that there will be future opportunities for implementing the Company's acquisition strategy given the industry's fragmentation and current consolidation trends.

During 1999, the Company increased the number of outdoor advertising displays it operates by approximately 62% by acquiring outdoor advertising assets, including the completion of 77 strategic acquisitions of outdoor advertising businesses as well as isolated purchases of outdoor advertising displays. Certain of the Company's principal acquisitions since January 1, 1999 are described below:

### **American Displays, Inc.**

On January 5, 1999, the Company purchased all of the outdoor advertising assets of American Displays, Inc. for a cash purchase price of approximately \$14.5 million. The acquisition consisted of displays in Grand Rapids, Michigan.

### **KJS, LLC.**

On February 1, 1999, the Company purchased all of the outdoor advertising assets of KJS, LLC for a cash purchase price of \$40.5 million. The approximately 1,400 displays were located in Lincoln and Omaha, Nebraska.

### **Frank Hardie, Inc.**

On April 1, 1999, the Company purchased all of the assets of Frank Hardie, Inc. for a cash purchase price of approximately \$20.3 million. The acquisition included approximately 900 displays in Dubuque and Waterloo, Iowa.

**Vivid, Inc.**

On June 1, 1999, the Company purchased the assets of Vivid, Inc. for a cash purchase price of approximately \$22.1 million. The approximately 1,000 displays are located in Quad Cities, Illinois; Rockford, Illinois; and Rapid City, South Dakota.

**Chancellor Media Outdoor Corporation**

On September 15, 1999, Lamar Media Corp. purchased the capital stock of Chancellor Media Outdoor Corporation and Chancellor Media Whiteco Outdoor Corporation, ("Chancellor Outdoor") for a combination of approximately \$700 million in cash and 26,227,273 shares of the Company's Class A common stock valued at approximately \$947 million. The acquisition included approximately 36,000 outdoor advertising displays which gave the Company a presence in 8 additional states and established 31 new markets.

**LOGO SIGNS**

The Company entered the business of logo sign advertising in 1988. The Company is now the largest provider of logo sign services in the United States, operating 20 of the 25 privatized state logo sign contracts. The Company also operates the tourism signing contracts in six states and the province of Ontario, Canada.

The Company plans to pursue additional logo sign contracts, through both new contract awards and, possibly, the acquisition of other logo sign operators. Logo sign opportunities arise periodically, both from states initiating new logo sign programs and states converting from government owned and operated programs to privately owned and operated programs. Furthermore, the Company plans to pursue additional tourism signing programs in Canada and is seeking to expand into other state-authorized signage programs, such as those involving directional signs providing tourist information.

**TRANSIT AND OTHER**

The Company has recently expanded into the transit advertising business through the operation of displays on bus shelters, benches and buses in 22 of its outdoor advertising markets, three markets in South Carolina, two markets in Utah, one market in California, one market in Florida and one in Colorado. The Company plans to continue pursuing transit advertising opportunities that arise in its primary markets and to expand into other markets.

## MARKETS

As of December 31, 1999, the Company's 139 primary outdoor advertising markets were:

Birmingham, Alabama	Paducah, Kentucky	Oklahoma City, Oklahoma
Gadsden, Alabama	Alexandria, Louisiana	Allentown, Pennsylvania
Huntsville, Alabama	Baton Rouge, Louisiana	Altoona, Pennsylvania
Mobile, Alabama	Hammond, Louisiana	Erie, Pennsylvania
Montgomery, Alabama	Houma, Louisiana	Harrisburg, Pennsylvania
Shoals, Alabama	Lafayette, Louisiana	Pittsburgh, Pennsylvania
Tuscaloosa, Alabama	Lake Charles, Louisiana	Reading, Pennsylvania
Phoenix, Arizona	Monroe, Louisiana	Scranton, Pennsylvania
Yuma, Arizona	New Orleans, Louisiana	Williamsport, Pennsylvania
Bakersfield, California	Shreveport, Louisiana	York, Pennsylvania
Lancaster, California	Slidell, Louisiana	Providence, Rhode Island
Sacramento, California	Detroit, Michigan	Anderson, South Carolina
San Bernardino, California	Escanaba, Michigan	Columbia, South Carolina
Colorado Springs, Colorado	Muskegon, Michigan	Rapid City, South Dakota
Denver, Colorado	Port Huron, Michigan	Clarksville, Tennessee
Hartford, Connecticut	Saginaw, Michigan	Cookeville, Tennessee
Daytona Beach, Florida	Traverse City, Michigan	Jackson, Tennessee
Fort Myers, Florida	Duluth, Minnesota	Johnson City, Tennessee
Fort Walton, Florida	St. Cloud, Minnesota	Knoxville, Tennessee
Lakeland, Florida	Columbus, Mississippi	Murfreesboro, Tennessee
Ocala, Florida	Corinth, Mississippi	Nashville, Tennessee
Panama City, Florida	Greenville, Mississippi	Abilene, Texas
Pensacola, Florida	Gulfport, Mississippi	Amarillo, Texas
Tallahassee, Florida	Hattiesburg, Mississippi	Beaumont, Texas
Albany, Georgia	Jackson, Mississippi	Brownsville, Texas
Anderson, Georgia	Meridian, Mississippi	Corpus Christi, Texas
Athens, Georgia	Bonne Terre, Missouri	Dallas, Texas
Atlanta, Georgia	Hannibal, Missouri	Houston, Texas
Augusta, Georgia	Joplin, Missouri	Laredo, Texas
Brunswick, Georgia	Kansas City, Missouri	Lubbock, Texas
Macon, Georgia	Osage Beach, Missouri	Midland, Texas
Rome, Georgia	Springfield, Missouri	San Angelo, Texas
Savannah, Georgia	Billings, Montana	Tyler, Texas
Valdosta, Georgia	Lincoln, Nebraska	Wichita Falls, Texas
Boise, Idaho	Omaha, Nebraska	Richmond, Virginia
Decatur, Illinois	Las Vegas, Nevada	Roanoke, Virginia
Janesville, Illinois	Laughlin/Bullhead, Nevada	Spokane, Washington
Evansville, Indiana	Albany, New York	Tacoma, Washington
Gary, Indiana	Buffalo, New York	Bluefield, West Virginia
Terre Haute, Indiana	Rochester, New York	Bridgeport, West Virginia
Cedar Rapids, Iowa	Syracuse, New York	Huntington, West Virginia
Davenport/Quad Cities, Iowa	Asheville, North Carolina	Wheeling, West Virginia
Dubuque, Iowa	Elizabethtown, N. Carolina	Eau Claire, Wisconsin
Waterloo, Iowa	Cincinnati, Ohio	Milwaukee, Wisconsin
Topeka, Kansas	Columbus, Ohio	Casper, Wyoming
Lexington, Kentucky	Dayton, Ohio	
Louisville, Kentucky	Youngstown, Ohio	

As of December 31, 1999, the Company operated the following logo sign contracts:

Colorado	Kentucky	Nebraska	Oklahoma
Delaware	Michigan	Nevada	South Carolina
Florida	Minnesota	New Jersey	Texas
Georgia	Mississippi	New Mexico	Utah
Kansas	Missouri	Ohio	Virginia
			Ontario

## **COMPANY OPERATIONS**

### **OUTDOOR ADVERTISING**

#### **INVENTORY:**

The Company operates the following types of outdoor advertising displays:

**BULLETINS** generally are 14 feet high and 48 feet wide (672 square feet) and consist of panels on which advertising copy is displayed. The advertising copy is either hand painted onto the panels at the Company's facilities in accordance with design specifications supplied by the advertiser and attached to the outdoor advertising structure, or printed with computer-generated graphics on a single sheet of vinyl that is wrapped around the structure. On occasion, to attract more attention, some of the panels may extend beyond the linear edges of the display face and may include three-dimensional embellishments. Because of their greater impact and higher cost, bulletins are usually located on major highways.

**STANDARDIZED POSTERS** generally are 12 feet high by 25 feet wide (300 square feet) and are the most common type of billboard. Advertising copy for these posters consists of lithographed or silk-screened paper sheets supplied by the advertiser that are pasted and applied like wallpaper to the face of the display, or single sheets of vinyl with computer-generated advertising copy that are wrapped around the structure. Standardized posters are concentrated on major traffic arteries.

**JUNIOR POSTERS** usually are 6 feet high by 12 feet wide (72 square feet). Displays are prepared and mounted in the same manner as standardized posters, except that vinyl sheets are not typically used on junior posters. Most junior posters, because of their smaller size, are concentrated on city streets and target pedestrian traffic.

For the year ended December 31, 1999, approximately 65% of the Company's outdoor advertising net revenues were derived from bulletin sales and 35% from poster sales. The Company regularly donates unoccupied display space for use by charitable and civic organizations.

The physical structures are owned by the Company and are built on locations the Company either owns or leases. In each local office one employee typically performs site leasing activities for the markets served by that office. See Item 2. -- "Properties."

Bulletin space is generally sold as individually selected displays for the duration of the advertising contract. Bulletins may also be sold as part of a rotary plan where advertising copy is periodically rotated from one location to another within a particular market. Poster space is generally sold in packages called "showings," which comprise a given number of displays in a market area. Posters provide advertisers with access either to a specified percentage of the general population or to a specific targeted audience. Displays making up a showing are placed in well-traveled areas and are distributed so as to reach a wide audience in a particular market. Bulletin space is generally sold for 12 month periods. Poster space averages between 30 and 90 days.

#### **PRODUCTION:**

The Company's local production staffs in 126 of its markets perform the full range of activities required to create and install outdoor advertising. Production work includes creating the advertising copy design and layout, painting the design or coordinating its printing and installing the designs on displays. The Company provides its production services to local advertisers and to advertisers that are not represented by advertising agencies, since national advertisers represented by advertising agencies often use preprinted designs that require only installation.

The Company's creative and production personnel typically develop new designs or adopt copy from other media for use on billboards. The Company's artists also often assist in the development of marketing presentations, demonstrations and strategies to attract new advertisers.

With the increased use of vinyl and pre-printed advertising copy furnished to the outdoor advertising company by the advertiser or its agency, outdoor advertising companies require less labor-intensive production work. In addition, increased use of vinyl and preprinted copy is also attracting more customers to the outdoor advertising medium. The Company believes that this trend over time will reduce operating expenses associated with production activities.

**CATEGORIES OF BUSINESS:**

The following table sets forth the top ten categories of business from which the Company derived its outdoor advertising revenues for 1999 and the respective percentages of such revenue. These business categories accounted for approximately 72% of the Company's total outdoor advertising net revenues in the year ended December 31, 1999. No one advertiser accounted for more than 3.0% of the Company's total outdoor advertising net revenues in that period.

CATEGORIES	PERCENTAGE NET ADVERTISING REVENUES
Restaurants	12%
Retailers	10%
Hotels and motels	9%
Automotive	9%
Miscellaneous	8%
Service	7%
Hospitals and medical care	5%
Gambling	4%
Amusement - entertainment and sport	4%
Media	4%
	----
Total	72%
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**LOGO SIGNS**

The Company is the largest provider of logo sign services in the United States and operates over 24,800 logo sign structures containing over 79,500 logo advertising displays. The Company has been awarded contracts to erect and operate logo signs in the states of Colorado, Delaware, Florida, Georgia, Michigan, Minnesota, Mississippi, Nebraska, New Jersey, New Mexico, Ohio, Oklahoma, South Carolina, Texas, Utah and Virginia, the province of Ontario, Canada, and through a 66.7% owned partnership in the state of Missouri. In addition, the Company has acquired the logo sign contracts in Kansas, Kentucky, and Nevada. The Company also operates the tourism signing contracts for the states of Colorado, Kentucky, Michigan, Nebraska, New Jersey and Ohio as well as for the province of Ontario, Canada.

State logo sign contracts represent the contract right to erect and operate logo signs within a state. The term of the contracts vary, but generally range from ten to twenty years, including renewal terms. The logo sign contracts generally provide for termination by the state prior to the end of the term of the contract, in most cases with compensation to be paid to the Company. Typically, at the end of the term of the contract, ownership of the structures is transferred to the state without compensation to the Company. Of the Company's logo sign contracts, one is due to terminate in December, 2000, and three are subject to renewal over the next year, one in April, 2000, one in June, 2000 and another in October, 2000.

The Company also designs and produces logo sign plates for customers throughout the country, including for use in states which have not yet privatized their logo sign programs.

## **EMPLOYEES**

The Company employed approximately 2,600 persons at December 31, 1999. Of these, 110 were engaged in overall management and general administration at the Company's management headquarters and the remainder were employed in the Company's operating offices. Of these, approximately 526 were direct sales and marketing personnel.

The Company has 11 local offices covered by collective bargaining agreements, consisting of painters, billposters and construction personnel. The Company believes that its relations with its employees, including its 121 unionized employees, are good, and the Company has never experienced a strike or other labor dispute.

## **COMPETITION**

### **OUTDOOR ADVERTISING**

The Company competes in each of its markets with other outdoor advertisers as well as other media, including broadcast and cable television, radio, print media and direct mail marketers. In addition, the Company also competes with a wide variety of out-of-home media, including advertising in shopping centers, malls, airports, stadiums, movie theaters and supermarkets, as well as on taxis, trains and buses. Advertisers compare relative costs of available media and cost-per-thousand impressions, particularly when delivering a message to customers with distinct demographic characteristics. In competing with other media, outdoor advertising relies on its relative cost efficiency and its ability to reach a broad segment of the population in a specific market or to target a particular geographic area or population with a particular set of demographic characteristics within that market.

The outdoor advertising industry is fragmented, consisting of several large outdoor advertising and media companies with operations in multiple markets as well as smaller and local companies operating a limited number of structures in single or a few local markets. Although some consolidation has occurred over the past few years, according to the Outdoor Advertising Association of America ("OAAA") there are approximately 600 companies in the outdoor advertising industry operating approximately 465,000 billboard displays. In several of its markets, the Company encounters direct competition from other major outdoor media companies, including Infinity Broadcasting Corp. (formerly Outdoor Systems, Inc.) and Clear Channel Communications, Inc. (formerly Eller Media) both of which may have greater total resources than the Company. The Company believes that its strong emphasis on sales and customer service and its position as a major provider of advertising services in each of its primary markets enables it to compete effectively with the other outdoor advertising companies, as well as other media, within those markets.

### **LOGO SIGNS**

The Company faces competition in obtaining new logo sign contracts and in bidding for renewals of expiring contracts. The Company faces competition from two other national providers of logo signs in seeking state-awarded logo service contracts. In addition, local companies within each of the states that solicit bids will compete against the Company in the open-bid process. Competition from these sources is also encountered at the end of each contract period.

In marketing logo signs to advertisers, the Company competes with the other forms of out-of-home advertising described above.

## REGULATION

Outdoor advertising is subject to governmental regulation at the federal, state and local levels. Federal law, principally the Highway Beautification Act of 1965 (the "HBA") regulates outdoor advertising on federally aided primary and interstate highways. The HBA requires, as a condition to federal highway assistance, states to restrict billboards on such highways to commercial and industrial areas, and requires certain additional size, spacing and other limitations. All states have passed state billboard control statutes and regulations at least as restrictive as the federal requirements, including removal at the owner's expense and without compensation of any illegal signs on such highways. The Company believes that the number of its billboards that may be subject to removal as illegal is immaterial. No state in which the Company operates has banned billboards, but some have adopted standards more restrictive than the federal requirements. Municipal and county governments generally also have sign controls as part of their zoning laws. Some local governments prohibit construction of new billboards and some allow new construction only to replace existing structures, although most allow construction of billboards subject to restrictions on zones, size, spacing and height.

Federal law does not require removal of existing lawful billboards, but does require payment of compensation if a state or political subdivision compels the removal of a lawful billboard along a federally aided primary or interstate highway. State governments have purchased and removed legal billboards for beautification in the past, using federal funding for transportation enhancement programs, and may do so in the future. Governmental authorities from time to time use the power of eminent domain to remove billboards. Thus far, the Company has been able to obtain satisfactory compensation for any of its billboards purchased or removed as a result of governmental action, although there is no assurance that this will continue to be the case in the future. Local governments do not generally purchase billboards for beautification, but some have attempted to force removal of legal but nonconforming billboards (billboards which conformed with applicable zoning regulations when built but which do not conform to current zoning regulations) after a period of years under a concept called "amortization," by which the governmental body asserts that just compensation is earned by continued operation over time. Although there is some question as to the legality of amortization under federal and many state laws, amortization has been upheld in some instances. The Company generally has been successful in negotiating settlements with municipalities for billboards required to be removed. Restrictive regulations also limit the Company's ability to rebuild or replace nonconforming billboards. The outdoor advertising industry is heavily regulated and at various times and in various markets can be expected to be subject to varying degrees of regulatory pressure affecting the operation of advertising displays. Accordingly, although the Company's experience to date is that the regulatory environment can be managed, no assurance can be given that existing or future laws or regulations will not materially and adversely affect the Company.

A new national tobacco settlement eliminated outdoor advertising of tobacco products in the U.S. in November, 1998. As of April 1, 1999, the Company removed all of its outdoor advertising of tobacco products. Our tobacco revenues as a percentage of consolidated net revenues were 7% for the year ended December 31, 1998 and 3% for the year ended December 31, 1999. The Company expects to have no tobacco revenues in fiscal 2000.

## ITEM 1A. EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Title
-----	---	-----
Kevin P. Reilly, Jr.	45	Chairman, President and Chief Executive Officer
Keith A. Istre	47	Chief Financial Officer and Treasurer
Sean E. Reilly	38	Director of Mergers and Acquisitions and President of the Real Estate Division

Each officer's term of office extends until the meeting of the Board of Directors following the next annual meeting of stockholders and until a successor is elected and qualified or until his or her earlier resignation or removal.

Kevin P. Reilly, Jr. has served as the Company's President and Chief Executive Officer since February 1989 and as a director of the Company since February 1984. Mr. Reilly served as President of the Company's Outdoor Division from 1984 to 1989. Mr. Reilly, an employee of the Company since 1978, has also served as Assistant and General Manager of the Company's Baton Rouge Region and Vice President and General Manager of the Louisiana region. Mr. Reilly received a B.A. from Harvard University in 1977.

Keith A. Istre has been Chief Financial Officer of the Company since February 1989 and a director of the Company since February 1991. Mr. Istre joined the Company as Controller in 1978. Prior to joining the Company, Mr. Istre was employed by a public accounting firm in Baton Rouge from 1975 to 1978. Mr. Istre graduated from the University of Southwestern Louisiana in 1974 with a B.S. in accounting.

Sean E. Reilly is Director of Mergers and Acquisitions and President of the Company's real estate division, TLC Properties, Inc. He began working with the Company as Vice President of Mergers and Acquisitions in 1987 and served in that capacity until 1994. He served as a director of the Company from 1989 to 1996. Mr. Reilly was the Chief Executive Officer of Wireless One, Inc., a wireless cable television company, from 1994 to 1997. Mr. Reilly received a B.A. from Harvard University in 1984 and a J.D. from Harvard Law School in 1989.

## ITEM 2. PROPERTIES

The Company's 53,500 square foot management headquarters is located in suburban Baton Rouge, Louisiana. The Company occupies approximately 67% of the space in this facility and leases the remaining space. The Company owns 66 local operating facilities with front office administration and sales office space connected to back-shop poster and bulletin production space. In addition, the Company leases an additional 106 operating facilities at an aggregate lease expense for 1999 of approximately \$2,125,000.

The Company owns approximately 2,128 parcels of property beneath outdoor structures. As of December 31, 1999, the Company had approximately 62,755 active outdoor site leases accounting for a total annual lease expense of \$61.1 million. This amount represented 14% of total outdoor advertising net revenues for that period, which is consistent with the Company's historical lease expense experience. The Company's leases are for varying terms ranging from month-to-month to in some cases a term of over ten years, and many provide the Company with renewal options. There is no significant concentration of displays under any one lease or subject to negotiation with any one landlord. The Company believes that an important part of its management activity is to manage its lease portfolio and negotiate suitable lease renewals and extensions.

### **ITEM 3. LEGAL PROCEEDINGS**

The Company from time to time is involved in litigation in the ordinary course of business, including disputes involving advertising contracts, site leases, employment claims and construction matters. The Company is also involved in routine administrative and judicial proceedings regarding billboard permits, fees and compensation for condemnations. The Company is not a party to any lawsuit or proceeding which, in the opinion of management, is likely to have a material adverse effect on the Company.

### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Since August 2, 1996, the Company's Class A common stock has traded on the over-the-counter market and prices have been quoted on the Nasdaq National Market under the symbol "LAMR." Prior to August 2, 1996, the day on which the Class A common stock was first publicly traded, there was no public market for the Class A common stock. On December 31, 1997, the Company declared a 3-for-2 stock split of shares of Class A common stock, which was paid in the form of a 50% stock dividend on February 27, 1998. All share and per share amounts included herein have been restated to reflect this split. As of March 14, 2000, the Class A common stock was held by 202 shareholders of record. The Company believes, however, that the actual number of beneficial holders of the Class A common stock may be substantially greater than the stated number of holders of record because a substantial portion of the Class A common stock is held in "street name."

The following table sets forth, for the periods indicated, the high and low bid prices for the Class A common stock as reported on the Nasdaq National Market.

	HIGH	LOW
	-----	-----
Fiscal year ended December 31, 1998:		
First Quarter	\$38.50	\$24.42
Second Quarter	36.75	29.25
Third Quarter	41.50	24.50
Fourth Quarter	39.25	19.25
Fiscal year ended December 31, 1999:		
First Quarter	\$41.63	\$32.25
Second Quarter	43.00	27.75
Third Quarter	50.69	35.25
Fourth Quarter	64.50	44.63

The Company's Class B common stock is not publicly traded and is held of record by one entity.

The Company does not anticipate paying dividends on either class of its common stock in the foreseeable future. The Company's Series AA preferred stock is entitled to preferential dividends, in an annual aggregate amount of \$364,903, before any dividends may be paid on the common stock. In addition, the Company's bank credit facilities and other indebtedness have terms restricting the payment of dividends. Any future determination as to the payment of dividends will be subject to such limitations, will be at the discretion of the Company's Board of Directors and will depend on the Company's results of operations, financial condition, capital requirements and other factors deemed relevant by the Board of Directors.

### ITEM 6. SELECTED FINANCIAL DATA

#### LAMAR ADVERTISING COMPANY

The selected consolidated statement of operations and balance sheet data presented below are derived from the audited consolidated financial statements of the Company. Effective January 1, 1997, the Company changed its fiscal year from a twelve-month period ending October 31 to a twelve-month period ending December 31. The year end change was made to conform to the predominant fiscal year end for companies within the outdoor advertising industry. The results of operations for the two-month transition period ended December 31, 1996 are presented in the audited consolidated financial statements as filed previously on Form 10-K. The data presented below should be read in conjunction with the audited consolidated financial statements, related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included herein.

**STATEMENT OF OPERATIONS DATA:**

(Dollars in thousands)	For the Years Ended				
	December 31,			October 31,	
	1999	1998	1997	1996	1995
Net revenues	\$ 444,135	\$ 288,588	201,062	120,602	102,408
Operating expenses:					
Direct advertising expenses	143,090	92,849	63,390	41,184	34,386
General & administrative expenses	94,372	60,935	45,368	29,466	27,057
Depreciation & amortization	177,138	88,791	48,317	16,712	15,597
Total operating expenses	414,600	242,575	157,075	87,362	77,040
Operating income	29,535	46,013	43,987	33,240	25,368
Other expense (income):					
Interest income	(1,421)	(762)	(1,723)	(240)	(199)
Interest expense	89,619	60,008	38,230	15,441	15,783
Loss (gain) on disposition of assets	(5,481)	(1,152)	(15)	91	1,476
Total other expense	82,717	58,094	36,492	15,292	17,060
Earnings (loss) before income taxes, extraordinary item and cumulative effect of an accounting change	(53,182)	(12,081)	7,495	17,948	8,308
Income tax expense (benefit)	(9,596)	(191)	4,654	7,099	(2,390)
Earnings (loss) before extraordinary item and cumulative effect of an accounting change	(43,586)	(11,890)	2,841	10,849	10,698
Extraordinary loss on debt extinguishment	(182)	--	--	--	--
Earnings (loss) before cumulative effect of an accounting change	(43,768)	(11,890)	2,841	10,849	10,698
Cumulative effect of an accounting change	(767)	--	--	--	--
Net earnings (loss)	(44,535)	(11,890)	2,841	10,849	10,698
Preferred stock dividends	(365)	(365)	(365)	(365)	--
Net earnings (loss) applicable to common stock	\$ (44,900)	\$ (12,255)	\$ 2,476	\$ 10,484	\$ 10,698
Earnings (loss) per common share - basic and diluted:					
Earnings (loss) before extraordinary item and accounting change (1)	\$ (.64)	\$ (.24)	\$ 0.05	\$ 0.25	\$ 0.21
Extraordinary loss on debt extinguishment (1)	--	--	--	--	--
Cumulative effect of a change in accounting principle (1)	\$ (.01)	\$ --	\$ --	\$ --	\$ --
Net earnings (loss) (1)	\$ (.65)	\$ (.24)	\$ 0.05	\$ 0.25	\$ 0.21
Other Data:					
EBITDA (2)	\$ 206,673	\$ 134,804	92,304	49,952	40,965
EBITDA margin	47%	47%	46%	41%	40%
Cash flows from operating activities (3)	\$ 110,551	\$ 72,498	45,783	32,493	25,065
Cash flows from investing activities (3)	\$ (950,650)	\$ (535,217)	(370,228)	(48,124)	(17,817)
Cash flows from financing activities (3)	\$ 719,903	\$ 584,070	250,684	18,175	(9,378)
BALANCE SHEET DATA (4):					
Cash & cash equivalents	\$ 8,401	\$ 128,597	7,246	8,430	5,886
Working capital	40,787	94,221	18,662	1,540	1,737
Total assets	3,206,945	1,413,377	651,336	173,189	133,885
Total debt (including current maturities)	1,615,781	876,532	539,200	131,955	146,051
Total long-term obligations	1,730,710	857,760	551,865	130,211	143,944
Stockholders' equity (deficit)	1,391,529	466,779	68,713	19,041	(28,154)

(1) After giving effect to the three-for-two split of the Company's Class A and Class B common stock effected in February 1998.

(2) "EBITDA" is defined as operating income before depreciation and amortization. It represents a measure which management believes is customarily used to evaluate the financial performance of companies in the media industry. However, EBITDA is not a measure of financial performance under generally accepted accounting principles and should not be considered an alternative to operating income or net earnings as an indicator of the Company's operating performance or to net cash provided by operating activities as a measure of its liquidity.

(3) Cash flows from operating, investing, and financing activities are obtained from the Company's consolidated statements of cash flows prepared in accordance with generally accepted accounting principles.

(4) As of the end of the period.



## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **LAMAR ADVERTISING COMPANY**

The following is a discussion of the consolidated financial condition and results of operations of the Company for the years ended December 31, 1999, 1998 and 1997. This discussion should be read in conjunction with the consolidated financial statements of the Company and the related notes.

#### **OVERVIEW**

The Company's net revenues, which represent gross revenues less commissions paid to advertising agencies that contract for the use of advertising displays on behalf of advertisers, are derived primarily from the sale of advertising on outdoor advertising displays owned and operated by the Company. In recent years, the Company's logo sign business has expanded rapidly and may in the future have an increasing impact on the Company's revenues and operating income.

The Company has grown significantly during the last three years, primarily as the result of (i) internal growth in its existing outdoor advertising business resulting from construction of additional outdoor advertising displays, operating efficiency and increases in advertising rates, (ii) acquisitions of outdoor advertising businesses and structures, and (iii) the rapid expansion of the Company's logo sign business. The Company's net advertising revenues increased by \$243.0 million from \$201.1 million for the fiscal year ended December 31, 1997 to \$444.1 million for the fiscal year ended December 31, 1999, representing a compound annual growth rate of approximately 49%. During the same period, EBITDA increased \$114.4 million from \$92.3 million for the fiscal year ended December 31, 1997 to \$206.7 million for the fiscal year ended December 31, 1999, representing a compound annual growth rate of approximately 50%.

The Company plans to continue a strategy of expanding through both internal growth and acquisitions. As a result of acquisitions, the operating performance of individual markets and of the Company as a whole are not necessarily comparable on a year-to-year basis. All recent acquisitions have been accounted for using the purchase method of accounting and, consequently, operating results from acquired operations are included from the respective dates of those acquisitions.

Since December 31, 1998, the Company has increased the number of outdoor advertising displays it operates by approximately 62% by completing 77 strategic acquisitions of outdoor advertising and transit assets for an aggregate cash purchase price of approximately \$889 million and the issuance of 26,407,650 shares of Class A common stock valued at approximately \$955 million. The Company has financed its recent acquisitions and intends to finance its acquisition activity from available cash and borrowings under the New Bank Credit Agreement (as defined below) which the Company entered into in August, 1999. See "Liquidity and Capital Resources" below.

The Company relies on sales of advertising space for its revenues, and its operating results are therefore affected by general economic conditions, as well as trends in the advertising industry.

A national tobacco settlement eliminated outdoor advertising of tobacco products in the U.S. in November, 1998. As of April 1, 1999, the Company has eliminated all of its outdoor advertising of tobacco products. As a result the Company's tobacco revenues, as a percentage of billboard advertising net revenues, declined from 17% in fiscal 1991 to 3% in fiscal 1999.

The Company expects to have no tobacco revenues in fiscal 2000, but the Company has been successful in replacing the tobacco advertising removed with substitute advertising at comparable rates.

Growth of the Company's business requires capital expenditures for maintenance and capitalized costs associated with new billboard displays and new logo sign contracts. The Company expended \$36.7 million in fiscal 1997, \$55.2 million in fiscal 1998 and \$77.2 million in fiscal 1999. Of these amounts, \$10.4 million, \$10.6 million and \$11.3 million, respectively, were attributable to the logo sign business. See "Liquidity and Capital Resources."

The following table presents certain items in the Consolidated Statements of Operations as a percentage of net revenues for the years ended December 31, 1999, 1998 and 1997:

	Year Ended December 31,		
	1999	1998	1997
Net revenues	100.0%	100.0%	100.0%
Operating expenses:			
Direct advertising expenses	32.2	32.2	31.5
General & administrative expenses	21.2	21.1	22.6
EBITDA (1)	46.5	46.7	45.9
Depreciation and amortization	39.8	30.8	24.0
Operating income	6.7	15.9	21.9
Interest expense	20.2	20.8	19.0
Other expense	18.6	20.1	18.2
Net earnings (loss)	(10.0)	(4.1)	1.4

(1) "EBITDA" is defined as operating income before depreciation and amortization. It represents a measure which management believes is customarily used to evaluate the financial performance of companies in the media industry. However, EBITDA is not a measure of financial performance under generally accepted accounting principles and should not be considered an alternative to operating income or net earnings as an indicator of the Company's operating performance or to net cash provided by operating activities as a measure of its liquidity.

## YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

Total revenues increased \$155.5 million or 53.9% to \$444.1 million for the year ended December 31, 1999 from \$288.6 million for the same period in 1998. This increase was predominantly attributable to (i) an increase in billboard net revenues of \$150.5 million or 57.5%, which was attributable to the Company's acquisitions during 1999 and 1998 and internal growth within the Company's previously existing markets, and (ii) a \$4.0 million increase in logo sign revenue, which represents a 16.6% increase over the prior year. The increase in logo sign revenue was due to the completion of development of the new logo sign contracts awarded in 1999 and 1998 and the continued expansion of the Company's existing logo sign contracts.

Operating expenses, exclusive of depreciation and amortization, increased \$83.7 million or 54.4% to \$237.5 million for the year ended December 31, 1999 from \$153.8 million for the same period in 1998. This increase was the result of (i) an increase in personnel costs, sign site rent and other costs related to the increase in revenue and (ii) additional operating expenses related to the Company's recent acquisitions and the continued development of the logo sign business.

Depreciation and amortization expense increased \$88.3 million or 99.4% from \$88.8 million for the year ended December 31, 1998 to \$177.1 million for the year ended December 31, 1999 as a result of an increase in capital assets resulting from the Company's recent acquisition activity.

Due to the above factors, operating income decreased \$16.5 million or 35.8% from \$46.0 million for the year ended December 31, 1998 to \$29.5 million for the year ended December 31, 1999.

Interest income increased \$.7 million as a result of an increase in excess cash investments made during the period. Interest expense increased \$29.6 million from \$60.0 million for the year ended December 31, 1998 to \$89.6 million for the year ended December 31, 1999 as a result of interest expense on the Company's 5 1/4% Convertible Notes due 2006 and greater amounts outstanding under the New Bank Credit Agreement to finance recent acquisitions.

The decrease in operating income and the increase in interest expense described above resulted in a \$41.1 million decrease in earnings before income taxes, extraordinary item and cumulative effect of a change in accounting principle.

The decrease in earnings before income taxes, resulted in an increase in the income tax benefit of \$9.4 million for the year ended December 31, 1999 over the same period in 1998.

An extraordinary loss on debt extinguishment of \$.2 million net of income tax benefit of \$.1 million, was incurred during the year ended December 31, 1999, as a result of the extinguishment of a portion of the Company's 9 1/4% Senior Subordinated Notes due 2007 in connection with a change of control tender offer in July, 1999.

Due to the adoption of SOP 98-5 "Reporting on the Costs of Start-Up Activities" which requires costs of start-up activities and organization costs to be expensed as incurred, the Company recognized an expense of \$.8 million as a cumulative effect of a change in accounting principle. This expense is a one time adjustment to recognize start-up activities and organization costs that were capitalized in prior periods.

As a result of the foregoing factors, the Company recognized a net loss for the year ended December 31, 1999 of \$44.5 million, as compared to a net loss of \$11.9 million for the same period in 1998.

## **YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997**

Total revenues increased \$87.5 million or 43.5% to \$288.6 million for the year ended December 31, 1998 from \$201.1 million for the same period in 1997. This increase was predominantly attributable to (i) an increase in billboard net revenues of \$84.5 million or 47.6%, which was attributable to the Company's acquisitions during 1997 and 1998 and internal growth within the Company's previously existing markets, and (ii) a \$3.5 million increase in logo sign revenue, which represents a 16.8% increase over the prior year. The increase in logo sign revenue was due to the completion of development of the new logo sign contracts awarded in 1997 and 1998 and the continued expansion of the Company's existing logo sign contracts.

Operating expenses, exclusive of depreciation and amortization, increased \$45.0 million or 41.4% to \$153.8 million for the year ended December 31, 1998 from \$108.8 million for the same period in 1997. This increase was the result of (i) an increase in personnel costs, sign site rent and other costs related to the increase in revenue and (ii) additional operating expenses related to the Company's recent acquisitions and the continued development of the logo sign business.

Depreciation and amortization expense increased \$40.5 million or 83.9% from \$48.3 million for the year ended December 31, 1997 to \$88.8 million for the year ended December 31, 1998 as a result of an increase in capital assets resulting from the Company's recent acquisition activity.

Due to the above factors, operating income increased \$2.0 million or 4.5% from \$44.0 million for the year ended December 31, 1997 to \$46.0 million for the twelve months ended December 31, 1998.

Interest income decreased \$1.0 million as a result of a decrease in excess cash investments made during the period. Interest expense increased \$21.8 million from \$38.2 million for the year ended December 31, 1997 to \$60.0 million for the year ended December 31, 1998 as a result of interest expense on the Company's 8 5/8% Senior Subordinated Notes due 2007 (the "1997 Notes") and greater amounts outstanding under the Senior Credit Facility (as defined below) and the New Bank Credit Agreement to finance recent acquisitions.

The increase in operating income was offset by the increase in interest expense described above resulting in a \$19.6 million decrease in earnings before income taxes.

Due to the decrease in earnings before income taxes, income tax expense for the twelve months ended December 31, 1998 decreased \$4.8 million over the same period in 1997.

As a result of the foregoing factors, the Company recognized a net loss for the year ended December 31, 1998 of \$11.9 million, as compared to net earnings of \$2.8 million for the same period in 1997.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company has historically satisfied its working capital requirements with cash from operations, offerings of its Class A common stock and debt securities and borrowings under its bank credit facilities. The Company's acquisitions have been financed primarily with funds borrowed under its bank credit facilities and issuance of its Class A common stock.

The Company's net cash provided by operating activities increased to \$110.6 million in fiscal 1999 due primarily to an increase in noncash items of \$79.9 million, which includes an increase in depreciation and amortization of \$88.3 million offset by a

decrease in deferred tax expense of \$6.0 million and an increase in gain on disposition of assets of \$4.3 million. There was also a decrease in net earnings of \$32.6 million, an increase in receivables of \$16.6 million, an increase in other assets of \$2.2 million, an increase in trade accounts payable of \$3.2 million, an increase in accrued expenses of \$14.3 million, and a decrease in deferred income of \$9.3 million. Net cash used in investing activities increased \$415.5 million from \$535.2 million in fiscal 1998 to \$950.7 million in fiscal 1999. This increase was due to a \$395.6 million increase in purchase of outdoor advertising assets and a \$22.0 million increase in capital expenditures offset by an increase in proceeds from the sale of property and equipment of \$2.1 million. Net cash provided by financing activities increased \$135.8 million in fiscal 1999 due to a \$279.5 million increase in proceeds from issuance of long-term debt due to the net proceeds from the August, 1999 offering of 5 1/4% Convertible Notes due 2006 of \$279.6 million, and a \$335.0 million increase in principal borrowings under credit agreements, offset by a \$395.2 million decrease in proceeds from issuance of common stock.

During the year ended December 31, 1999, the Company financed its acquisition activity of approximately \$1.9 billion with remaining proceeds from the December, 1998 equity offering, borrowings under the Company's bank credit facility and the issuance of approximately 26.4 million shares of common stock. At December 31, 1999, following these acquisitions, the Company had \$223 million available under the revolving bank credit facility.

On August 13, 1999, the Company replaced the 1998 bank credit facility with a new bank credit facility under which The Chase Manhattan Bank serves as administrative agent. The new \$1 billion bank credit facility consists of (1) a \$350 million revolving bank credit facility and (2) a \$650 million term facility with two tranches, a \$450 million Term A facility and a \$200 million Term B facility. As a result of the holding company reorganization completed on July 20, 1999, the existing bank credit facility and the new bank credit facility are obligations of Lamar Media Corp., a wholly owned subsidiary, of Lamar Advertising Company. As of December 31, 1999, Lamar Media had borrowings under this agreement of \$776 million.

On August 10, 1999, the Company completed an offering of \$287.5 million 5 1/4% Convertible Notes due 2006. The net proceeds of approximately \$279.6 million of the convertible notes were used to pay down existing bank debt. The convertible notes are convertible into Lamar Advertising Company Class A common stock at an initial conversion price of \$46.25 per share.

In connection with the reorganization of Lamar Advertising Company into a new holding company structure, Lamar Media Corp. (formerly known as Lamar Advertising Company) made a change of control tender offer to the holders of its 9 1/4% Senior Subordinated Notes due 2007 in aggregate principal amount of approximately \$103.9 million. Pursuant to the change of control tender offer and in accordance with the Indenture, Lamar Media Corp. offered to repurchase the Notes for 101% of the principal amount plus accrued interest. A total of \$29.9 million aggregate principal amount of Notes were tendered for payment on August 19, 1999, and the related 1% prepayment penalty is reflected as an extraordinary item in the Company's income statement, net of tax.

#### **LAMAR MEDIA CORP.**

On July 20, 1999, Lamar Advertising Company completed a corporate reorganization to create a new holding company structure. The reorganization was accomplished through a merger under section 251(g) of the Delaware General Corporation Law. At the effective time of the merger, all stockholders of Lamar Advertising Company became stockholders in a new holding company and Lamar Advertising Company became a wholly-owned subsidiary of the new holding company. The new holding company took the Lamar Advertising Company

name and the old Lamar Advertising Company was renamed Lamar Media Corp. In the merger, all outstanding shares of old Lamar Advertising Company's capital stock were converted into shares of the new holding company with the same voting powers, designations, preferences and rights, and the same qualifications, restrictions and limitations, as the shares of old Lamar Advertising Company.

The following is a discussion of the consolidated financial condition and results of operations of Lamar Media for the years ended December 31, 1999 and 1998. This discussion should be read in conjunction with the consolidated financial statements of Lamar Media and the related notes.

#### **YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998**

Total revenues increased \$155.5 million or 53.9% to \$444.1 million for the year ended December 31, 1999 from \$288.6 million for the same period in 1998. This increase was predominantly attributable to (i) an increase in billboard net revenues of \$150.5 million or 57.5%, which was attributable to Lamar Media's acquisitions during 1999 and 1998 and internal growth within Lamar Media's previously existing markets, and (ii) a \$4.0 million increase in logo sign revenue, which represents a 16.6% increase over the prior year. The increase in logo sign revenue was due to the completion of development of the new logo sign contracts awarded in 1999 and 1998 and the continued expansion of Lamar Media's existing logo sign contracts.

Operating expenses, exclusive of depreciation and amortization, increased \$83.6 million or 54.3% to \$237.4 million for the year ended December 31, 1999 from \$153.8 million for the same period in 1998. This increase was the result of (i) an increase in personnel costs, sign site rent and other costs related to the increase in revenue and (ii) additional operating expenses related to Lamar Media's recent acquisitions and the continued development of the logo sign business.

Depreciation and amortization expense increased \$87.4 million or 98.5% from \$88.8 million for the year ended December 31, 1998 to \$176.2 million for the year ended December 31, 1999 as a result of an increase in capital assets resulting from Lamar Media's recent acquisition activity.

Due to the above factors, operating income decreased \$15.5 million or 33.6% from \$46.0 million for the year ended December 31, 1998 to \$30.5 million for the year ended December 31, 1999.

Interest income increased \$.7 million as a result of an increase in excess cash investments made during the period. Interest expense increased \$29.6 million from \$60.0 million for the year ended December 31, 1998 to \$89.6 million for the year ended December 31, 1999 as a result of interest expense on Lamar Media's obligation to Lamar Advertising Company and greater amounts outstanding under the New Bank Credit Agreement to finance recent acquisitions.

The decrease in operating income and the increase in interest expense described above resulted in a \$40.1 million decrease in earnings before income taxes, extraordinary item and cumulative effect of a change in accounting principle.

The decrease in earnings before income taxes, resulted in an increase in the income tax benefit of \$9.0 million for the year ended December 31, 1999 over the same period in 1998.

An extraordinary loss on debt extinguishment of \$.2 million net of income tax benefit of \$.1 million, was incurred during the year ended December 31, 1999, as a result of the extinguishment of a portion of Lamar Media's 9 1/4% Senior Subordinated Notes due 2007 in connection with a change of control tender offer in July, 1999.

Due to the adoption of SOP 98-5 "Reporting on the Costs of Start-Up Activities" which requires costs of start-up activities and organization costs to be expensed as incurred, Lamar Media recognized an expense of \$.8 million as a cumulative effect of a change in accounting principle. This expense is a one time adjustment to recognize start-up activities and organization costs that were capitalized in prior periods.

As a result of the foregoing factors, Lamar Media recognized a net loss for the year ended December 31, 1999 of \$43.9 million, as compared to a net loss of \$11.9 million for the same period in 1998.

## **FACTORS AFFECTING FUTURE OPERATING RESULTS**

### **THE SIGNIFICANT FIXED PAYMENTS ON THE COMPANY'S DEBT INCREASES UNCERTAINTY AND REDUCES FLEXIBILITY IN ITS OPERATIONS.**

The Company has borrowed substantial amounts of money in the past and may borrow more money in the future. At December 31, 1999, the Company had approximately \$1.6 billion of debt outstanding consisting of approximately \$776 million in bank debt, \$528 million in various series of senior subordinated notes, \$287.5 million in convertible notes and \$24 million in various other short-term and long-term debt.

A large part of the Company's cash flow from operations must be used to make principal and interest payments on its debt. If the Company's operations make less money in the future, it may need to borrow to make these payments. In addition, the Company finances most of its acquisitions through borrowings under Lamar Media's bank credit facility which has a total committed amount of \$1.0 billion in term and revolving credit loans. As of December 31, 1999, the Company had approximately \$223 million available to borrow under this credit facility. Since its borrowing capacity under its credit facility is limited, the Company may not be able to continue to finance future acquisitions at its historical rate with borrowings under its credit facility. The Company may need to borrow additional amounts or seek other sources of financing to fund future acquisitions. The Company cannot guarantee that such additional financing will be available on favorable terms. The Company may need the consent of the banks under its credit facility, or the holders of other indebtedness, to borrow additional money.

### **RESTRICTIONS IN THE COMPANY'S, AND ITS WHOLLY-OWNED, DIRECT SUBSIDIARY LAMAR MEDIA'S DEBT AGREEMENTS REDUCE OPERATING FLEXIBILITY AND CONTAIN COVENANTS AND RESTRICTIONS THAT CREATE THE POTENTIAL FOR DEFAULTS.**

The terms of the indenture relating to Lamar Advertising's outstanding notes, Lamar Media's bank credit facility and the indentures relating to Lamar Media's outstanding notes restrict, among other things, the ability of Lamar Advertising and Lamar Media to:

- o dispose of assets;
- o incur or repay debt;
- o create liens;
- o make investments; and
- o pay dividends.

Lamar Media's ability to make distributions to Lamar Advertising is also restricted under the terms of these agreements.

Under the Lamar Media's credit facility the Company must maintain specified financial ratios and levels including:

- o cash interest coverage;
- o fixed charge coverage;
- o senior debt ratios; and
- o total debt ratios.

Failure to comply with these tests may cause all amounts outstanding under the credit facility to become immediately due. If this were to occur, it would create serious financial problems for the Company. The Company's ability to comply with these restrictions, and any similar restrictions in future agreements, depends on its operating performance. Because its performance is subject to prevailing economic, financial and business conditions and other factors that are beyond the Company's control, it may be unable to comply with these restrictions in the future.

#### **NEGATIVE TRENDS IN ADVERTISING EXPENDITURES COULD HURT THE COMPANY'S BUSINESS.**

The Company sells advertising space to generate revenues. A decrease in demand for advertising space could adversely affect the Company's business. General economic conditions and trends in the advertising industry affect the amount of advertising space purchased. A reduction in money spent on its displays could result from:

- o a general decline in economic conditions;
- o a decline in economic conditions in particular markets where the Company conducts business;
- o a reallocation of advertising expenditures to other available media by significant users of the Company's displays; or
- o a decline in the amount spent on advertising in general.

#### **THE REGULATION OF OUTDOOR ADVERTISING IMPACTS THE COMPANY'S OPERATIONS.**

The Company's operations are significantly impacted by federal, state and local government regulation of the outdoor advertising business.

The federal government conditions federal highway assistance on states imposing location restrictions on the placement of billboards on primary and interstate highways. Federal laws also impose size, spacing and other limitations on billboards. Some states have adopted standards more restrictive than the federal requirements. Local governments generally control billboards as part of their zoning regulations. Some local governments have enacted ordinances which require removal of billboards by a future date. Others prohibit the construction of new billboards and the reconstruction of significantly damaged billboards, or allow new construction only to replace existing structures.

Local laws which mandate removal of billboards at a future date often do not provide for payment to the owner for the loss of structures that are required to be removed. Certain federal and state laws require payment of compensation in such circumstances. Local laws that require the removal of a billboard without compensation have been challenged in state and federal courts with conflicting results. Accordingly, the Company may not be successful in negotiating acceptable arrangements when the Company's displays have been subject to removal under these types of local laws.

Additional regulations may be imposed on outdoor advertising in the future. Legislation regulating the content of billboard advertisements has been introduced in Congress from time to time in the past. Additional regulations or changes in the current laws regulating and affecting outdoor advertising at the federal, state or local level may have a material adverse effect on the Company's results of operations.

**CONTINUING THE COMPANY'S GROWTH BY ACQUISITIONS MAY BECOME MORE DIFFICULT AND INVOLVES COSTS AND UNCERTAINTIES.**

The Company has substantially increased its inventory of advertising displays through acquisitions. The Company's operating strategy involves making purchases in markets where it currently competes as well as in new markets. However, the following factors may affect the Company's ability to continue to pursue this strategy effectively.

- o The outdoor advertising market has been consolidating, and this may adversely affect the Company's ability to find suitable candidates for purchase.
- o The Company is also likely to face increased competition from other outdoor advertising companies for the companies or assets it wishes to purchase. Increased competition may lead to higher prices for outdoor advertising companies and assets and decrease those it is able to purchase.
- o The Company does not know if it will have sufficient capital resources to make purchases, obtain any required consents from the Company's lenders, or find acquisition opportunities with acceptable terms.
- o From January 1, 1999 to December 31, 1999, the Company completed 77 transactions involving the purchase of complementary outdoor advertising businesses, the most significant of which was the acquisition on September 15, 1999, of Chancellor Outdoor for \$1.6 billion. The Company has integrated these acquired assets and businesses into its existing operations, but cannot be certain that the benefits and cost savings that it anticipates from these purchases will develop.

**COMPETITION FROM LARGER OUTDOOR ADVERTISERS AND OTHER FORMS OF ADVERTISING COULD HURT THE COMPANY'S PERFORMANCE.**

The Company cannot be sure that in the future it will compete successfully against the current and future sources of outdoor advertising competition and competition from other media. The competitive pressure that it faces could adversely affect the Company's profitability or financial performance. The Company faces competition from other outdoor advertising companies, some of which may be larger and better financed than it is, as well as from other forms of media, including television, radio, newspapers and direct mail advertising. It must also compete with an increasing variety of other out-of-home advertising media that include advertising displays in shopping centers, malls, airports, stadiums, movie theaters and supermarkets, and on taxis, trains and buses.

In the Company's logo sign business, it currently faces competition for state-awarded service contracts from two other logo sign providers as well as local companies. Initially, the Company competed for state-awarded service contracts as they are privatized. Because these contracts expire after a limited time, the Company must compete to keep its existing contracts each time they are up for renewal.

**POTENTIAL LOSSES RESULTING FROM THE FAILURE OF THE COMPANY'S CONTINGENCY PLANS RELATING TO HURRICANES COULD HURT THE COMPANY'S BUSINESS.**

Although the Company has developed contingency plans designed to deal with the threat posed to advertising structures by hurricanes, it cannot guarantee that these plans will work. If these plans fail, significant losses could result.

A significant portion of its structures are located in the Mid-Atlantic and Gulf Coast regions of the United States. These areas are highly susceptible to hurricanes during the late summer and early fall. In the past, the Company has incurred significant losses

due to severe storms. These losses resulted from structural damage, overtime compensation, loss of billboards that could not be replaced under applicable laws and reduced occupancy because billboards were out of service.

The Company has determined that it is not economical to obtain insurance against losses from hurricanes and other storms. Instead, contingency plans have been developed to deal with the threat of hurricanes. For example, an attempt is made to remove the advertising faces on billboards at the onset of a storm, when possible, which permits the structures to better withstand high winds during a storm. These advertising faces are then replaced after the storm has passed. However, these plans may not be effective in the future and, if they are not, significant losses may result.

**NEW LOGO SIGN CONTRACTS ARE SUBJECT TO STATE AWARD AND MAY NOT BE AWARDED TO THE COMPANY; EXISTING CONTRACTS ARE SUBJECT TO RENEWAL AND MAY NOT BE RENEWED.**

A portion of the Company's revenues and operating income come from our state-awarded service contracts for logo signs. The Company cannot predict what remaining states, if any, will start logo sign programs or convert state-run logo sign programs to privately operated program. The Company competes with other parties for new state-awarded service contracts for logo signs. Even when it is awarded such a contract, the award may be challenged under state contract bidding requirements. If an award is challenged, the Company may incur delays and litigation costs.

Generally, state-awarded logo sign contracts have a term, including renewal options, of ten to twenty years. States may terminate a contract early, but in most cases must pay compensation to the logo sign provider for early termination. Typically, at the end of the term of the contract, ownership of the structures is transferred to the state without compensation to the logo sign provider. Of our 20 logo sign contracts in place at December 31, 1999, three are subject to renewal in April, June and October, 2000 and one is due to terminate in December, 2000. There is no guarantee that the Company will be able to obtain new logo sign contracts or renew its existing contracts. In addition, after a new state-awarded logo contract is received, the Company generally incurs significant start-up costs. The Company cannot guarantee that it will continue to have access to the capital necessary to finance those costs.

**THE LOSS OF KEY EXECUTIVES COULD AFFECT THE COMPANY'S OPERATIONS.**

The Company's success depends to a significant extent upon the continued services of its executive officers and other key management and sales personnel. Kevin P. Reilly, Jr., the Chief Executive Officer, the nine regional managers and the manager of the logo sign business, in particular, are essential to the Company's continued success. Although incentive and compensation programs have been designed to retain key employees, there are no employment contracts with any employees and none of the executive officers have signed non-compete agreements. The Company does not maintain key man insurance on its executives. If any of the executive officers or other key management and sales personnel stopped working with the Company in the future, it could have an adverse effect on its business.

**INFLATION**

In the last three years, inflation has not had a significant impact on the Company.

**SEASONALITY**

The Company's revenues and operating results have exhibited some degree of seasonality in past periods. Typically, the Company experiences its strongest financial performance in the summer and its lowest in the winter. The Company expects this trend to continue in the future. Because a significant portion of the Company's expenses are fixed, a

reduction in revenues in any quarter is likely to result in a period to period decline in operating performance and net earnings.

#### **IMPACT OF YEAR 2000**

The Company has not experienced significant disruptions to its financial or operating activities caused by failure of its computerized systems resulting from Year 2000 issues. All missions critical systems and links with key suppliers and vendors operated as expected and execution of contingency plans was not required.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### **LAMAR ADVERTISING COMPANY AND LAMAR MEDIA CORP.**

Lamar Advertising Company is exposed to interest rate risk in connection with variable rate debt instruments issued by its wholly-owned subsidiary Lamar Media Corp. The Company does not enter into market risk sensitive instruments for trading purposes. The information below summarizes the Company's interest rate risk associated with its principal variable rate debt instruments outstanding at December 31, 1999, and should be read in conjunction with Note 8 of the Notes to the Company's Consolidated Financial Statements.

Loans under Lamar Media Corp.'s New Bank Credit Agreement bear interest at variable rates equal to the Chase Prime Rate or LIBOR plus the applicable margin. Because the Chase Prime Rate or LIBOR may increase or decrease at any time, the Company is exposed to market risk as a result of the impact that changes in these base rates may have on the interest rate applicable to borrowings under the New Bank Credit Agreement. Increases in the interest rates applicable to borrowings under the New Bank Credit Agreement would result in increased interest expense and a reduction in the Company's net income and after tax cash flow.

At December 31, 1999, there was approximately \$776 million of aggregate indebtedness outstanding under the New Bank Credit Agreement, or approximately 48.0% of the Company's outstanding long-term debt on that date, bearing interest at variable rates. The aggregate interest expense for 1999 with respect to borrowings under the New Bank Credit Agreement and Senior Credit Facility was \$30.5 million, and the weighted average interest rate applicable to borrowings under these credit facilities during 1999 was 7.3%. Assuming that the weighted average interest rate was 200-basis points higher (that is 9.3% rather than 7.3%), then the Company's 1999 interest expense would have been approximately \$8.2 million higher resulting in a \$5.0 million decrease in the Company's 1999 net income and after tax cash flow.

The Company attempts to mitigate the interest rate risk resulting from its variable interest rate long-term debt instruments by also issuing fixed rate long-term debt instruments and maintaining a balance over time between the amount of the Company's variable rate and fixed rate indebtedness. In addition, the Company has the capability under the New Bank Credit Agreement to fix the interest rates applicable to its borrowings at an amount equal to LIBOR plus the applicable margin for periods of up to twelve months, which would allow the Company to mitigate the impact of short-term fluctuations in market interest rates. In the event of an increase in interest rates, the Company may take further actions to mitigate its exposure. The Company cannot guarantee, however, that the actions that it may take to mitigate this risk will be feasible or that, if these actions are taken, that they will be effective.

## **ITEM 8. FINANCIAL STATEMENTS (FOLLOWING ON NEXT PAGE)**

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

Independent Auditors' Report.....	28
Consolidated Balance Sheets as of December 31, 1999 and 1998 .....	29
Consolidated Statements of Operations for the years ended December 31, 1999, 1998 and 1997.....	30
Consolidated Statements of Comprehensive Income for the years ended December 31, 1999, 1998 and 1997.....	31
Consolidated Statements of Stockholders' Equity for the years ended December 31, 1999, 1998 and 1997.....	32
Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997.....	33
Notes to Consolidated Financial Statements .....	34-54

## **Independent Auditors' Report**

Board of Directors  
Lamar Advertising Company:

We have audited the accompanying consolidated balance sheets of Lamar Advertising Company and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lamar Advertising Company and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999, in conformity with generally accepted accounting principles.

As discussed in Note 17 to the consolidated financial statements, the Company changed its method of accounting for the costs of start-up activities in 1999.

**KPMG LLP**

New Orleans, Louisiana  
March 17, 2000

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Consolidated Balance Sheets**  
(In thousands, except share and per share data)

**December 31, 1999 and 1998**

Assets	1999	1998
-----	-----	-----
Current assets:		
Cash and cash equivalents	\$ 8,401	\$ 128,597
Receivables, net	81,226	40,380
Prepaid expenses	21,524	12,346
Other current assets	14,342	1,736
Total current assets	----- 125,493	----- 183,059
Property, plant and equipment (note 4)	1,412,605	661,324
Less accumulated depreciation and amortization	(218,893)	(153,972)
Net property plant and equipment	----- 1,193,712	----- 507,352
Intangible assets (note 5)	1,874,177	705,934
Other assets - non-current	13,563	17,032
Total assets	----- \$ 3,206,945	----- \$ 1,413,377
=====		
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	\$ 11,492	\$ 4,258
Current maturities of long-term debt (note 8)	4,318	49,079
Accrued expenses (note 7)	57,653	25,912
Deferred income	11,243	9,589
Total current liabilities	----- 84,706	----- 88,838
Long-term debt (note 8)	1,611,463	827,453
Deferred income taxes (note 9)	112,412	25,613
Deferred income	1,222	1,293
Other liabilities	5,613	3,401
Total liabilities	----- 1,815,416	----- 946,598
-----		
Stockholders' equity (note 11):		
Series AA preferred stock, par value \$.001, \$63.80 cumulative dividends, authorized \$1,000,000 shares; 5,719.49 shares and no shares issued and outstanding at 1999 and 1998, respectively	--	--
Class A preferred stock, par value \$638, \$63.80 cumulative dividends, 10,000 shares authorized, 0 shares and 5,719 shares issued and outstanding at 1999 and 1998 respectively	--	3,649
Class A common stock, par value \$.001, 125,000,000 shares authorized, 70,576,251 and 43,392,876 shares issued and outstanding at 1999 and 1998, respectively	71	43
Class B common stock, par value \$.001, 37,500,000 shares authorized, 17,449,997 and 17,699,997 shares issued and outstanding at 1999 and 1998, respectively	17	18
Additional paid-in capital	1,478,916	505,644
Accumulated deficit	(87,475)	(42,575)
Stockholders' equity	----- 1,391,529	----- 466,779
Total liabilities and stockholders' equity	----- \$ 3,206,945	----- \$ 1,413,377
=====		

See accompanying notes to consolidated financial statements.

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Consolidated Statements of Operations**  
(In thousands, except share and per share data)

**Years ended December 31, 1999, 1998 and 1997**

	1999	1998	1997
	-----	-----	-----
Net revenues	\$ 444,135	\$ 288,588	\$ 201,062
Operating expenses:			
Direct advertising expenses	143,090	92,849	63,390
General and administrative expenses	94,372	60,935	45,368
Depreciation and amortization	177,138	88,791	48,317
	-----	-----	-----
	414,600	242,575	157,075
	-----	-----	-----
Operating income	29,535	46,013	43,987
	-----	-----	-----
Other expense (income):			
Interest income	(1,421)	(762)	(1,723)
Interest expense	89,619	60,008	38,230
Gain on disposition of assets	(5,481)	(1,152)	(15)
	-----	-----	-----
	82,717	58,094	36,492
	-----	-----	-----
Earnings (loss) before income taxes, extraordinary item and cumulative effect of a change in accounting principle	(53,182)	(12,081)	7,495
Income tax expense (benefit) (note 9)	(9,596)	(191)	4,654
	-----	-----	-----
Earnings (loss) before extraordinary item and cumulative effect of a change in accounting principle	(43,586)	(11,890)	2,841
Extraordinary loss on debt extinguishment net of income tax benefit of \$117	(182)	--	--
	-----	-----	-----
Earnings (loss) before cumulative effect of a change in accounting principle	(43,768)	(11,890)	2,841
Cumulative effect of a change in accounting principle	(767)	--	--
	-----	-----	-----
Net earnings (loss)	(44,535)	(11,890)	2,841
Preferred stock dividends	(365)	(365)	(365)
	-----	-----	-----
Net earnings (loss) applicable to common stock	\$ (44,900)	\$ (12,255)	\$ 2,476
	=====	=====	=====
Earnings (loss) per common share - basic and diluted:			
Earnings (loss) before extraordinary item and accounting change	\$ (.64)	\$ (.24)	\$ .05
Extraordinary loss on debt extinguishment	--	--	--
Cumulative effect of a change in accounting principle	(.01)	--	--
	-----	-----	-----
Net earnings (loss)	\$ (.65)	\$ (.24)	\$ .05
	=====	=====	=====
Weighted average common shares outstanding	69,115,764	51,361,522	47,037,497
Incremental common shares from dilutive stock options	--	--	363,483
Incremental common shares from convertible debt	--	--	--
	-----	-----	-----
Weighted average common shares assuming dilution	69,115,764	51,361,522	47,400,980
	=====	=====	=====

See accompanying notes to consolidated financial statements.

**LAMAR ADVERTISING COMPANY AND  
SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**  
(In Thousands)

**Years ended December 31, 1999, 1998 and 1997**

	1999	1998	1997
	-----	-----	-----
Net earnings (loss) applicable to common stock	\$(44,900)	\$(12,255)	\$ 2,476
Other comprehensive income - change in unrealized gain (loss) on investment securities (net of deferred tax expense (benefit) of \$0, \$217 and \$(596) for the years ended December 31, 1999, 1998 and 1997	--	354	(974)
	-----	-----	-----
Comprehensive income (loss)	\$(44,900)	\$(11,901)	\$ 1,502
	=====	=====	=====

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Consolidated Statements of Stockholders' Equity**  
(In thousands, except share and per share data)

**Years ended December 31, 1999, 1998 and 1997**

	Series AA Preferred Stock	Class A Preferred Stock	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Deficit	Unrealized Gain (Loss) On Investment Securities	Total
Balance, December 31, 1996	\$ --	3,649	18	14	92,258	(32,796)	620	63,763
Exercise of stock options	--	--	--	--	3,448	--	--	3,448
Conversion of 1,811,552 shares of Class B common stock to Class A common stock	--	--	1	(1)	--	--	--	--
Net earnings	--	--	--	--	--	2,841	--	2,841
Dividends (\$63.80 per preferred share)	--	--	--	--	--	(365)	--	(365)
Unrealized loss on investment securities, net of deferred taxes of \$596	--	--	--	--	--	--	(974)	(974)
Three-for-two stock split (Note 11)	--	--	9	6	(15)	--	--	--
Balance, December 31, 1997	--	3,649	28	19	95,691	(30,320)	(354)	68,713
Issuance of 13,338,005 shares of common stock	--	--	13	--	399,288	--	--	399,301
Exercise of stock options	--	--	1	--	10,665	--	--	10,666
Conversion of 1,062,912 shares of Class B common stock to Class A common stock	--	--	1	(1)	--	--	--	--
Net loss	--	--	--	--	--	(11,890)	--	(11,890)
Dividends (\$63.80 per preferred share)	--	--	--	--	--	(365)	--	(365)
Realized loss on investment securities, net of tax	--	--	--	--	--	-	354	354
Balance December 31, 1998	--	3,649	43	18	505,644	(42,575)	--	466,779
Issuance of 26,407,650 shares of common stock in acquisitions	--	--	26	--	954,946	--	--	954,972
Exercise of stock options	--	--	1	--	14,677	--	--	14,678
Conversion of 250,000 shares of Class B common stock to Class A common stock	--	--	1	(1)	--	--	--	--
Conversion of Class A preferred stock into Series AA preferred stock	--	(3,649)	--	--	3,649	--	--	--
Net loss	--	--	--	--	--	(44,535)	--	(44,535)
Dividends (\$63.80 per preferred share)	--	--	--	--	--	(365)	--	(365)
Balance December 31, 1999	\$ --	--	71	17	1,478,916	(87,475)	--	1,391,529

See accompanying notes to consolidated financial statements.

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
(In thousands)

**Years ended December 31, 1999, 1998 and 1997**

	1999	1998	1997
	-----	-----	-----
Cash flows from operating activities:			
Net earnings (loss)	\$ (44,535)	(11,890)	2,841
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	177,138	88,791	48,317
Gain on disposition of assets	(5,481)	(1,152)	(15)
Cumulative effect of accounting change	767	--	--
Deferred tax expense (benefit)	(13,579)	(7,537)	(2,839)
Provision for doubtful accounts	4,065	2,883	2,098
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Receivables	(19,091)	(2,464)	(7,646)
Prepaid expenses	782	(521)	(367)
Other assets	(4,337)	(2,148)	(251)
Increase (decrease) in:			
Trade accounts payable	3,438	250	(1,951)
Accrued expenses	18,597	4,326	6,063
Deferred income	(7,184)	2,132	(425)
Other liabilities	(29)	(172)	(42)
Net cash provided by operating activities	----- 110,551	----- 72,498	----- 45,783
Cash flows from investing activities:			
Capital expenditures	(77,186)	(55,196)	(36,654)
Purchase of new markets	(881,067)	(485,514)	(386,842)
Proceeds from sale of property and equipment	7,603	5,493	53,268
Net cash used in investing activities	----- (950,650)	----- (535,217)	----- (370,228)
Cash flows from financing activities:			
Net proceeds from issuance of common stock	7,418	402,629	2,403
Proceeds from issuance of long-term debt	279,594	70	193,926
Principal payments on long-term debt	(79,667)	(6,229)	--
Debt issuance costs	(13,077)	(3,035)	--
Net borrowing (payments) under credit agreements	526,000	191,000	54,720
Dividends	(365)	(365)	(365)
Net cash provided by financing activities	----- 719,903	----- 584,070	----- 250,684
Net increase (decrease) in cash and cash equivalents	(120,196)	121,351	(73,761)
Cash and cash equivalents at beginning of period	----- 128,597	----- 7,246	----- 81,007
Cash and cash equivalents at end of period	\$ 8,401 =====	128,597 =====	7,246 =====
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 83,837 =====	56,960 =====	33,284 =====
Cash paid for income taxes	\$ 6,919 =====	1,107 =====	8,792 =====

See accompanying notes to consolidated financial statements.

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(1) Significant Accounting Policies

(a) Nature of Business Lamar

Advertising Company ("LAC" or the "Company") is engaged in the outdoor advertising business operating approximately 116,800 outdoor advertising displays in 42 states. The Company's operating strategy is to be the leading provider of outdoor advertising services in most of the markets it serves.

In addition, the Company operates a logo sign business in 20 states throughout the United States and in 1 province of Canada. Logo signs are erected pursuant to state-awarded service contracts on public rights-of-way near highway exits and deliver brand name information on available gas, food, lodging and camping services. Included in the Company's logo sign business are tourism signing contracts.

(b) Principles of Consolidation

The accompanying consolidated financial statements include Lamar Advertising Company, its wholly-owned subsidiary, Lamar Media Corp. ("Lamar Media"), and its majority-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is calculated using accelerated and straight-line methods over the estimated useful lives of the assets.

(d) Intangible Assets

Intangible assets, consisting primarily of goodwill, site locations, customer lists and contracts, and non-competition agreements are amortized using the straight-line method over the assets estimated useful lives, generally from 5 to 15 years.

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

Debt issuance costs are deferred and amortized over the terms of the related credit facilities using the interest method.

(e) Investment Securities

Investment securities at December 31, 1997 consisted of the Company's investment in approximately 340,000 shares of common stock of Wireless One, Inc., a publicly-held company in the wireless cable business.

The Wireless One, Inc. shares were classified as available-for-sale at December 31, 1997 and were carried at fair value with the unrealized gain or loss, net of the related tax effect, reported as a separate component of stockholders' equity. These shares were sold in May, 1998, resulting in a realized loss of \$875.

(f) Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of

The Company accounts for long-lived assets in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and Long Lived Assets to be Disposed of." SFAS No. 121 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

The Company assesses the recoverability of enterprise level goodwill by determining whether the unamortized goodwill balance can be recovered through undiscounted future results of the Company's operations. The amount of enterprise-level goodwill impairment, if any, is measured based on projected discounted future results using a discount rate reflecting the Company's average cost of funds.

(g) Deferred Income

Deferred income consists principally of advertising revenue received in advance and gains resulting from the sale of certain assets to related parties. Deferred advertising revenue is recognized in income as services are provided over the term of the contract. Deferred gains are recognized in income in the consolidated financial statements at the time the assets are sold to an unrelated party or otherwise disposed of.

(h) Revenue Recognition

The Company recognizes revenue from outdoor and logo sign advertising contracts, net of agency commissions, on an accrual basis ratably over the term of the contracts, as advertising services are provided.

(i) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(j) Earnings Per Share

Earnings per share are computed in accordance with SFAS No. 128, "Earnings Per Share." The calculation of basic earnings per share excludes any dilutive effect of stock options and convertible debt, while diluted earnings per share includes the dilutive effect of stock options and convertible debt.

(k) Stock Option Plan

The Company accounts for its stock option plan in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. SFAS No. 123, "Accounting for Stock-Based Compensation", permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma earnings per share disclosures for employee stock option grants made in 1995 and future years as if the fair-value-based method defined in SFAS No. 123 has been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provisions of SFAS No. 123.

(l) Cash and Cash Equivalents

The Company considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

(m) Reclassification of Prior Year Amounts

Certain amounts in the prior years' consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net earnings.

(n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(2) Acquisitions

**Year ended December 31, 1997**

Effective April 1, 1997, the Company acquired all of the outstanding capital stock of Penn Advertising, Inc. for a cash purchase price of approximately \$167,000. The Company subsequently sold approximately 16% of the outdoor displays acquired to Universal Outdoor, Inc. for a cash purchase price of \$46,500.

On June 3, 1997, the Company purchased substantially all of the assets of Headrick Outdoor, Inc. for a cash purchase price of approximately \$76,600. Simultaneous with the acquisition, the Company sold approximately 9% of the outdoor displays acquired for a total purchase price of \$6,000.

On August 15, 1997, the Company purchased from Outdoor Systems, Inc. ("OSI") for a cash purchase price of approximately \$116,000 (excluding approximately \$2,000 in capitalized costs), certain outdoor advertising assets that OSI had acquired from National Advertising Company, a division of Minnesota Mining and Manufacturing Company.

During the year ended December 31, 1997, the Company completed 21 additional acquisitions of outdoor advertising assets, none of which were individually significant, for an aggregate cash purchase price of approximately \$21,000.

Each of these acquisitions were accounted for under the purchase method of accounting, and, accordingly, the accompanying financial statements include the results of operations of each acquired entity from the date of acquisition. The acquisition costs have been allocated to assets acquired and liabilities assumed based on fair market value at the dates of acquisition. The following is a summary of the allocation of the acquisition costs in the above transactions.

	Current Assets	Property Plant & Equipment	Goodwill	Other Intangibles	Current Liabilities	Long-term Liabilities
	-----	-----	-----	-----	-----	-----
Penn Advertising, Inc.	\$ 4,645	47,745	72,435	19,200	(1,144)	(22,208)
Headrick Outdoor, Inc.	825	46,553	1,640	22,585	--	--
Outdoor Systems, Inc.	6,243	27,091	63,148	23,611	(2,640)	--
Other	370	17,106	5,132	3,378	(132)	(5,127)
	\$ 12,083	138,495	142,355	68,774	(3,916)	(27,335)
	=====	=====	=====	=====	=====	=====

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES COMPANY**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

**Year Ended December 31, 1998**

On January 2, 1998, the Company purchased all the outdoor advertising assets of Ragan Outdoor Advertising Company, Ragan Outdoor Advertising Company of Cedar Rapids, and Ragan Outdoor Advertising Company of Rockford, L.L.C. for a cash purchase price of \$25,000.

On January 30, 1998, the Company acquired all of the outdoor advertising assets of three related outdoor advertising companies (Pioneer Advertising Company, Superior Outdoor Advertising Company and Overland Outdoor Advertising Company, Inc.) located in Missouri and Arkansas for a cash purchase price of \$19,200.

On April 30, 1998, the Company purchased all the outdoor advertising assets of Northwest Outdoor Advertising, L.L.C. for a cash purchase price of approximately \$70,000. The acquired displays are located in the states of Washington, Montana, Oregon, Idaho, Wyoming, Nebraska, Nevada and Utah.

On May 15, 1998, the Company purchased the assets of Odegard Outdoor Advertising, L.L.C., for a cash purchase price of approximately \$8,500. This acquisition increases the Company's presence in the Kansas City, Missouri market.

On May 29, 1998, the Company entered into an agreement to purchase from Rainier Evergreen, Inc. or through its affiliates (i) all of the issued and outstanding common stock of American Signs, Inc., (ii) the assets of the Sun Media division and (iii) the assets of Sun Media of the Rockies, Inc. The asset purchases were closed on that date; while the stock purchase was delayed due to lease transfer issues involving the Bureau of Interior Affairs. The stock purchase was completed in September, 1998. The total purchase price was \$26,550.

On September 1, 1998, the Company entered into an agreement to purchase all of the outdoor advertising assets of Nichols & Vann Advertising. The Company paid a cash purchase price of \$11,000 of which \$6,100 is held on deposit as of December 31, 1998, and is included in other assets in the accompanying balance sheet at December 31, 1998.

On October 1, 1998, the Company purchased all of the outstanding stock of OCI for a purchase price of \$385,000. The purchase price included approximately \$235,000 in cash, the assumption of OCI debt of approximately \$105,000 and the issuance of notes in the aggregate amount of \$45,000 to certain principal stockholders of OCI. Pursuant to this acquisition, the Company acquired approximately 14,700 displays in 12 states. Funds for this acquisition were provided from borrowings under the New Revolving Credit Facility and the Term Facility.

During the year ended December 31, 1998, the Company completed 60 additional acquisitions of outdoor advertising assets, none of which were individually significant, for an aggregate cash purchase price of approximately \$89 million and issuance of 63,005 shares of Class A common stock valued at approximately \$2,400.

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

Each of these acquisitions were accounted for under the purchase method of accounting, and accordingly, the accompanying financial statements include the results of operations of each acquired entity from the date of acquisition. The acquisition costs have been allocated to assets acquired and liabilities assumed based on fair market value at the dates of acquisition. The following is a summary of the allocation of the acquisition costs in the above transactions.

	Current Assets	Property Plant & Equipment	Goodwill	Other Intangibles	Other Assets	Current Liabilities	Long-term Liabilities
	-----	-----	-----	-----	-----	-----	-----
Ragan Companies	\$ 694	9,634	13,275	1,573	--	(176)	--
Pioneer and related companies	307	15,062	264	4,046	--	(479)	--
Northwest Outdoor Advertising, LLC	2,176	23,667	36,199	8,861	--	(697)	(273)
Odegard Outdoor Advertising, LLC	285	1,633	5,959	1,095	--	(272)	(300)
Rainier Evergreen, Inc.	359	3,205	21,681	1,855	--	(550)	(50)
Nichols & Vann Advertising	--	300	3,944	575	6,181	--	--
Outdoor Communications, Inc.	9,957	97,058	266,856	37,334	291	(54,112)	(121,296)
Other	1,036	33,227	46,756	14,405	2,010	(3,506)	(2,549)
	-----	-----	-----	-----	-----	-----	-----
	\$ 14,814	183,786	394,934	69,744	8,482	(59,792)	(124,468)
	=====	=====	=====	=====	=====	=====	=====

**Year Ended December 31, 1999**

On January 5, 1999, the Company purchased all of the outdoor advertising assets of American Displays, Inc. for a cash purchase price of approximately \$14,500.

On February 1, 1999, the Company purchased all of the outdoor advertising assets of KJS, LLC for a cash purchase price of \$40,500.

On April 1, 1999, the Company purchased all of the assets of Frank Hardie, Inc. for a cash purchase price of approximately \$20,300.

On June 1, 1999, the Company purchased the assets of Vivid, Inc. for a cash purchase price of approximately \$22,100.

On September 15, 1999, Lamar Media Corp. purchased the capital stock of Chancellor Media Outdoor Corporation and Chancellor Media Whiteco Outdoor Corporation, ("Chancellor Outdoor") for a combination of approximately \$703,000 in cash and 26,227,273 shares of Class A common stock valued at approximately \$947,000. The stock purchase agreement also contains a post-closing adjustment in the event that the net working capital of Chancellor Outdoor as shown on the closing balance sheet is greater or less than \$12,000. As of December 31, 1999, the working capital adjustment to be paid by the Company is \$15,750, and is included in accrued expenses in the accompanying balance sheet.

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

During the year ended December 31, 1999, the Company completed 72 additional acquisitions of outdoor advertising and transit assets for an aggregate cash purchase price of approximately \$93,873 and the issuance of 180,377 shares of Class A common stock valued at approximately \$7,981.

Each of these acquisitions were accounted for under the purchase method of accounting, and, accordingly, the accompanying financial statements include the results of operations of each acquired entity from the date of acquisition. The purchase price has been allocated to assets acquired and liabilities assumed based on fair market value at the dates of acquisition. The following is a summary of the allocation of the purchase price in the above transactions.

	Current Assets	Property Plant & Equipment	Goodwill	Other Intangibles	Other Assets	Current Liabilities	Long-term Liabilities
American Displays	\$ 87	899	10,532	3,277	--	(284)	--
KJS, LLC	20	9,468	30,543	4,489	--	(2,079)	(1,921)
Frank Hardie	187	6,582	10,464	3,630	--	(525)	--
Vivid, Inc.	357	9,706	8,526	4,085	--	(593)	--
Chancellor	39,242	645,151	298,486	779,775(a)	169	(6,014)	(106,102)
Other	310	22,411	74,976	8,678	--	(1,301)	(3,218)
	-----	-----	-----	-----	---	-----	-----
	\$ 40,203	694,217	433,527	803,934	169	(10,796)	(111,241)
	=====	=====	=====	=====	===	=====	=====

(a) Includes \$615,946 of site locations.

The following unaudited pro forma financial information for the Company gives effect to the 1999 and 1998 acquisitions as if they had occurred on January 1, 1998. These pro forma results do not purport to be indicative of the results of operations which actually would have resulted had the acquisitions occurred on such date or to project the Company's results of operations for any future period.

	1999	1998
Net revenues	\$ 601,584	576,838
	=====	=====
Loss before extraordinary items	\$ (92,969)	(93,822)
	=====	=====
Net loss applicable to common stock	\$ (94,283)	(94,187)
	=====	=====
Net loss per common share (basic and diluted)	\$ (1.00)	(1.83)
	=====	=====

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(3) Noncash Financing and Investing Activities

A summary of significant noncash financing and investing activities for the years ended December 31, 1999, 1998 and 1997 follows:

	1999	1998	1997
	-----	-----	-----
Disposition of assets	\$ 5,387	30	1,300
Acquisitions of assets	954,972	2,706	--
Issuance of Series AA preferred stock in exchange for Class A preferred stock	3,649	--	--
Conversion of note receivable to equity investment	--	--	500
Debt issuance costs	7,906	--	4,750

(4) Property, Plant and Equipment

Major categories of property, plant and equipment at December 31, 1999 and 1998 are as follows:

	Estimated life (years)	1999	1998
	-----	-----	-----
Land	--	\$ 48,024	\$ 25,543
Building and improvements	10-39	42,292	28,924
Advertising structures	15	1,240,020	576,676
Automotive and other equipment	3-7	82,269	30,181
		-----	-----
		\$1,412,605	\$ 661,324
		=====	=====

(5) Intangible Assets

The following is a summary of intangible assets at December 31, 1999 and 1998:

	Estimated life (years)	1999	1998
	-----	-----	-----
Debt issuance costs and fees	7-10	\$ 40,945	\$ 19,962
Customer lists and contracts	7-10	286,301	108,903
Non-compete agreements	7-15	50,277	19,318
Goodwill	15	1,037,385	554,685
Site locations and other	5-15	630,585	3,066
		-----	-----
		\$2,045,493	\$ 705,934
		=====	=====
Cost		2,045,493	778,655
Accumulated amortization		(171,316)	(72,721)
		-----	-----
		\$1,874,177	\$ 705,934
		=====	=====

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(6) Leases

The Company is party to various operating leases for production facilities and sites upon which advertising structures are built. The leases expire at various dates, generally during the next five years, and have varying options to renew and to cancel. The following is a summary of minimum annual rental payments required under those operating leases that have original or remaining lease terms in excess of one year as of December 31:

2000	\$ 73,410
2001	57,634
2002	51,121
2003	44,528
2004	37,834
Thereafter	211,178

Rental expense related to the Company's operating leases were \$63,193, \$43,440 and \$31,411 for the years ended December 31, 1999, 1998 and 1997, respectively.

(7) Accrued Expenses

The following is a summary of accrued expenses at December 31, 1999 and 1998:

	1999	1998
	-----	-----
Payroll	\$ 7,406	\$ 4,863
Interest	17,411	11,629
Insurance benefits	4,460	3,715
Purchase price payable (note 2)	15,750	--
Other	12,626	5,705
	-----	-----
	\$57,653	\$25,912
	=====	=====

(8) Long-term Debt

Long-term debt consists of the following at December 31, 1999 and 1998:

	1999	1998
	-----	-----
5-1/4% Convertible notes	\$ 287,500	\$ --
9-5/8% Senior subordinated notes (1996 Notes)	255,000	255,000
8-5/8% Senior subordinated notes (1997 Notes)	198,882	198,785
Bank Credit Agreement	776,000	250,000
9-1/4% Senior subordinated notes	74,073	103,949
8% unsecured subordinated notes (see note 12)	13,333	15,333
Other notes with various rates and terms	10,993	53,465
	-----	-----
	1,615,781	876,532
Less current maturities	(4,318)	(49,079)
	-----	-----
Long-term debt, excluding current maturities	\$ 1,611,463	\$ 827,453
	=====	=====

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

Long-term debt matures as follows:

2000	\$	4,318
2001		50,200
2002		49,950
2003		99,125
2004		116,772
Later years		1,295,416

In November 1996, the Company issued \$255,000 in principal amount of 9 5/8% Senior Subordinated Notes due 2006 (the "1996 Notes"), with interest payable semi-annually on June 1 and December 1 of each year. The 1996 Notes are senior subordinated unsecured obligations of the Company and are subordinated in right of payment to all senior indebtedness of the Company, pari passu with the 1997 Notes (as defined below), and are senior to all existing and future subordinated indebtedness of the Company.

In September 1997, the Company issued \$200,000 in principal amount of 8 5/8% Senior Subordinated Notes due 2007 (the "1997 Notes") with interest payable semi-annually on March 15 and September 15 of each year, commencing March 15, 1998. The 1997 Notes were issued at a discount for \$198,676. The Company is using the effective interest method to recognize the discount over the life of the 1997 Notes. The 1997 Notes are senior subordinated unsecured obligations of the Company, subordinated in right of payment to all senior indebtedness of the Company, pari passu with the 1996 Notes and are senior to all existing and future subordinated indebtedness of the Company.

The 1996 and 1997 Notes are redeemable at the Company's option at any time on or after December 31, 2001 and September 15, 2002, respectively, at redemption prices specified by the indentures, and are required to be repurchased earlier in the event of a change of control of the Company. The indentures covering the 1996 and 1997 Notes include certain restrictive covenants which limit the Company's ability to incur additional debt, pay dividends and make other restricted payments, consummate certain transactions and other matters.

In July, 1998, the Company replaced its previous credit agreement with a new Bank Credit Agreement (the "1998 Bank Credit Agreement") which consists of a committed \$250,000 revolving credit facility (the "1998 Revolving Credit Facility"), a \$150,000 term facility (the "Term Facility") and a \$100,000 incremental facility (The 1998 "Incremental Facility") funded at the discretion of the lenders. As of December 31, 1998, the Company had borrowings outstanding of \$150 million under the 1998 Term Facility, \$100 million under the 1998 Incremental Facility, and \$0 under the 1998 Revolving Credit Facility. The Incremental Facility and the Term Facility bear interest at a variable rate of interest based on the applicable margin over LIBOR or the prime rate. The weighted average interest rate on borrowings under the Bank Credit Agreement at December 31, 1998, was 7.37%

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

In August 1999, the Company replaced the 1998 Bank Credit Agreement with a new bank credit facility under which The Chase Manhattan Bank serves as administrative agent. The new \$1,000,000 bank credit facility consists of (1) a \$350,000 revolving bank credit facility and (2) a \$650,000 term facility with two tranches, a \$450,000 Term A facility and a \$200,000 Term B facility. As a result of the holding company reorganization completed on July 20, 1999 and explained in footnote 12, the existing bank credit facility and the new bank credit facility are obligations of Lamar Media Corp., a wholly owned subsidiary of Lamar Advertising Company. As of December 31, 1999, the Company had borrowings under this agreement of \$776,000.

Availability of the line under the New Revolving Credit Facility is reduced quarterly beginning with the quarter ended March 31, 2002, in the following amounts:

March 31, 2002	-	December 31, 2003	\$ 8,750
March 31, 2004	-	December 31, 2004	26,250
March 31, 2005	-	December 31, 2005	30,625
March 31, 2006			52,500

The Tranch A Term Facility will begin to amortize quarterly beginning September 30, 2001 in the following quarterly amounts:

September 30, 2001	-	December 31, 2001	\$ 22,500
March 31, 2002	-	December 31, 2002	11,250
March 31, 2003	-	December 31, 2003	22,500
March 31, 2004	-	December 31, 2004	28,125
March 31, 2005	-	December 31, 2005	31,500
March 31, 2006	-	December 31, 2006	31,500

The Tranch B Term facility will begin to amortize quarterly beginning with the quarter ended September 30, 2001, in the following quarterly amounts:

September 30, 2001	-	December 31, 2001	\$ 500
March 31, 2002	-	December 31, 2002	500
March 31, 2003	-	December 31, 2003	500
March 31, 2004	-	December 31, 2004	500
March 31, 2005	-	December 31, 2005	500
March 31, 2006	-	June 30, 2006	500
August 1, 2006			190,000

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

Revolving credit loans may be requested under the New Revolving Credit Facility at any time prior to maturity. The loans bear interest, at the Company's option, at the LIBOR Rate or Chase Prime Rate plus applicable margins, such margins being set from time to time based on the Company's ratio of debt to trailing twelve month EBITDA, as defined in the agreement. The terms of the indenture relating to Lamar Advertising's outstanding notes, Lamar Media's bank credit facility and the indentures relating to Lamar Media's outstanding notes restrict, among other things, the ability of Lamar Advertising and Lamar Media to:

- o dispose of assets;
- o incur or repay debt;
- o create liens;
- o make investments; and
- o pay dividends.

Lamar Media's ability to make distributions to Lamar Advertising is also restricted under the terms of these agreements.

Under Lamar Media's credit facility the Company must maintain specified financial ratios and levels including:

- o cash interest coverage;
- o fixed charge coverage;
- o senior debt ratios; and
- o total debt ratios.

On August 10, 1999, Lamar Advertising Company, the new holding company, completed an offering of \$287,500 5 1/4% Convertible Notes due 2006. The net proceeds of approximately \$279,594 of the convertible notes were used to pay down existing bank debt.

In connection with the reorganization of Lamar Advertising Company into a new holding company structure, Lamar Media Corp. (formerly known as Lamar Advertising Company) made a change of control tender offer to the holders of its 9 1/4% Senior Subordinated Notes due 2007 in aggregate principal amount of approximately \$103,900. Pursuant to the change of control tender offer and in accordance with the Indenture, Lamar Media Corp. offered to repurchase the Notes for 101% of the principal amount plus accrued interest. A total of \$29,876 aggregate principal amount of Notes were tendered for payment on August 19, 1999, and the related 1% prepayment penalty is reflected as an extraordinary item in the Company's statement of operations for the year ended December 31, 1999.

The Company's obligations with respect to its publicly issued notes are not guaranteed by the Company's direct or indirect wholly-owned subsidiaries. Certain obligations of the Company's wholly-owned subsidiary, Lamar Media Corp. are guaranteed by its subsidiaries.

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(9) Income Taxes

Income tax expense (benefit) for the years ended December 31, 1999, 1998 and 1997, consists of:

	Current	Deferred	Total
	-----	-----	-----
Year ended December 31, 1999:			
U.S. federal	\$ 3,083	(11,838)	(8,755)
State and local	900	(1,741)	(841)
	-----	-----	-----
	3,983	(13,579)	(9,596)
	=====	=====	=====
Year ended December 31, 1998:			
U.S. federal	\$ 6,269	(6,074)	195
State and local	1,077	(1,463)	(386)
	-----	-----	-----
	7,346	(7,537)	(191)
Change in deferred tax attributable to unrealized losses on investment securities, included in stockholders' equity	--	217	217
	-----	-----	-----
	\$ 7,346	(7,320)	26
	=====	=====	=====
Year ended December 31, 1997:			
U.S. federal	\$ 6,108	(2,475)	3,633
State and local	1,385	(364)	1,021
	-----	-----	-----
	7,493	(2,839)	4,654
Change in deferred tax attributable to unrealized losses on investment securities, included in stockholders' equity	--	(596)	(596)
	-----	-----	-----
	\$ 7,493	(3,435)	4,058
	=====	=====	=====

Income tax expense (benefit) attributable to continuing operations for the years ended December 31, 1999, 1998 and 1997, differs from the amounts computed by applying the U.S. federal income tax rate of 34 percent to earnings before income taxes as follows:

	1999	1998	1997
	-----	-----	-----
Computed "expected" tax expense (benefit)	\$(18,081)	(4,108)	2,548
Increase (reduction) in income taxes resulting from:			
Book expenses not deductible for tax purposes	121	450	92
Amortization of non-deductible goodwill	8,841	3,752	1,730
State and local income taxes, net of federal income tax benefit	(555)	(255)	674
Other differences, net	78	(30)	(390)
	-----	-----	-----
	\$ (9,596)	(191)	4,654
	=====	=====	=====

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1999 and 1998 are presented below:

	1999	1998
	-----	-----
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	\$ (3,942)	\$ (4,915)
Plant and equipment, due to basis differences on acquisitions	(134,323)	(28,556)
Employee benefit plans	(1,058)	--
	-----	-----
Deferred tax liabilities	(139,323)	(33,471)
Deferred tax assets:		
Intangibles, due to differences in amortizable lives	3,796	(5,058)
Receivables, principally due to allowance for doubtful accounts	1,514	1,151
Plant and equipment, due to basis differences on acquisitions and costs capitalized for tax purposes	4,614	4,530
Investment in affiliates and plant and equipment, due to gains recognized for tax purposes and deferred for financial reporting purposes	941	941
Accrued liabilities not deducted for tax purposes	3,121	2,125
Net operating loss carryforward	11,844	3,563
Minimum tax credit	357	
Other, net	724	606
	-----	-----
Deferred tax assets	26,911	7,858
	-----	-----
Net deferred tax liability	\$(112,412)	\$ (25,613)
	=====	=====

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(10) Related Party Transactions

Affiliates, as used within these statements, are persons or entities that are affiliated with Lamar Advertising Company or its subsidiaries through common ownership and directorate control.

As of December 31, 1999 and 1998, debentures and ten year subordinated notes totaling \$14,318 and \$16,749, respectively, are owned by shareholders, directors and employees. Interest expense under the debentures and ten year subordinated notes during the years ended December 31, 1999, 1998, and 1997 was \$1,290, \$1,497, and \$1,719 respectively.

In addition, the Company had receivables from affiliates, related parties and employees of \$833 and \$378 at December 31, 1999 and 1998, respectively.

During 1999, the Company purchased a sign easement for approximately \$94 from Jennifred Holdings, LLC, of which Kevin Reilly and Sean Reilly each hold a 50% interest.

The Company purchased approximately \$1,951, \$1,810 and \$3,462 of highway signs used in its logo sign business from Interstate Highway Signs Corp., ("IHS") during the years ended December 31, 1999, 1998 and 1997, respectively. IHS is a wholly-owned subsidiary of Sign Acquisition Corp. Kevin R. Reilly, Jr. has voting control over a majority of the outstanding shares of Sign Acquisition Corp. through a voting trust.

(11) Stockholders' Equity

On December 31, 1997, the Board of Directors approved a three-for-two split of its Class A and Class B common stock subject to the approval by the shareholders of an increase in the authorized number of shares of Class A and Class B common stock. On February 26, 1998, the shareholders approved an increase in the authorized number of shares of Class A common stock to 75,000,000 and Class B common stock to 37,500,000. The stock split, which was effected by means of a 50% stock dividend, was paid to shareholders on February 27, 1998. Par value of the common stock remained unchanged at \$.001. Common stock and additional paid in capital were adjusted to reflect the split as of December 31, 1997. All references to share and per share information in the consolidated financial statements and related footnotes have been restated to reflect the effect of the split for all periods presented.

During 1995 and 1996, the Company repurchased 3.6% and 12.9%, respectively, of its then outstanding common stock (1,830,750 and 5,427,305 shares, respectively) from certain of its existing stockholders for an aggregate purchase price of approximately \$4 million. The terms of such repurchases entitled the selling stockholders to receive additional consideration from the Company in the event that the Company consummated a public offering of its common stock at a higher price within 24 months of the repurchase. In satisfaction of that obligation, upon completion of the Company's initial public equity offering in August 1996, the Company paid the selling stockholders an aggregate of \$5.0 million in cash

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

and issued to them ten-year subordinated notes in the aggregate principal amount of \$20,000. The notes bear interest at 8% (1% above the ten-year treasury note rate when issued) and are payable in monthly installments of \$167, plus interest. The balance outstanding under these notes at December 31, 1999 and 1998, was \$13,333 and \$15,333, respectively.

In June, 1998, the Company completed a public offering of 6,375,000 shares of Class A common stock at \$29.00 per share. Net proceeds to the Company after underwriting discounts from the equity offering were \$177.5 million. These proceeds were used to pay down outstanding bank debt of approximately \$173.0 million with the remainder used for operations.

In December, 1998, the Company completed a public offering of 6,900,000 shares of Class A common stock at \$35 per share. Net proceeds to the Company after underwriting discounts from the equity offering were \$219.8 million. These proceeds were used to pay down outstanding bank debt of approximately \$99.0 million with the remainder used for debt reduction and acquisitions in 1999.

On July 16, 1999, the Board of Directors amended the preferred stock of the Company by designating 5,720 shares of the 1,000,000 shares of previously undesignated preferred stock, par value \$.001 as "Series AA preferred stock". The previously issued Class A preferred stock par value \$638 was exchanged for the new Series AA preferred stock. The new Series AA preferred stock have the same liquidation preferences, dividends and other rights as the previously issued Class A preferred stock. Series AA preferred stock has a liquidation preference over Class A & B common stock. Liquidation value of the Series AA preferred stock at December 31, 1999 was \$3,649. The new shares of Series AA preferred stock, however, are entitled to one vote per share.

The rights of the Class A and Class B common stock are equal in all respects, except holders of Class B common stock have ten votes per share on all matters in which the holders of common stock are entitled to vote and holders of Class A common stock have one vote per share on such matters. The Class B common stock will convert automatically into Class A common stock upon the sale or transfer to persons other than permitted transferees (as defined in the Company's certificate of incorporation, as amended).

On July 20, 1999, Lamar Advertising Company completed a corporate reorganization to create a new holding company structure. The reorganization was accomplished through a merger under section 251(g) of the Delaware General Corporation Law. At the effective time of the merger, all stockholders of Lamar Advertising Company became stockholders in a new holding company and Lamar Advertising Company became a wholly-owned subsidiary of the new holding company. The new holding company took the Lamar Advertising Company name and the old Lamar Advertising Company was renamed Lamar Media Corp. In the merger, all outstanding shares of old Lamar Advertising Company's capital stock were converted into shares of the new holding company with the same voting powers, designations, preferences and rights, and the same qualifications, restrictions and limitations, as the shares of old Lamar Advertising Company. Following the restructuring, the Class A common stock of the new holding company trades under the symbol "LAMR" on the Nasdaq National Market with the same CUSIP number as the old Lamar Advertising Company's Class A common stock.

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(12) Stock Option Plan

In 1996, the Company adopted the 1996 Equity Incentive Plan (the "1996 Plan"). The purpose of the 1996 Plan is to attract and retain key employees and consultants of the Company. The 1996 Plan authorizes the grant of stock options, stock appreciation rights and restricted stock to employees and consultants of the Company capable of contributing to the Company's performance. Options granted under the 1996 Plan generally become exercisable over a five-year period and expire 10 years from the date of grant. The Company initially reserved an aggregate of 3,000,000 shares of Class A common stock (as adjusted for the Company's February 1998 three-for-two stock split) for awards under the 1996 Plan. In September, 1998, the Board of Directors of the Company voted to increase the number of shares reserved for issuance under the 1996 Plan by 1,000,000 shares to 4,000,000 shares.

In August, 1999, the Board of Directors voted subject to stockholder approval, to increase the number of shares of Class A common stock reserved for issuance under the 1996 plan by 1,000,000 shares to 5,000,000 shares.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the stock option grants. Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant date consistent with the provisions of SFAS No. 123, the Company's net earnings (loss) and earnings (loss) per share would have been reduced to the pro forma amounts indicated below:

	1999 -----	1998 -----	1997 -----
Net earnings (loss) applicable to common stock - as reported	\$(44,900)	(12,255)	2,476
	=====	=====	=====
Net earnings (loss) applicable to common stock - pro forma	\$(50,073)	(15,145)	(603)
	=====	=====	=====
Net earnings (loss) per common share - as reported (basic and diluted)	\$ (.65)	(.24)	.05
	=====	=====	=====
Net earnings (loss) per common share - pro forma (basic and diluted)	\$ (.73)	(.29)	(.01)
	=====	=====	=====

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

Grant Year -----	Dividend Yield -----	Expected Volatility -----	Risk Free Interest Rate -----	Expected Lives -----
1999	0%	54%	6%	4
1998	0%	59%	5%	4
1997	0%	40%	6%	3

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

Information regarding the 1996 Plan for the years ended December 31, 1999, 1998 and 1997, is as follows:

	1999		1998		1997	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	2,240,567	\$19.25	1,868,804	\$11.60	1,774,896	\$10.85
Granted	1,115,000	37.94	950,500	29.88	399,000	15.20
Exercised	(525,725)	15.16	(538,154)	10.84	(225,256)	10.67
Canceled	(71,888)	30.84	(40,583)	18.24	(79,836)	10.96
Outstanding, end of year	2,757,954	\$27.14	2,240,567	\$19.25	1,868,804	\$11.60
Price for exercised shares	\$ 15.16		\$ 10.84		\$ 10.67	
Shares available for grant, end of year	920,570		963,682		873,599	
Weighted average fair value of options granted during the year	\$ 23.19		\$ 13.09		\$ 7.18	

The following table summarizes information about fixed-price stock options outstanding at December 31, 1999:

Range Of Exercise Prices	Number Outstanding At December 31, 1999	Average Remaining Contractual Life	Weighted Average Exercise Price	Weighted Number Exercisable At December 31, 1999	Weighted Average Exercise Price
\$ 10.67	583,704	6.62	\$10.67	276,204	\$10.67
10.67 - 30.34	556,900	7.95	21.24	30,875	24.26
30.34	545,000	8.42	30.34	133,700	30.34
33.38	651,550	9.41	33.38	105,550	33.38
34.16 - 47.75	420,800	9.57	43.99	1,800	47.75

No stock appreciation rights or restricted stock authorized by the 1996 Plan have been granted.

**(13) Commitments and Other Contingencies**

The Company sponsors a partially self-insured group health insurance program. The Company is obligated to pay all claims under the program, which are in excess of premiums, up to program limits of \$150 per employee, per claim, per year. The Company is also self-insured with respect to its income disability benefits and against casualty losses on advertising structures. Amounts for expected losses, including a provision for losses incurred but not reported, is included in accrued expenses in the accompanying consolidated financial statements. The Company maintains a \$500 letter of credit with a bank to meet requirements of the Company's worker's compensation insurance carrier.

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

The Company sponsors The Lamar Corporation Savings and Profit Sharing Plan covering employees who have completed one year of service and are at least 21 years of age. The Company matches 50% of employees' contributions up to 5% of related compensation. Employees can contribute up to 15% of compensation. Full vesting on the Company's matched contributions occurs after five years. Annually, at the Company's discretion, an additional profit sharing contribution may be made on behalf of each eligible employee. In total, for the years ended December 31, 1999, 1998 and 1997 the Company contributed \$2,403, \$1,608 and \$1,192, respectively.

The Company sponsors a Deferred Compensation Plan for the benefit of certain of its senior management who meet specific age and years of service criteria. Employees who have attained the age of 30 and have a minimum of 10 years of service are eligible for annual contributions to the Plan generally ranging from \$3 to \$8, depending on the employee's length of service. LAC's contributions to the Plan are maintained in a "rabbi" trust and, accordingly, the assets and liabilities of the Plan are reflected in the balance sheet of LAC. Upon termination, death or disability, participating employees are eligible to receive an amount equal to the fair market value of the assets in the employee's deferred compensation account. The Company has contributed \$448, \$406 and \$190 to the Plan during the years ended December 31, 1999, 1998 and 1997, respectively. Contributions to the Deferred Compensation Plan are discretionary and are determined by the Board of Directors.

The Company is the subject of litigation arising during the normal course of business. In the opinion of management and the general counsel of the Company, those claims will not have a material impact on the financial position, results of operations or liquidity of the Company.

(14) Summarized Financial Information of Subsidiaries

Except as set forth below, separate financial statements of each of the Company's direct or indirect subsidiaries that have guaranteed the Company's obligations under the 1996 Notes and the 1997 Notes (collectively, the "Guarantors") are not included herein because the Guarantors are jointly and severally liable under the guarantees, and the aggregate assets, liabilities, earnings and equity of the Guarantors are substantially equivalent to the assets, liabilities, earnings and equity of the Company on a consolidated basis.

Summarized financial information for Missouri Logos, a Partnership, a 66-2/3% owned subsidiary of the Company and the only subsidiary of the Company that is not a Guarantor, is set forth below:

Balance Sheet Information:	1999	1998	
	-----	-----	
Current assets	\$ 288	\$ 248	
Total assets	333	297	
Current liabilities	6	7	
Total liabilities	6	7	
Venturers' equity	327	290	

  

Income Statement Information:	1999	1998	1997
	-----	-----	-----
Revenues	\$1,152	1,038	991
Net income	671	523	540

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES COMPANY**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(15) Disclosures About Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1999 and 1998. The fair value of the financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

	1999		1998	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Long-term debt	\$1,611,463	\$1,613,209	\$ 827,453	\$ 874,091

The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies as follows:

o The carrying amounts of cash and cash equivalents, receivables, trade accounts payable, accrued expenses, and deferred income approximate fair value because of the short term nature of these items.

o The fair value of long-term debt is based upon market quotes obtained from dealers where available and by discounting future cash flows at rates currently available to the Company for similar instruments when quoted market rates are not available.

Fair value estimates are subject to inherent limitations. Estimates of fair values are made at a specific point in time, based on relevant market information and information about the financial instrument. The estimated fair values of financial instruments presented above are not necessarily indicative of amounts the Company might realize in actual market transactions. Estimates of fair value are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(16) Quarterly Financial Data (Unaudited)

	Fiscal Year 1999 Quarters			
	March 31	June 30	September 30	December 31
Net revenues	\$ 85,766	97,809	111,039	149,521
Net revenues less direct advertising expenses	56,002	67,328	77,803	99,912
Net earnings (loss) applicable to common stock	(10,797)	(5,161)	(3,575)	(25,367)
Net earnings (loss) per common share (basic and diluted)	(.18)	(.08)	(.05)	(.29)

(Continued)

**LAMAR ADVERTISING COMPANY  
AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

	Fiscal Year 1998 Quarters			
	March 31	June 30	September 30	December 31
	-----	-----	-----	-----
Net revenues	\$ 58,397	69,675	73,528	86,988
Net revenues less direct advertising expenses	37,567	48,066	51,271	58,835
Net earnings (loss) applicable to common stock	(4,682)	(1,253)	1,538	(7,858)
Net earnings (loss) per common share (basic and diluted)	(.10)	(.02)	.03	(.15)

(17) New Accounting Pronouncements

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-5, Reporting on the Costs of Start-Up Activities. SOP 98-5 is effective for financial statements for fiscal years beginning after December 15, 1998, and requires that the costs of start-up activities, including organizational costs, be expensed as incurred.

The effect of SOP 98-5 was recorded in the first quarter of fiscal 1999 as the cumulative effect of a change in accounting principle in the amount of \$(767), net of tax, as described in Accounting Principles Board Opinion No. 20 "Accounting Changes".

**SCHEDULE 2**

**Lamar Advertising Company  
Valuation and Qualifying Accounts**

The Years Ended December 31, 1999, 1998 and 1997

Description -----	(in 000's)	Balance at Beginning of Period -----	Charged to Costs and Expenses -----	Deductions -----	Balance at End of Period -----
Year ended December 31, 1999					
Deducted in balance sheet from trade accounts receivable: Allowance for doubtful accounts		\$ 2,722	4,065	2,859	3,928
Deducted in balance sheet from intangible assets: Amortization of intangible assets		\$72,721	100,019	824	171,316
Year ended December 31, 1998					
Deducted in balance sheet from trade accounts receivable: Allowance for doubtful accounts		\$ 1,311	2,883	1,472	2,722
Deducted in balance sheet from intangible assets: Amortization of intangible assets		\$29,698	43,023	--	72,721
Year ended December 31, 1997					
Deducted in balance sheet from trade accounts receivable: Allowance for doubtful accounts		\$ 814	2,098	1,601	1,311
Deducted in balance sheet from intangible assets: Amortization of intangible assets		\$ 9,273	20,425	--	29,698

**LAMAR MEDIA CORP.**

Independent Auditors' Report .....	57
Consolidated Balance Sheets as of December 31, 1999 and 1998 .....	58
Consolidated Statements of Operations for the years ended December 31, 1999, 1998 and 1997 .....	59
Consolidated Statements of Comprehensive Income for the years ended December 31, 1999, 1998 and 1997 .....	60
Consolidated Statements of Stockholders' Equity for the years ended December 31, 1997, 1998 and 1999 .....	61
Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997 .....	62
Notes to Consolidated Financial Statements .....	63-68

## **Independent Auditors' Report**

Board of Directors  
Lamar Media Corp.:

We have audited the accompanying consolidated balance sheets of Lamar Media Corp. and subsidiaries as of December 31, 1999, and 1998, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lamar Media Corp. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999, in conformity with generally accepted accounting principles.

As discussed in note 17 to the consolidated financial statements of Lamar Advertising Company, the Company changed its method of accounting for the costs of start-up activities in 1999.

**KPMG LLP**

New Orleans, Louisiana  
March 17, 2000

**LAMAR MEDIA CORP.**  
**Consolidated Balance Sheets**

**December 31, 1999 and 1998**  
(In thousands, except share and per share data)

Assets	1999	1998
-----	-----	-----
Current assets:		
Cash and cash equivalents	\$ 8,401	\$ 128,597
Receivables, net	80,671	40,380
Prepaid expenses	21,524	12,346
Other current assets	25,193	1,736
	-----	-----
Total current assets	135,789	183,059
	-----	-----
Property, plant and equipment	1,412,605	661,324
Less accumulated depreciation and amortization	(218,893)	(153,972)
	-----	-----
Net property plant and equipment	1,193,712	507,352
	-----	-----
Intangible assets (note 3)	1,851,965	705,934
Other assets - non-current	13,563	17,032
	-----	-----
Total assets	\$ 3,195,029	\$ 1,413,377
	=====	=====
 Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	\$ 11,492	\$ 4,258
Current maturities of long-term debt (note 5)	4,318	49,079
Accrued expenses (note 4)	54,031	25,912
Deferred income	11,243	9,589
	-----	-----
Total current liabilities	81,084	88,838
Long-term debt (note 5)	1,611,463	827,453
Deferred income taxes (note 6)	112,776	25,613
Deferred income	1,222	1,293
Other liabilities	5,613	3,401
	-----	-----
Total liabilities	1,812,158	946,598
	-----	-----
Stockholders' equity:		
Common stock, \$.01 par value, authorized 3000 shares; issued and outstanding 100 shares at December 31, 1999	--	--
Class A preferred stock, par value \$638, \$63.80 cumulative dividends, 10,000 shares authorized, 5,719 shares issued and outstanding at December 31, 1998	--	3,649
Class A common stock, par value \$.001, 125,000,000 shares authorized, 43,392,876 shares issued and outstanding at December 31, 1998	--	43
Class B common stock, par value \$.001, 37,500,000 shares authorized, 17,699,997 shares at December 31, 1998	--	18
Additional paid-in capital	1,469,606	505,644
Accumulated deficit	(86,735)	(42,575)
	-----	-----
Stockholders' equity	1,382,871	466,779
	-----	-----
Total liabilities and stockholders' equity	\$ 3,195,029	\$ 1,413,377
	=====	=====

See accompanying notes to consolidated financial statements.

**LAMAR MEDIA CORP.**  
**Consolidated Statements of Operations**

**Years ended December 31, 1999, 1998 and 1997**  
(In thousands, except share and per share data)

	1999	1998	1997
	-----	-----	-----
Net revenues	\$ 444,135	\$ 288,588	\$ 201,062
Operating expenses:			
Direct advertising expenses	143,090	92,849	63,390
General and administrative expenses	94,264	60,935	45,368
Depreciation and amortization	176,233	88,791	48,317
	-----	-----	-----
	413,587	242,575	157,075
	-----	-----	-----
Operating income	30,548	46,013	43,987
	-----	-----	-----
Other expense (income):			
Interest income	(1,421)	(762)	(1,723)
Interest expense	89,619	60,008	38,230
Gain on disposition of assets	(5,481)	(1,152)	(15)
	-----	-----	-----
	82,717	58,094	36,492
	-----	-----	-----
Earnings (loss) before income taxes, extraordinary item and cumulative effect of a change in accounting principle	(52,169)	(12,081)	7,495
Income tax expense (benefit) (note 6)	(9,232)	(191)	4,654
	-----	-----	-----
Earnings (loss) before extraordinary item and cumulative effect of a change in accounting principle	(42,937)	(11,890)	2,841
Extraordinary loss on debt extinguishment net of income tax benefit of \$117	(182)	--	--
	-----	-----	-----
Earnings (loss) before cumulative effect of a change in accounting principle	(43,119)	(11,890)	2,841
Cumulative effect of a change in accounting principle	(767)	--	--
	-----	-----	-----
Net earnings (loss)	(43,886)	(11,890)	2,841
Preferred stock dividends	(274)	(365)	(365)
	-----	-----	-----
Net earnings (loss) applicable to common stock	\$ (44,160)	\$ (12,255)	\$ 2,476
	=====	=====	=====

See accompanying notes to consolidated financial statements.

**LAMAR MEDIA CORP.**  
**Consolidated Statements of Comprehensive Income**

**Years ended December 31, 1999, 1998 and 1997**  
(In Thousands)

	1999	1998	1997
	-----	-----	-----
Net earnings (loss) applicable to common stock	\$(44,160)	\$(12,255)	\$ 2,476
Other comprehensive income - change in unrealized gain (loss) on investment securities (net of deferred tax expense (benefit) of \$0, \$217, and \$(596), for the years ended December 31, 1999, 1998 and 1997	--	354	(974)
	-----	-----	-----
Comprehensive income (loss)	\$(44,160)	(11,901)	1,502
	=====	=====	=====

**LAMAR MEDIA CORP.**  
**Consolidated Statements of Stockholders' Equity**

**Years ended December 31, 1999, 1998 and 1997**  
(In thousands, except share and per share data)

	Common Stock	Class A Preferred Stock	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Deficit	Unrealized Gain (Loss) On Investment Securities	Total
Balance, December 31, 1996	\$ --	3,649	18	14	92,258	(32,796)	620	63,763
Exercise of stock options	--	--	--	--	3,448	--	--	3,448
Conversion of 1,811,552 shares of Class B common stock to Class A common stock	--	--	1	(1)	--	--	--	--
Net earnings	--	--	--	--	--	2,841	--	2,841
Dividends (\$63.80 per preferred share)	--	--	--	--	--	(365)	--	(365)
Unrealized loss on investment securities, net of deferred taxes of \$596	--	--	--	--	--	--	(974)	(974)
Three-for-two stock split	--	--	9	6	(15)	--	--	--
Balance, December 31, 1997	--	3,649	28	19	95,691	(30,320)	(354)	68,713
Issuance of 13,338,005 shares of common stock	--	--	13	--	399,288	--	--	399,301
Exercise of stock options	--	--	1	--	10,665	--	--	10,666
Conversion of 1,062,912 shares of Class B common stock to Class A common stock	--	--	1	(1)	--	--	--	--
Net loss	--	--	--	--	--	(11,890)	--	(11,890)
Dividends (\$63.80 per preferred share)	--	--	--	--	--	(365)	--	(365)
Realized loss on investment securities, net of tax	--	--	--	--	--	--	354	354
Balance December 31, 1998	--	3,649	43	18	505,644	(42,575)	--	466,779
Issuance of 13,023 shares of common stock in acquisitions	--	--	--	--	475	--	--	475
Exercise of stock options	--	--	--	--	3,833	--	--	3,833
Effect of Corporate restructuring	--	(3,649)	(43)	(18)	3,710	--	--	--
Contributions from parent	--	--	--	--	955,944	--	--	955,944
Net loss	--	--	--	--	--	(43,886)	--	(43,886)
Dividends (\$63.80 per preferred share)	--	--	--	--	--	(274)	--	(274)
Balance December 31, 1999	\$ --	-----	-----	-----	1,469,606	(86,735)	-----	1,382,871

See accompanying notes to consolidated financial statements.

**LAMAR MEDIA CORP.**  
**Consolidated Statements of Cash Flows**

**Years ended December 31, 1999, 1998 and 1997**  
(In thousands)

	1999	1998	1997
	-----	-----	-----
Cash flows from operating activities:			
Net earnings (loss)	\$ (43,886)	(11,890)	2,841
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	176,233	88,791	48,317
Loss (gain) on disposition of assets	(5,481)	(1,152)	(15)
Cumulative effect of accounting change	767	--	--
Deferred tax expense (benefit)	(13,215)	(7,537)	(2,839)
Provision for doubtful accounts	4,065	2,883	2,098
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Receivables	(19,091)	(2,464)	(7,646)
Prepaid expenses	782	(521)	(367)
Other assets	(10,937)	(2,148)	(251)
Increase (decrease) in:			
Trade accounts payable	3,438	250	(1,951)
Accrued expenses	14,974	4,326	6,063
Deferred income	(7,184)	2,132	(425)
Other liabilities	(29)	(172)	(42)
	-----	-----	-----
Net cash provided by operating activities	100,436	72,498	45,783
	-----	-----	-----
Cash flows from investing activities:			
Capital expenditures	(77,186)	(55,196)	(36,654)
Purchase of new markets	(878,933)	(485,514)	(386,842)
Proceeds from sale of property and equipment	7,603	5,493	53,268
	-----	-----	-----
Net cash used in investing activities	(948,516)	(535,217)	(370,228)
	-----	-----	-----
Cash flows from financing activities:			
Net proceeds from issuance of common stock	2,231	402,629	2,403
Proceeds from issuance of long-term debt	279,594	70	193,926
Principal payments on long-term debt	(79,667)	(6,229)	--
Debt issuance costs	--	(3,035)	--
Net borrowing (payments) under credit agreements	526,000	191,000	54,720
Dividends	(274)	(365)	(365)
	-----	-----	-----
Net cash provided by financing activities	727,884	584,070	250,684
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(120,196)	121,351	(73,761)
	-----	-----	-----
Cash and cash equivalents at beginning of period	128,597	7,246	81,007
	-----	-----	-----
Cash and cash equivalents at end of period	\$ 8,401	128,597	7,246
	=====	=====	=====
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 83,837	56,960	33,284
	=====	=====	=====
Cash paid for income taxes	\$ 6,919	1,107	8,792
	=====	=====	=====

See accompanying notes to consolidated financial statements.

**LAMAR MEDIA CORP.**  
**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(1) Significant Accounting Policies

(a) Nature of Business

On July 20, 1999, Lamar Advertising Company reorganized into a new holding company structure. As a result of this reorganization (1) the former Lamar Advertising Company became a wholly owned subsidiary of a newly formed holding company, (2) the name of the former Lamar Advertising Company was changed to Lamar Media Corp., (3) the name of the new holding company became Lamar Advertising Company, (4) the outstanding shares of capital stock of the former Lamar Advertising Company, including the Class A common stock, were automatically converted, on a share for share basis, into identical shares of capital stock of the new holding company and (5) the Class A common stock of the new holding company commenced trading on the Nasdaq National Market under the symbol "LAMR" instead of the Class A common stock of the former Lamar Advertising Company. In addition, following the holding company reorganization, substantially all of the former Lamar Advertising Company's debt obligations, including the bank credit facility and other long-term debt remained the obligations of Lamar Media. Under Delaware law, the reorganization did not require the approval of the stockholders of the former Lamar Advertising Company. The purpose of the reorganization was to provide Lamar Advertising Company with a more flexible capital structure and to enhance its financing options. The business operations of the former Lamar Advertising Company and its subsidiaries, including the Company, has not changed as a result of the reorganization.

Lamar Media Corp. is engaged in the outdoor advertising business operating approximately 116,800 outdoor advertising displays in 42 states. Lamar Media's operating strategy is to be the leading provider of outdoor advertising services in most of the markets it serves.

In addition, Lamar Media operates a logo sign business in 20 states throughout the United States and in 1 province of Canada. Logo signs are erected pursuant to state-awarded service contracts on public rights-of-way near highway exits and deliver brand name information on available gas, food, lodging and camping services. Included in the Company's logo sign business are tourism signing contracts.

Certain footnotes are not provided for the accompanying financial statements as the information in notes 2, 4, 6, 11 through 15, 17 and portions of notes 1, 8 and 10 to the consolidated financial statements of Lamar Advertising Company included elsewhere in this Report is substantially equivalent to that required for the consolidated financial statements of Lamar Media Corp. Earnings per share data is not provided for the operating results of Lamar Media Corp. as it is a wholly owned subsidiary of Lamar Advertising Company.

(Continued)

**LAMAR MEDIA CORP.**  
**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(2) Noncash Financing and Investing Activities

A summary of significant noncash financing and investing activities for the years ended December 31, 1999, 1998 and 1997 follows:

	1999	1998	1997
	-----	-----	-----
Disposition of assets	\$5,387	30	1,300
Acquisitions of assets	475	2,706	--
Recapitalization related to corporate restructure (note 1)	3,710	--	--
Conversion of note receivable to equity investment	--	--	500
Debt issuance costs	--	--	4,750

(3) Intangible Assets

The following is a summary of intangible assets at December 31, 1999 and 1998:

	Estimated life (years)	1999	1998
	-----	-----	-----
Debt issuance costs and fees	7-10	\$ 24,059	\$ 20,081
Customer lists and contracts	7-10	286,301	108,903
Non-compete agreements	7-15	50,277	19,318
Goodwill	15	1,033,287	554,685
Site locations and other	5-15	628,451	2,947
		-----	-----
		\$ 2,022,375	\$ 705,934
		=====	=====
Cost		2,022,375	778,655
Accumulated amortization		(170,410)	(72,721)
		-----	-----
		\$ 1,851,965	\$ 705,934
		=====	=====

(Continued)

**LAMAR MEDIA CORP.**  
**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

(4) Accrued Expenses

The following is a summary of accrued expenses at December 31, 1999 and 1998:

	1999	1998
	-----	-----
Payroll	\$ 7,406	\$ 4,863
Interest	17,411	11,629
Insurance benefits	838	3,715
Purchase price payable (note 2)	15,750	--
Other	12,626	5,705
	-----	-----
	\$54,031	\$25,912
	=====	=====

(5) Long-term Debt

Long-term debt consists of the following at December 31, 1999 and 1998:

	1999	1998
	-----	-----
5-1/4% Note to Lamar Advertising Company	\$ 287,500	\$ --
9-5/8% Senior subordinated notes (1996 Notes)	255,000	255,000
8-5/8% Senior subordinated notes (1997 Notes)	198,882	198,785
Bank Credit Agreement	776,000	250,000
9-1/4% Senior subordinated notes	74,073	103,949
8% unsecured subordinated notes (see Note 12)	13,333	15,333
Other notes with various rates and terms	10,993	53,465
	-----	-----
	1,615,781	876,532
Less current maturities	(4,318)	(49,079)
	-----	-----
Long-term debt, excluding current maturities	\$ 1,611,463	\$ 827,453
	=====	=====

Long-term debt matures as follows:

2000	\$ 4,318
2001	50,200
2002	49,950
2003	99,125
2004	116,772
Later years	1,295,416

(Continued)

On August 10, 1999, Lamar Media Corp. borrowed from Lamar Advertising Company, its parent, \$287,500 in exchange for a note payable bearing interest at 5 1/4% due 2006. The proceeds were used to pay down existing bank debt of the Company.

(6) Income Taxes

Income tax expense (benefit) for the years ended December 31, 1999, 1998 and 1997, consists of:

	Current	Deferred	Total
	-----	-----	-----
Year ended December 31, 1999:			
U.S. federal	\$ 3,083	(11,521)	(8,438)
State and local	900	(1,694)	(794)
	-----	-----	-----
	\$ 3,983	(13,215)	(9,232)
	=====	=====	=====
Year ended December 31, 1998:			
U.S. federal	\$ 6,269	(6,074)	195
State and local	1,077	(1,463)	(386)
	-----	-----	-----
	7,346	(7,537)	(191)
Change in deferred tax attributable to unrealized losses on investment securities, included in stockholders' equity	--	217	217
	-----	-----	-----
	\$ 7,346	(7,320)	26
	=====	=====	=====
Year ended December 31, 1997:			
U.S. federal	\$ 6,108	(2,475)	3,633
State and local	1,385	(364)	1,021
	-----	-----	-----
	7,493	(2,839)	4,654
Change in deferred tax attributable to unrealized losses on investment securities, included in stockholders' equity	--	(596)	(596)
	-----	-----	-----
	\$ 7,493	(3,435)	4,058
	=====	=====	=====

(Continued)

**LAMAR MEDIA CORP.**  
**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

Income tax expense (benefit) attributable to continuing operations for the years ended December 31, 1999, 1998 and 1997, differs from the amounts computed by applying the U.S. federal income tax rate of 34 percent to earnings before income taxes as follows:

	1999	1998	1997
	-----	-----	-----
Computed "expected" tax expense (benefit)	\$(17,737)	(4,108)	2,548
Increase (reduction) in income taxes resulting from:			
Book expenses not deductible for tax purposes	122	450	92
Amortization of non-deductible goodwill	8,814	3,752	1,730
State and local income taxes, net of federal income tax benefit	(534)	(255)	674
Other differences, net	103	(30)	(390)
	-----	-----	-----
	\$ (9,232)	(191)	4,654
	=====	=====	=====

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1999 and 1998 are presented below:

	1999	1998
	-----	-----
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	\$ (3,942)	\$ (4,915)
Plant and equipment, due to basis differences on acquisitions	(134,323)	(28,556)
Employee benefit plans	(1,058)	--
	-----	-----
Deferred tax liabilities	(139,323)	(33,471)
Deferred tax assets:		
Intangibles, due to differences in amortizable lives	3,935	(5,058)
Receivables, principally due to allowance for doubtful accounts	1,514	1,151
Plant and equipment, due to basis differences on acquisitions and costs capitalized for tax purposes	4,614	4,530
Investment in affiliates and plant and equipment, due to gains recognized for tax purposes and deferred for financial reporting purposes	941	941
Accrued liabilities not deducted for tax purposes	3,121	2,125
Net operating loss carryforward	11,340	3,563
Minimum tax credit	357	--
Other, net	725	606
	-----	-----
Deferred tax assets	26,547	7,858
	-----	-----
Net deferred tax liability	\$(112,776)	\$ (25,613)
	=====	=====

(Continued)

**LAMAR MEDIA CORP.**  
**Notes to Consolidated Financial Statements**  
(Dollars in thousands, except share and per share data)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

(7) Related Party Transactions

Affiliates, as used within these statements, are persons or entities that are affiliated with Lamar Media Corp. or its subsidiaries through common ownership and directorate control.

As of December 31, 1999, there was a receivable from Lamar Advertising Company, its parent, in the amount of \$10,851.

(8) Quarterly Financial Data (Unaudited)

	Fiscal Year 1999 Quarters			
	March 31	June 30	September 30	December 31
	-----	-----	-----	-----
Net revenues	\$ 85,766	97,809	111,039	149,521
Net revenues less direct advertising expenses	56,002	67,328	77,803	99,912
Net earnings (loss) applicable to common stock	(10,797)	(5,161)	(3,221)	(24,981)
	Fiscal Year 1998 Quarters			
	March 31	June 30	September 30	December 31
	-----	-----	-----	-----
Net revenues	\$ 58,397	69,675	73,528	86,988
Net revenues less direct advertising expenses	37,567	48,066	51,271	58,835
Net earnings (loss) applicable to common stock	(4,682)	(1,253)	1,538	(7,858)

**SCHEDULE 2**

**Lamar Media Corp.  
Valuation and Qualifying Accounts**

The Years Ended December 31, 1999, 1998 and 1997

Description -----	(in 000's)	Balance at Beginning of Period -----	Charged to Costs and Expenses -----	Deductions -----	Balance at End of Period -----
Year ended December 31, 1999					
Deducted in balance sheet from trade accounts receivable: Allowance for doubtful accounts		\$ 2,722	4,065	2,859	3,928
Deducted in balance sheet from intangible assets: Amortization of intangible assets		\$72,721	99,113	824	170,410
Year ended December 31, 1998					
Deducted in balance sheet from trade accounts receivable: Allowance for doubtful accounts		\$ 1,311	2,883	1,472	2,722
Deducted in balance sheet from intangible assets: Amortization of intangible assets		\$29,698	43,023	--	72,721
Year ended December 31, 1997					
Deducted in balance sheet from trade accounts receivable: Allowance for doubtful accounts		\$ 814	2,098	1,601	1,311
Deducted in balance sheet from intangible assets: Amortization of intangible assets		\$ 9,273	20,425	--	29,698

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

**Lamar Advertising Company**

None

**Lamar Media Corp.**

None

**PART III**

**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The response to this item is contained in part under the caption "Executive Officers of the Registrant" in Part I, Item 1A hereof and the remainder is incorporated herein by reference from the discussion responsive thereto under the captions "Election of Directors" and "Section 16 (a) Beneficial Ownership Reporting Compliance" in the Company's Proxy Statement relating to the 2000 Annual Meeting of Stockholders.

**ITEM 11. EXECUTIVE COMPENSATION**

The response to this item is incorporated herein by reference from the discussion responsive thereto under the following captions in the Company's Proxy Statement relating to the 2000 Annual Meeting of Stockholders: "Election of Directors - Director Compensation," "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation."

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The response to this item is incorporated herein by reference from the discussion responsive thereto under the caption "Share Ownership" in the Company's Proxy Statement relating to the 2000 Annual Meeting of Stockholders.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The response to this item is incorporated herein by reference from the discussion responsive thereto under the caption "Certain Relationships and Related Transactions" in the Company's Proxy Statement relating to the 2000 Annual Meeting of Stockholders.

## PART IV

### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

#### (A) 1. FINANCIAL STATEMENTS

The financial statements are listed under Part II, Item 8 of this Report.

#### 2. FINANCIAL STATEMENT SCHEDULES

The financial statement schedules are included under Part II, Item 8 of this Report.

#### 3. EXHIBITS

The exhibits are listed below under Part IV, Item 14(c) of this Report.

#### (B) REPORTS ON FORM 8-K

Reports on Form 8-K were filed with the Commission during the fourth quarter of 1999 to report the following items as of the dates indicated:

On November 23, 1999, the Company and Lamar Media each filed a report on Form 8-K to announce the acquisition of all of the outstanding capital stock of Chancellor Media Outdoor Corporation and Chancellor Media Whiteco Outdoor Corporation for consideration consisting of approximately \$700 million of cash and 26,227,273 shares of Lamar Advertising Company Class A common stock. In addition, the report presented under Item 7 the historical financial statements and related notes for Chancellor Outdoor as well as included pro forma financial information of the Company giving effect to the acquisition.

## INDEX TO EXHIBITS

Exhibit No. -----	Description -----
2.1	Agreement and Plan of Merger dated as of July 20, 1999 among Lamar Media Corp., Lamar New Holding Co., and Lamar Holdings Merge Co. Previously filed as exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 22, 1999 (File No. 0-30242) and incorporated herein by reference.
3.1	Certificate of Incorporation of Lamar New Holding Co. Previously filed as exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
3.2	Certificate of Amendment of Certificate of Incorporation of Lamar New Holding Co. (whereby the name of Lamar New Holding Co. was changed to Lamar Advertising Company). Previously filed as exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
3.3	Amended and Restated Bylaws of the Company. Previously filed as exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
3.4	Amended and Restated Bylaws of Lamar Media Corp. Previously filed as exhibit 3.1 to Lamar Media's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 1-12407) filed on November 12, 1999 and incorporated herein by reference.
4.1	Specimen certificate for the shares of Class A common stock of the Company. Previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-05479), and incorporated herein by reference.
4.2	Senior Secured Note dated May 19, 1993. Previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 33-59624), and incorporated herein by reference.
4.3	Indenture dated May 15, 1993 relating to the Company's 11% Senior Secured Notes due May 15, 2003. Previously filed as Exhibit 4.3 to the Company's Registration Statement on Form S-1 (File No. 33-59624), and incorporated herein by reference.
4.4	First Supplemental Indenture dated July 30, 1996 relating to the Company's 11% Senior Secured Notes due May 15, 2003. Previously filed as Exhibit 4.5 to the Company's Registration Statement on Form S-1 (File No. 333-05479), and incorporated herein by reference.
4.5	Form of Second Supplemental Indenture in the form of an Amended and Restated Indenture dated November 8, 1996 relating to the Company's 11% Senior Secured Notes due May 15, 2003. Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 15, 1996 (File No. 1-12407), and incorporated herein by reference.

Exhibit No. -----	Description -----
4.6	Notice of Trustee dated November 8, 1996 with respect to the release of the security interest in the Trustee on behalf of the holders of the Company's 11% Senior Secured Notes due May 15, 2003. Previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 15, 1996 (File No. 1-12407), and incorporated herein by reference.
4.7	Form of Subordinated Note. Previously filed as Exhibit 4.8 to the Company's Registration Statement on Form S-1 (File No. 333-05479), and incorporated herein by reference.
4.8	Indenture dated as of November 15, 1996 between the Company, certain of its subsidiaries and State Street Bank and Trust Company, as trustee, relating to the Company's 9 5/8% Senior Subordinated Notes due 2006. Previously filed as Exhibit 4.11 to the Company's Registration Statement on Form S-3 (File No. 333-14789), and incorporated herein by reference.
4.9	Form of 9 5/8% Senior Subordinated Note due 2006. Previously filed as Exhibit 4.12 to the Company's Registration Statement on Form S-3 (File No. 333-14789), and incorporated herein by reference.
4.10	Form of 8 5/8% Senior Subordinated Note due 2007. Previously filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for fiscal year ended December 31, 1997, (File No. 1-12407), and incorporated herein by reference.
4.11	Indenture dated as of September 25, 1997 between the Company, certain of its subsidiaries, and State Street Bank and Trust Company, as trustee, relating to the Company's 8 5/8% Senior Subordinated Notes due 2007. Previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 30, 1997 (File No. 1-12407), and incorporated herein by reference.
4.12	Indenture dated August 15, 1997, relating to Outdoor Communications, Inc. 9 1/4% Senior Subordinated Notes. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.
4.13	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank as Trustee, dated October 1, 1998. Previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.
4.14	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee, dated October 23, 1998. Previously filed as Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.
4.15	Supplemental Indenture to the Indenture dated November 15, 1996 among the Company, certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated October 23, 1998. Previously filed as Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.

Exhibit No. -----	Description -----
4.16	Supplemental Indenture to the Indenture dated September 25, 1997 among the Company, certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated October 23, 1998. Previously filed as Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.
4.17	Indenture dated as of August 10, 1999 between the Company and State Street Bank and Trust Company, as Trustee. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
4.18	First Supplemental Indenture dated as of August 10, 1999 between the Company and State Street Bank and Trust Company, as Trustee. Previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
4.19	Supplemental Indenture to the Indenture dated November 15, 1996 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated July 20, 1999. Previously filed as Exhibit 4.1 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.20	Supplemental Indenture to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated September 15, 1999. Previously filed as Exhibit 4.2 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.21	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee, dated September 15, 1999. Previously filed as Exhibit 4.3 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.22	Supplemental Indenture to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated July 20, 1999. Previously filed as Exhibit 4.4 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.23	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee, dated July 20, 1999. Previously filed as Exhibit 4.5 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.

Exhibit No. -----	Description -----
4.24	Supplemental Indenture to the Indenture dated November 15, 1996 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated September 15, 1999. Previously filed as Exhibit 4.6 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.25	Supplemental Indentures to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee. Previously filed as Exhibit 4.7 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.26	Supplemental Indentures to the Indenture dated November 15, 1996 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee. Previously filed as Exhibit 4.8 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.27	Supplemental Indentures to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee. Previously filed as Exhibit 4.9 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.28	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee, dated December 23, 1999. Filed herewith.
4.29	Supplemental Indenture to the Indenture dated November 15, 1996 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated December 23, 1999. Filed herewith.
4.30	Supplemental Indenture to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated December 23, 1999. Filed herewith.
10.1	Consulting Agreement dated July 1, 1996 between the Lamar Texas Limited Partnership and the Reilly Consulting Company, L.L.C., of which Kevin P. Reilly, Sr. is the manager. Previously filed as Exhibit 10.2 to the Company's Registration Statement on Form S-1 (File No. 33-05479), and incorporated herein by reference.
10.2	Indenture dated as of September 24, 1986 relating to the Company's 8% Unsecured Subordinated Debentures. Previously filed as Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 33-59624), and incorporated herein by reference.
10.3*	The Lamar Savings and Profit Sharing Plan Trust. Previously filed as Exhibit 10.4 to the Company's Registration Statement on Form S-1 (File No. 33-59624), and incorporated herein by reference.

Exhibit No. -----	Description -----
10.4	Trust under The Lamar Corporation, its Affiliates and Subsidiaries Deferred Compensation Plan dated October 3, 1993. Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1995 (File No. 33-59624), and incorporated herein by reference.
10.5*	1996 Equity Incentive Plan. Previously filed as Exhibit 10.14 to the Company's Registration Statement on Form S-1 (File No. 333-05479), and incorporated herein by reference.
10.6	Bank Credit Agreement dated December 18, 1996 between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1996 (File No. 1-12407), and incorporated herein by reference.
10.7	Amendment No. 1 to the Bank Credit Agreement dated as of March 31, 1997 between the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto and the Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1997 (File No. 1-12407), and incorporated herein by reference.
10.8	Amendment No. 2 to the Bank Credit Agreement dated as of September 12, 1997 between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 30, 1997 (File No. 1-12407), and incorporated herein by reference.
10.9	Amendment No. 3 to the Bank Credit Agreement dated as of December 31, 1997 between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for fiscal year ended December 31, 1997, (File No. 1-12407), and incorporated herein by reference.
10.10	Contract to Sell and Purchase, dated as of October 9, 1996, between the Company and Outdoor East L.P. Previously filed as Exhibit 10.16 to the Company's Registration Statement on Form S-3 (File No. 333-14677), and incorporated herein by reference.
10.11	Stock Purchase Agreement, dated as of September 25, 1996, between the Company and the shareholders of FKM Advertising, Co., Inc. Previously filed as Exhibit 10.17 to the Company's Registration Statement on Form S-3 (File No. 333-14677), and incorporated herein by reference.
10.12	Stock Purchase Agreement dated as of February 7, 1997 between the Company and the stockholders of Penn Advertising, Inc. named therein. Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 14, 1997 (File No. 1-12407), and incorporated herein by reference.
10.13	Asset Purchase Agreement dated as of August 15, 1997 between The Lamar Corporation and Outdoor Systems, Inc. Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on August 27, 1997 (File No. 1-12407), and incorporated herein by reference.

Exhibit No. -----	Description -----
10.14	Bank Credit Agreement dated July 16, 1998, between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998, (File No. 0-020833), and incorporated herein by reference.
10.15	Amendment No. 1 to the Amended and Restated Bank Credit Agreement dated September 15, 1998, between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998 (File No. 0-20833) and incorporated herein by reference.
10.16	Stock Purchase Agreement dated as of October 1, 1998, between the Company and the stockholders of Outdoor Communications, Inc. named therein. Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 15, 1998 (File No. 0-20833), and incorporated herein by reference.
10.17	Amendment No. 4 to Credit Agreement dated as of March 31, 1998, between Lamar Advertising Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1998 (File No. 1-12407), and incorporated herein by reference.
10.18	Second Amended and Restated Stock Purchase Agreement dated as of August 11, 1999 among the Company, Lamar Media Corp., Chancellor Media Corporation of Los Angeles and Chancellor Mezzanine Holdings Corporation. Previously filed as Appendix A to the Company's Schedule 14C Information Statement filed on August 13, 1999 and incorporated herein by reference. Pursuant to Item 601(b)(2) of Regulation S-K, the Schedules and Annexes A and B referred to in the Second Amended and Restated Stock Purchase Agreement are omitted. The Company hereby undertakes to furnish supplementary a copy of any omitted Schedule or Annex to the Commission upon request.
10.19	Bank Credit Agreement dated August 13, 1999, between Lamar Media Corp., certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.1 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
10.20	Stockholders Agreement dated as of September 15, 1999 by and among Lamar Advertising Company, Chancellor Media Corporation of Los Angeles, Chancellor Mezzanine Holdings Corporation and the Reilly Family Limited Partnership. Previously filed as Exhibit 10.2 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-030242) filed on November 12, 1999 and incorporated herein by reference.
10.21	Registration Rights Agreement dated as of September 15, 1999 among Lamar Advertising Company, Chancellor Media Corporation of Los Angeles and Chancellor Mezzanine Holdings Corporation. Previously filed as Exhibit 10.3 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-030242) filed on November 12, 1999 and incorporated herein by reference.

Exhibit No. -----	Description -----
10.22	Assumption Agreement dated as of July 20, 1999 is by and among Lamar Advertising Company, Lamar Media Corp., and the direct and indirect subsidiaries of such corporations. Previously filed as Exhibit 10.4 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-030242) filed on November 12, 1999 and incorporated herein by reference.
10.23	Joinder Agreement to the Lamar Media Corp. Credit Agreement dated August 13, 1999 by Lamar Florida, Inc. in favor of The Chase Manhattan Bank, as Administrative Agent dated December 23, 1999. Filed herewith.
11.1	Statement regarding computation of per share earnings. Filed herewith.
21.1	Subsidiaries of the Company. Filed herewith.
23.1	Consent of KPMG LLP. Filed herewith.
27.1	Financial Data Schedule for the Company. Filed herewith.
27.2	Financial Data Schedule for Lamar Media Corp. Filed herewith.

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\* Management contract or compensatory plan or arrangement in which the executive officers or directors of the Company participate.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### LAMAR ADVERTISING COMPANY

March 27, 2000

By: /s/ Kevin P. Reilly, Jr.

-----  
Kevin P. Reilly, Jr.

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ Kevin P. Reilly, Jr. ----- Kevin P. Reilly, Jr.	Chief Executive Officer and Director	March 27, 2000
/s/ Keith A. Istre ----- Keith A. Istre	Chief Financial and Accounting Officer and Director	March 27, 2000
/s/ Charles W. Lamar, III ----- Charles W. Lamar, III	Director	March 27, 2000
/s/ Gerald H. Marchand ----- Gerald H. Marchand	Director	March 27, 2000
/s/ T. Everett Stewart, Jr. ----- T. Everett Stewart, Jr.	Director	March 27, 2000
/s/ Sean E. Reilly ----- Sean E. Reilly	Director	March 27, 2000
/s/ Wendell Reilly ----- Wendell Reilly	Director	March 27, 2000
----- Stephen P. Mumbrow	Director	March __, 2000
----- Thomas O. Hicks	Director	March __, 2000
----- R. Steven Hicks	Director	March __, 2000

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**LAMAR MEDIA CORP.**

March 27, 2000

By: /s/ Kevin P. Reilly, Jr.

-----  
Kevin P. Reilly, Jr.  
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE -----
/s/ Kevin P. Reilly, Jr. ----- Kevin P. Reilly, Jr.	Chief Executive Officer and Director	March 27, 2000
/s/ Keith A. Istre ----- Keith A. Istre	Chief Financial and Accounting Officer and Director	March 27, 2000
/s/ Charles W. Lamar, III ----- Charles W. Lamar, III	Director	March 27, 2000
/s/ Gerald H. Marchand ----- Gerald H. Marchand	Director	March 27, 2000
/s/ T. Everett Stewart, Jr. ----- T. Everett Stewart, Jr.	Director	March 27, 2000
/s/ Sean E. Reilly ----- Sean E. Reilly	Director	March 27, 2000
/s/ Wendell Reilly ----- Wendell Reilly	Director	March 27, 2000
----- Stephen P. Mumblow	Director	March __, 2000

## INDEX TO EXHIBITS

Exhibit No. -----	Description -----
2.1	Agreement and Plan of Merger dated as of July 20, 1999 among Lamar Media Corp., Lamar New Holding Co., and Lamar Holdings Merge Co. Previously filed as exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 22, 1999 (File No. 0-30242) and incorporated herein by reference.
3.1	Certificate of Incorporation of Lamar New Holding Co. Previously filed as exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
3.2	Certificate of Amendment of Certificate of Incorporation of Lamar New Holding Co. (whereby the name of Lamar New Holding Co. was changed to Lamar Advertising Company). Previously filed as exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
3.3	Amended and Restated Bylaws of the Company. Previously filed as exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
3.4	Amended and Restated Bylaws of Lamar Media Corp. Previously filed as exhibit 3.1 to Lamar Media's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 1-12407) filed on November 12, 1999 and incorporated herein by reference.
4.1	Specimen certificate for the shares of Class A common stock of the Company. Previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-05479), and incorporated herein by reference.
4.2	Senior Secured Note dated May 19, 1993. Previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 33-59624), and incorporated herein by reference.
4.3	Indenture dated May 15, 1993 relating to the Company's 11% Senior Secured Notes due May 15, 2003. Previously filed as Exhibit 4.3 to the Company's Registration Statement on Form S-1 (File No. 33-59624), and incorporated herein by reference.
4.4	First Supplemental Indenture dated July 30, 1996 relating to the Company's 11% Senior Secured Notes due May 15, 2003. Previously filed as Exhibit 4.5 to the Company's Registration Statement on Form S-1 (File No. 333-05479), and incorporated herein by reference.
4.5	Form of Second Supplemental Indenture in the form of an Amended and Restated Indenture dated November 8, 1996 relating to the Company's 11% Senior Secured Notes due May 15, 2003. Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 15, 1996 (File No. 1-12407), and incorporated herein by reference.

Exhibit No. -----	Description -----
4.6	Notice of Trustee dated November 8, 1996 with respect to the release of the security interest in the Trustee on behalf of the holders of the Company's 11% Senior Secured Notes due May 15, 2003. Previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 15, 1996 (File No. 1-12407), and incorporated herein by reference.
4.7	Form of Subordinated Note. Previously filed as Exhibit 4.8 to the Company's Registration Statement on Form S-1 (File No. 333-05479), and incorporated herein by reference.
4.8	Indenture dated as of November 15, 1996 between the Company, certain of its subsidiaries and State Street Bank and Trust Company, as trustee, relating to the Company's 9 5/8% Senior Subordinated Notes due 2006. Previously filed as Exhibit 4.11 to the Company's Registration Statement on Form S-3 (File No. 333-14789), and incorporated herein by reference.
4.9	Form of 9 5/8% Senior Subordinated Note due 2006. Previously filed as Exhibit 4.12 to the Company's Registration Statement on Form S-3 (File No. 333-14789), and incorporated herein by reference.
4.10	Form of 8 5/8% Senior Subordinated Note due 2007. Previously filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for fiscal year ended December 31, 1997, (File No. 1-12407), and incorporated herein by reference.
4.11	Indenture dated as of September 25, 1997 between the Company, certain of its subsidiaries, and State Street Bank and Trust Company, as trustee, relating to the Company's 8 5/8% Senior Subordinated Notes due 2007. Previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 30, 1997 (File No. 1-12407), and incorporated herein by reference.
4.12	Indenture dated August 15, 1997, relating to Outdoor Communications, Inc. 9 1/4% Senior Subordinated Notes. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.
4.13	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank as Trustee, dated October 1, 1998. Previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.
4.14	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee, dated October 23, 1998. Previously filed as Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.
4.15	Supplemental Indenture to the Indenture dated November 15, 1996 among the Company, certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated October 23, 1998. Previously filed as Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.

Exhibit No. -----	Description -----
4.16	Supplemental Indenture to the Indenture dated September 25, 1997 among the Company, certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated October 23, 1998. Previously filed as Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998, (File No. 1-12407) and incorporated herein by reference.
4.17	Indenture dated as of August 10, 1999 between the Company and State Street Bank and Trust Company, as Trustee. Previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
4.18	First Supplemental Indenture dated as of August 10, 1999 between the Company and State Street Bank and Trust Company, as Trustee. Previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
4.19	Supplemental Indenture to the Indenture dated November 15, 1996 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated July 20, 1999. Previously filed as Exhibit 4.1 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.20	Supplemental Indenture to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated September 15, 1999. Previously filed as Exhibit 4.2 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.21	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee, dated September 15, 1999. Previously filed as Exhibit 4.3 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.22	Supplemental Indenture to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated July 20, 1999. Previously filed as Exhibit 4.4 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.23	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee, dated July 20, 1999. Previously filed as Exhibit 4.5 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.

Exhibit No. -----	Description -----
4.24	Supplemental Indenture to the Indenture dated November 15, 1996 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated September 15, 1999. Previously filed as Exhibit 4.6 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.25	Supplemental Indentures to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee. Previously filed as Exhibit 4.7 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.26	Supplemental Indentures to the Indenture dated November 15, 1996 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee. Previously filed as Exhibit 4.8 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.27	Supplemental Indentures to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee. Previously filed as Exhibit 4.9 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
4.28	Supplemental Indenture to the Indenture dated August 15, 1997 among Outdoor Communications, Inc., certain of its subsidiaries and First Union National Bank, as Trustee, dated December 23, 1999. Filed herewith.
4.29	Supplemental Indenture to the Indenture dated November 15, 1996 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated December 23, 1999. Filed herewith.
4.30	Supplemental Indenture to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated December 23, 1999. Filed herewith.
10.1	Consulting Agreement dated July 1, 1996 between the Lamar Texas Limited Partnership and the Reilly Consulting Company, L.L.C., of which Kevin P. Reilly, Sr. is the manager. Previously filed as Exhibit 10.2 to the Company's Registration Statement on Form S-1 (File No. 33-05479), and incorporated herein by reference.
10.2	Indenture dated as of September 24, 1986 relating to the Company's 8% Unsecured Subordinated Debentures. Previously filed as Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 33-59624), and incorporated herein by reference.
10.3*	The Lamar Savings and Profit Sharing Plan Trust. Previously filed as Exhibit 10.4 to the Company's Registration Statement on Form S-1 (File No. 33-59624), and incorporated herein by reference.

Exhibit No. -----	Description -----
10.4	Trust under The Lamar Corporation, its Affiliates and Subsidiaries Deferred Compensation Plan dated October 3, 1993. Previously filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1995 (File No. 33-59624), and incorporated herein by reference.
10.5*	1996 Equity Incentive Plan. Previously filed as Exhibit 10.14 to the Company's Registration Statement on Form S-1 (File No. 333-05479), and incorporated herein by reference.
10.6	Bank Credit Agreement dated December 18, 1996 between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1996 (File No. 1-12407), and incorporated herein by reference.
10.7	Amendment No. 1 to the Bank Credit Agreement dated as of March 31, 1997 between the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto and the Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1997 (File No. 1-12407), and incorporated herein by reference.
10.8	Amendment No. 2 to the Bank Credit Agreement dated as of September 12, 1997 between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 30, 1997 (File No. 1-12407), and incorporated herein by reference.
10.9	Amendment No. 3 to the Bank Credit Agreement dated as of December 31, 1997 between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for fiscal year ended December 31, 1997, (File No. 1-12407), and incorporated herein by reference.
10.10	Contract to Sell and Purchase, dated as of October 9, 1996, between the Company and Outdoor East L.P. Previously filed as Exhibit 10.16 to the Company's Registration Statement on Form S-3 (File No. 333-14677), and incorporated herein by reference.
10.11	Stock Purchase Agreement, dated as of September 25, 1996, between the Company and the shareholders of FKM Advertising, Co., Inc. Previously filed as Exhibit 10.17 to the Company's Registration Statement on Form S-3 (File No. 333-14677), and incorporated herein by reference.
10.12	Stock Purchase Agreement dated as of February 7, 1997 between the Company and the stockholders of Penn Advertising, Inc. named therein. Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 14, 1997 (File No. 1-12407), and incorporated herein by reference.
10.13	Asset Purchase Agreement dated as of August 15, 1997 between The Lamar Corporation and Outdoor Systems, Inc. Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on August 27, 1997 (File No. 1-12407), and incorporated herein by reference.

Exhibit No. -----	Description -----
10.14	Bank Credit Agreement dated July 16, 1998, between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998, (File No. 0-020833), and incorporated herein by reference.
10.15	Amendment No. 1 to the Amended and Restated Bank Credit Agreement dated September 15, 1998, between the Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998 (File No. 0-20833) and incorporated herein by reference.
10.16	Stock Purchase Agreement dated as of October 1, 1998, between the Company and the stockholders of Outdoor Communications, Inc. named therein. Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 15, 1998 (File No. 0-20833), and incorporated herein by reference.
10.17	Amendment No. 4 to Credit Agreement dated as of March 31, 1998, between Lamar Advertising Company, certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1998 (File No. 1-12407), and incorporated herein by reference.
10.18	Second Amended and Restated Stock Purchase Agreement dated as of August 11, 1999 among the Company, Lamar Media Corp., Chancellor Media Corporation of Los Angeles and Chancellor Mezzanine Holdings Corporation. Previously filed as Appendix A to the Company's Schedule 14C Information Statement filed on August 13, 1999 and incorporated herein by reference. Pursuant to Item 601(b)(2) of Regulation S-K, the Schedules and Annexes A and B referred to in the Second Amended and Restated Stock Purchase Agreement are omitted. The Company hereby undertakes to furnish supplementary a copy of any omitted Schedule or Annex to the Commission upon request.
10.19	Bank Credit Agreement dated August 13, 1999, between Lamar Media Corp., certain of its subsidiaries, the lenders party thereto and The Chase Manhattan Bank, as administrative agent. Previously filed as Exhibit 10.1 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-30242) filed on November 12, 1999 and incorporated herein by reference.
10.20	Stockholders Agreement dated as of September 15, 1999 by and among Lamar Advertising Company, Chancellor Media Corporation of Los Angeles, Chancellor Mezzanine Holdings Corporation and the Reilly Family Limited Partnership. Previously filed as Exhibit 10.2 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-030242) filed on November 12, 1999 and incorporated herein by reference.
10.21	Registration Rights Agreement dated as of September 15, 1999 among Lamar Advertising Company, Chancellor Media Corporation of Los Angeles and Chancellor Mezzanine Holdings Corporation. Previously filed as Exhibit 10.3 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-030242) filed on November 12, 1999 and incorporated herein by reference.

Exhibit No. -----	Description -----
10.22	Assumption Agreement dated as of July 20, 1999 is by and among Lamar Advertising Company, Lamar Media Corp., and the direct and indirect subsidiaries of such corporations. Previously filed as Exhibit 10.4 to Lamar Advertising Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 0-030242) filed on November 12, 1999 and incorporated herein by reference.
10.23	Joinder Agreement to the Lamar Media Corp. Credit Agreement dated August 13, 1999 by Lamar Florida, Inc. in favor of The Chase Manhattan Bank, as Administrative Agent dated December 23, 1999. Filed herewith.
11.1	Statement regarding computation of per share earnings. Filed herewith.
21.1	Subsidiaries of the Company. Filed herewith.
23.1	Consent of KPMG LLP. Filed herewith.
27.1	Financial Data Schedule for the Company. Filed herewith.
27.2	Financial Data Schedule for Lamar Media Corp. Filed herewith.

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\* Management contract or compensatory plan or arrangement in which the executive officers or directors of the Company participate.

**EXHIBIT 4.28**

**SUPPLEMENTAL INDENTURE  
TO INDENTURE DATED AUGUST 15, 1997**

THIS SUPPLEMENTAL INDENTURE dated as of December 23, 1999, is delivered pursuant to Section 4.11 of the Indenture dated as of August 15, 1997 (as heretofore or hereafter modified and supplemented and in effect from time to time, the "1997 Indenture") among OUTDOOR COMMUNICATIONS, INC., a Delaware corporation, certain of its subsidiaries (the "Guarantors") and FIRST UNION NATIONAL BANK, a national banking corporation, as Trustee (the "Trustee") (all terms used herein without definition having the meanings ascribed to them in the 1997 Indenture).

The undersigned hereby agree that:

1. The undersigned is a Guarantor under the 1997 Indenture with all of the rights and obligations of the Guarantors thereunder.
2. The undersigned have granted, ratified and confirmed, in the form and substance of Exhibit B to the 1997 Indenture, the Guarantee provided for by Article XI of the 1997 Indenture.
3. The undersigned hereby represents and warrants that the representations and warranties set forth in the 1997 Indenture, to the extent relating to the undersigned as Guarantor, are correct on and as of the date hereof.
4. All notices, requests and other communications provided for in the 1997 Indenture should be delivered to the undersigned at the following address:

Keith A. Istre

Vice President - Finance and Chief Financial Officer Lamar Media Corp. and its Subsidiaries 5551 Corporate Blvd.

Baton Rouge, LA 70808

5. A counterpart of this Supplemental Indenture may be attached to any counterpart of the 1997 Indenture.
6. This Supplemental Indenture shall be governed by and construed in accordance with the internal laws of the State of New York.

IN WITNESS WHEREOF, the undersigned have caused this Supplemental Indenture to be duly executed as of the day and year first above written.

**Guarantor:**

**LAMAR FLORIDA, INC.**

a Florida corporation

By: /s/ Keith A. Istre

-----  
Keith A. Istre  
Vice President - Finance and  
Chief Financial Office

Attest:

By: /s/ James R. McIlwain

-----  
James R. McIlwain, Secretary

**Accepted:**

**FIRST UNION NATIONAL BANK, as Trustee**

By: /s/ JAMES LONG

-----  
Title: Corporate Trust Officer

-----

**EXHIBIT 4.29**

**SUPPLEMENTAL INDENTURE  
OF  
GUARANTORS**

THIS SUPPLEMENTAL INDENTURE dated as of December 23, 1999 is delivered pursuant to Section 10.04 of the Indenture dated as of November 15, 1996 (as heretofore or hereafter modified and supplemented and in effect from time to time, the "Indenture") among LAMAR MEDIA CORP., a Delaware corporation, (formerly Lamar Advertising Company) certain of its subsidiaries ("Guarantors") and STATE STREET BANK AND TRUST COMPANY, a Massachusetts banking corporation, as Trustee ("Trustee") (all terms used herein without definition having the meanings ascribed to them in the Indenture).

The undersigned hereby agree that:

1. The undersigned is a Guarantor under the Indenture with all of the rights and obligations of a Guarantor thereunder.
2. The undersigned hereby grant, ratify and confirm the guarantee provided for by Article Ten of the Indenture to guarantee unconditionally, jointly and severally with the other Guarantors, to each Holder of a Note authenticated and delivered by the Trustee, and to the Trustee on behalf of such Holder, the due and punctual payment of the principal of (and premium, if any) and interest on such Note when and as the same shall become due and payable.
3. The undersigned hereby represents and warrants that the representations and warranties set forth in the Indenture, to the extent relating to the undersigned as Guarantor, are correct on and as of the date hereof.
4. All notices, requests and other communications provided for in the Indenture should be delivered to the undersigned at the address specified in Section 12.02 of the Indenture.
5. A counterpart of this Supplemental Indenture may be attached to any counterpart of the Indenture.
6. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned have caused this Supplemental Indenture to be duly executed as of the day and year first above written.

**Guarantor:**

**LAMAR FLORIDA, INC.**  
a Florida corporation

By: /s/ Keith A. Istre

-----  
Keith A. Istre  
Vice President - Finance and  
Chief Financial Office

Attest:

By: /s/ James R. McIlwain

-----  
James R. McIlwain, Secretary

**Accepted:**

**STATE STREET BANK AND TRUST  
COMPANY, as Trustee**

By: /s/ ANDREW M. SINASKY

-----  
Title: Assistant Vice President  
-----

**EXHIBIT 4.30**

**SUPPLEMENTAL INDENTURE  
OF  
GUARANTOR**

THIS SUPPLEMENTAL INDENTURE dated as of December 23, 1999, is delivered pursuant to Section 10.04 of the Indenture dated as of September 25, 1997 (as heretofore or hereafter modified and supplemented and in effect from time to time, the "Indenture") among LAMAR MEDIA CORP., a Delaware corporation, certain of its subsidiaries ("Guarantors") and STATE STREET BANK AND TRUST COMPANY, a Massachusetts banking corporation, as Trustee ("Trustee") (all terms used herein without definition having the meanings ascribed to them in the Indenture).

The undersigned hereby agree that:

1. The undersigned are Guarantors under the Indenture with all of the rights and obligations of Guarantors thereunder.
2. The undersigned hereby grants, ratifies and confirms the guarantee provided for by Article Ten of the Indenture to guarantee unconditionally, jointly and severally with the other Guarantors, to each Holder of a Note authenticated and delivered by the Trustee, and to the Trustee on behalf of such Holder, the due and punctual payment of the principal of (and premium, if any) and interest on such Note when and as the same shall become due and payable.
3. The undersigned hereby represents and warrants that the representations and warranties set forth in the Indenture, to the extent relating to the undersigned as Guarantor, are correct on and as of the date hereof.
4. All notices, requests and other communications provided for in the Indenture should be delivered to the undersigned at the address specified in Section 12.02 of the Indenture.
5. A counterpart of this Supplemental Indenture may be attached to any counterpart of the Indenture.
6. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has caused this Supplemental Indenture to be duly executed as of the day and year first above written.

**Guarantor:**

Lamar Florida, Inc.  
a Florida corporation

December 23, 1999

By: /s/ Keith A. Istre

-----  
Keith A. Istre  
Vice President - Finance and  
Chief Financial Officer

Attest:

By: /s/ James R. McIlwain

-----  
James R. McIlwain, Secretary

**Accepted:**

**STATE STREET BANK AND TRUST  
COMPANY, as Trustee**

By: /s/ ANDREW M. SINASKY

-----  
Title: Assistant Vice President  
-----

## EXHIBIT 10.23

### JOINDER AGREEMENT

JOINDER AGREEMENT dated as of December 23, 1999, by the undersigned, (the "Additional Subsidiary Guarantor"), in favor of The Chase Manhattan Bank, as administrative agent for the Lenders party to the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Administrative Agent").

Lamar Media Corp. (formerly Lamar Advertising Company), a Delaware corporation (the "Borrower"), and certain of its subsidiaries (collectively, the "Existing Subsidiary Guarantors" and, together with the Borrower, the "Securing Parties") are parties to a Credit Agreement dated August 13, 1999 (as modified and supplemented and in effect from time to time, the "Credit Agreement", providing, subject to the terms and conditions thereof, for extensions of credit (by means of loans and letters of credit) to be made by the lenders therein (collectively, together with any entity that becomes a "Lender" party to the Credit Agreement after the date hereof as provided therein, the "Lenders" and, together with Administrative Agent and any successors or assigns of any of the foregoing, the "Secured Parties") to the Borrower in an aggregate principal or face amount not exceeding \$1,000,000,000 (which, in the circumstances contemplated by Section 2.01(d) thereof, may be increased to \$1,400,000,000). In addition, the Borrower may from time to time be obligated to one or more of the Lenders under the Credit Agreement in respect of Hedging Agreements under and as defined in the Credit Agreement (collectively, the "Hedging Agreements").

In connection with the Credit Agreement, the Borrower, the Existing Subsidiary Guarantors and the Administrative Agent are parties to the Pledge Agreement dated September 15, 1999 (the "Pledge Agreement") pursuant to which the Securing Parties have, inter alia, granted a security interest in the Collateral (as defined in the Pledge Agreement) as collateral security for the Secured Obligations (as so defined). Terms defined in the Pledge Agreement are used herein as defined therein.

To induce the Secured Parties to enter into the Credit Agreement, and to extend credit thereunder and to extend credit to the Borrower under Hedging Agreements, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Additional Subsidiary Guarantor has agreed to become a party to the Credit Agreement and the Pledge Agreement as a "Subsidiary Guarantor" thereunder, and to pledge and grant a security interest in the Collateral (as defined in the Pledge Agreement).

Accordingly, the parties hereto agree as follows:

Section 1. Definitions. Terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Joinder to Agreements. Effective upon the execution and delivery hereof, the Additional Subsidiary Guarantor hereby agrees that it shall become "Subsidiary Guarantor" under and for all purposes of the Credit Agreement and the Pledge Agreement with all the rights and obligations of a Subsidiary Guarantor thereunder. Without limiting the generality of the foregoing, the Additional Subsidiary Guarantor hereby:

(i) jointly and severally with the other Subsidiary Guarantors party to the Credit Agreement guarantees to each Secured Party and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of all Guaranteed Obligations in the same manner and to the same extent as is provided in Article III of the Credit Agreement;

(ii) pledges and grants the security interests in all right, title and interest of the Additional Subsidiary Guarantor in all Collateral (as defined in the Pledge Agreement) now owned or hereafter acquired by the Additional Subsidiary Guarantor and whether now existing or hereafter coming into existence provided for by Article III of the Pledge Agreement as collateral security for the Secured Obligations and agrees that Annex 1 thereof shall be supplemented as provided in Appendix A hereto;

(iii) makes the representations and warranties set forth in Article IV of the Credit Agreement and in Article II of the Pledge Agreement, to the extent relating to the Additional Subsidiary Guarantor or to the Pledged Equity evidenced by the certificates, if any, identified in Appendix A hereto; and

(iv) submits to the jurisdiction of the courts, and waives jury trial, as provided in Sections 10.09 and 10.10 of the Credit Agreement.

The Additional Subsidiary Guarantor hereby instructs its counsel to deliver the opinions referred to in Section 6.10(a)(iii) of the Credit Agreement to the Secured Parties.

IN WITNESS WHEREOF, the Additional Subsidiary Guarantor has caused this Joinder Agreement to be duly executed and delivered as of the day and year first above written.

**LAMAR FLORIDA, INC.**  
a Florida corporation

By: /s/ Keith A. Istre  
-----  
Keith A. Istre  
Vice President - Finance and  
Chief Financial Officer

**Attested:**

By: /s/ James R. McIlwain  
-----  
James R. McIlwain, Secretary

Accepted and agreed:

**THE CHASE MANHATTAN BANK,**  
as Administrative Agent

By: /s/ WILLIAM E. ROTTINO  
-----  
Title: Vice President

The undersigned hereby respectively pledge and grant a security interest in the stock and evidenced by the certificate listed in Appendix A hereto and agree that Annex 1 of the above-referenced Amended and Restated Pledge Agreement is hereby supplemented by adding thereto the information listed on Appendix A.

**Lamar Advertising of Mobile, Inc., Issue of Stock**

By: /s/ Keith A. Istre

Dated this day: December 23, 1999

-----  
Keith A. Istre

Title: Vice President-Finance

## Supplement to Annex 1

### Appendix A to Joinder Agreement

Pledgor Ownership -----	Issuer -----	No. Shares -----	Cert. No. -----	% ---
Lamar Advertising of Mobile, Inc.	Lamar Florida, Inc.	1000	2	100

**EXHIBIT 11.1**

Lamar Advertising Company and Subsidiaries

Earnings Per Share Computation Information

**Years ended December 31, 1999, 1998 and 1997**

	Year Ended December 31, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997
	-----	-----	-----
Net earnings (loss) applicable to common stock	\$ (44,900,000) =====	\$ (12,255,000) =====	\$ 2,476,000 =====
Weighted average common shares outstanding	69,115,764	51,361,522	47,037,497
Shares issuable upon exercise of stock options	--	--	363,486
Incremental shares from convertible debt	-- -----	-- -----	-- -----
Weighted average common shares and common equivalents outstanding	69,115,764 =====	51,361,522 =====	47,400,980 =====
Net earnings (loss) per common share basic and diluted	\$ (0.65) =====	\$ (0.24) =====	\$ 0.05 =====

The above earnings per share (EPS) calculations are submitted in accordance with Statement of Financial Accounting Standards No. 128. An EPS calculation in accordance with Regulation S-K item 601 (b) (11) is not shown above for the years ended December 31, 1999 and 1998 because it produces an antidilutive result. The following information is disclosed for purposes of calculating antidilutive EPS for that period.

	Year Ended December 31, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997
	-----	-----	-----
Net earnings (loss) applicable to common stock	\$ (44,900,000)	\$ (12,255,000)	\$ 2,476,000
Income impact of assumed conversions	3,581,974 -----	-- -----	-- -----
Earnings (loss) available to common shareholders + assumed conversion	(41,318,026) =====	(12,255,000) =====	2,476,000 =====
Weighted average common shares outstanding	69,115,764	51,361,522	47,037,497
Shares issuable upon exercise of stock options	599,363	505,558	363,483
Incremental shares from convertible debt	2,418,361 -----	-- -----	-- -----
Weighted average common shares plus dilutive potential common shares	72,133,488 =====	51,867,080 =====	47,400,980 =====
Net earnings (loss) per common share - diluted	\$ (0.57) =====	\$ (0.24) =====	\$ 0.05 =====

**EXHIBIT 21.1**

Subsidiaries of Lamar Advertising Company and Lamar Media Corp.

Name -----	State of Other Jurisdiction of Incorporation or Organization -----
Lamar Media Corp.	Delaware
The Lamar Company, LLC	Louisiana
Lamar Whiteco Outdoor Corporation	Delaware
Lamar Outdoor Corporation	Delaware
Lamar Advertising of Louisiana, LLC	Louisiana
Lamar Robinson, Inc.	Missouri
Lamar Advertising of Roland, Inc.	Tennessee
Lamar Advertising of Kentucky, Inc.	Kentucky
Lamar Advertising of Joplin, Inc.	Missouri
Ad Vantage Media Inc.	Texas
Lamar Martin Corporation	Delaware
Lamar Nevada Sign Corporation	Delaware
Lamar MW Sign Corporation	Delaware
Revolution Outdoor Advertising, Inc.	Florida
Triumph Outdoor Holdings, LLC	Delaware
Delaware Logos, LLC	Delaware
New Mexico Logos, Inc.	New Mexico
Colorado Logos, Inc.	Colorado
Lamar Tennessee Limited Partnership II	Tennessee
Lamar West, LP	California
Interstate Logos, Inc.	Delaware
Lamar Advertising of Colorado Springs, Inc.	Colorado
Lamar Advertising of Jackson, Inc.	Mississippi
Lamar Advertising of Mobile, Inc.	Alabama
Lamar Advertising of South Georgia, Inc.	Georgia
Lamar Advertising of South Mississippi, Inc.	Mississippi
Lamar Advertising of Youngstown, Inc.	Delaware
TLC Properties, Inc.	Louisiana
Missouri Logos, Inc.	Missouri
Missouri Logos, a Partnership	Missouri
Nebraska Logos, Inc.	Nebraska
Oklahoma Logo Signs, Inc.	Oklahoma
Utah Logos, Inc.	Utah
Ohio Logos, Inc.	Ohio
Georgia Logos, Inc.	Georgia
Kansas Logos, Inc.	Kansas
Lamar Air, LLC	Louisiana
Lamar Pensacola Transit, Inc.	Florida
Lamar Tennessee, LLC	Tennessee
Lamar Texas General Partner, Inc.	Louisiana
Lamar Texas Limited Partnership	Texas
Michigan Logos, Inc.	Michigan
Minnesota Logos, Inc.	Minnesota
Mississippi Logos, Inc.	Mississippi
New Jersey Logos, Inc.	New Jersey
South Carolina Logos, Inc.	South Carolina
Tennessee Logos, Inc.	Tennessee
Texas Logos, Inc.	Texas
TLC Properties II, Inc.	Texas
Virginia Logos, Inc.	Virginia

Name	State of Other Jurisdiction of Incorporation or Organization
----	-----
Lamar Advertising of Huntington-Bridgeport, Inc.	West Virginia
Lamar Advertising of Penn, LLC	Delaware
Lamar Advertising of Michigan, Inc.	Michigan
Lamar Advertising of Missouri, Inc.	Missouri
Canadian TODS Limited Nova Scotia	Canada
Nevada Logos, Inc.	Nevada
Kentucky Logos, Inc.	Kentucky
Florida Logos, Inc.	Florida
Lamar Electrical, Inc.	Louisiana
Lamar Advertising of South Dakota, Inc.	South Dakota
TLC Properties, L.L.C.	Louisiana
Lamar OCI South Corporation	Mississippi
Lamar OCI North Corporation	Delaware
Lamar Advertising of Greenville, Inc.	Mississippi
Lamar Advertising of West Virginia, Inc.	West Virginia
Lamar Advertising of Ashland, Inc.	Kentucky
American Signs, Inc.	Washington
Dowling Company, Inc.	Virginia
Parsons Development Company	Florida
Hardin Development Corp.	Florida
Scenic Outdoor Marketing and Consulting, Inc.	California
Lindsay Outdoor Advertising, Inc.	California
Lamar Florida, Inc.	Florida
Outdoor Promotions West, LLC	Delaware
Transit America Las Vegas, LLC	Delaware
Triumph Outdoor Louisiana, LLC	Delaware
Triumph Outdoor Rhode Island, LLC	Delaware
Lamar Advan, Inc.	Pennsylvania
Lamar Advertising of Iowa, Inc.	Iowa

**Exhibit 23.1**

**INDEPENDENT AUDITORS' REPORT ON  
FINANCIAL STATEMENT SCHEDULES AND CONSENT**

The Board of Directors  
Lamar Advertising Company:

The audits referred to in our reports dated March 17, 2000, included the related financial statement schedules of (a) Lamar Advertising Company and subsidiaries, and (b) Lamar Media Corp. and subsidiaries for each of the years in the three-year period ended December 31, 1999. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits. In our opinion, such financial statement schedules of (a) Lamar Advertising Company and subsidiaries, and (b) Lamar Media Corp. and subsidiaries, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We consent to incorporation by reference in the Registration Statements of Lamar Advertising Company on Form S-8 (Nos. 333-10337 and 333-79571), the Registration Statements on Form S-3 (Nos. 333-52851, 333-66059 and 333-71929), and the Registration Statements on Form S-4 (Nos. 333-60331 and 333-30012) of our reports dated March 17, 2000, relating to (a) the consolidated balance sheets of Lamar Advertising Company and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1999, and (b) the consolidated balance sheets of Lamar Media Corp. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1999, which reports appear in the December 31, 1999, annual report on Form 10-K of Lamar Advertising Company.

Our reports refer to a change in the method of accounting for the costs of start-up activities.

/s/ KPMG LLP

*New Orleans, Louisiana  
March 24, 2000*

**ARTICLE 5**

CIK: 0001090425

NAME: LAMAR ADVERTISING COMPANY

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1999
PERIOD START	JAN 01 1999
PERIOD END	DEC 31 1999
CASH	8,401
SECURITIES	0
RECEIVABLES	85,154
ALLOWANCES	3,928
INVENTORY	0
CURRENT ASSETS	125,493
PP&E	1,412,605
DEPRECIATION	218,893
TOTAL ASSETS	3,206,945
CURRENT LIABILITIES	84,706
BONDS	1,611,463
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	88
OTHER SE	1,391,441
TOTAL LIABILITY AND EQUITY	3,206,945
SALES	444,135
TOTAL REVENUES	444,135
CGS	0
TOTAL COSTS	143,090
OTHER EXPENSES	0
LOSS PROVISION	4,065
INTEREST EXPENSE	89,619
INCOME PRETAX	(53,182)
INCOME TAX	(9,596)
INCOME CONTINUING	(43,586)
DISCONTINUED	0
EXTRAORDINARY	(182)
CHANGES	(767)
NET INCOME	(44,535)
EPS BASIC	(.65)
EPS DILUTED	(.65)

**ARTICLE 5**

CIK: 0000899045

NAME: LAMAR MEDIA CORP

MULTIPLIER: 1,000

CURRENCY: US DOLLARS

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1999
PERIOD START	JAN 01 1999
PERIOD END	DEC 31 1999
EXCHANGE RATE	1
CASH	8,401
SECURITIES	0
RECEIVABLES	84,599
ALLOWANCES	3,928
INVENTORY	0
CURRENT ASSETS	135,789
PP&E	1,412,605
DEPRECIATION	218,893
TOTAL ASSETS	3,195,029
CURRENT LIABILITIES	81,084
BONDS	1,611,463
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	0
OTHER SE	1,469,606
TOTAL LIABILITY AND EQUITY	3,195,029
SALES	444,135
TOTAL REVENUES	444,135
CGS	0
TOTAL COSTS	143,090
OTHER EXPENSES	0
LOSS PROVISION	4,065
INTEREST EXPENSE	89,619
INCOME PRETAX	(52,169)
INCOME TAX	(9,232)
INCOME CONTINUING	(42,937)
DISCONTINUED	0
EXTRAORDINARY	(182)
CHANGES	(767)
NET INCOME	(43,886)
EPS BASIC	0
EPS DILUTED	0

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