

LAMAR ADVERTISING CO/NEW

FORM 10-Q (Quarterly Report)

Filed 5/10/2007 For Period Ending 3/31/2007

Address	C/O LAMAR ADVERTISING COMPANY 5551 CORPORATE BOULEVARD BATON ROUGE, Louisiana 70808
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Industry	Advertising
Sector	Services
Fiscal Year	12/31

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2007

or

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 their charters)

Delaware
Delaware
(State or other jurisdiction of incorporation or
organization)
5551 Corporate Blvd., Baton Rouge, LA
(Address of principle executive offices)

72-1449411
72-1205791
(I.R.S Employer
Identification No.)
70808
(Zip Code)

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

Indicate by check mark whether each 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 No

Indicate by check mark whether Lamar Advertising Company is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether Lamar Media Corp. is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether Lamar Advertising Company is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

Indicate by check mark whether Lamar Media Corp. is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

The number of shares of Lamar Advertising Company's Class A common stock outstanding as of May 4, 2007: 82,701,402

The number of shares of the Lamar Advertising Company's Class B common stock outstanding as of May 4, 2007: 15,397,865

The number of shares of Lamar Media Corp. common stock outstanding as of May 4, 2007: 100

This combined Form 10-Q 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 H(1) (a) and (b) of Form 10-Q and is, therefore, filing this form with the reduced disclosure format permitted by such instruction.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This combined Quarterly Report on Form 10-Q of Lamar Advertising Company (“Lamar Advertising” or the “Company”) and Lamar Media Corp. (“Lamar Media”) 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:

- expected operating results;
- market opportunities;
- acquisition opportunities;
- stock repurchase program;
- ability to compete; and
- 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 and Lamar Media’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:

- risks and uncertainties relating to the Company’s significant indebtedness;
- the demand for outdoor advertising;
- the performance of the U.S. economy generally and the level of expenditures on outdoor advertising particularly;
- the Company’s ability to renew expiring contracts at favorable rates;
- the integration of companies that the Company acquires and its ability to recognize cost savings or operating efficiencies as a result of these acquisitions;
- the Company’s need for and ability to obtain additional funding for acquisitions or operations;
- the market price of the Company’s Class A common stock;
- the existence and nature of investment and digital deployment opportunities available to the Company from time to time; and
- the regulation of the outdoor advertising industry by federal, state and local governments.

For a further description of these and other risks and uncertainties, the Company encourages you to read carefully Item 1A to the combined Annual Report on Form 10-K for the year ended December 31, 2006 of the Company and Lamar Media (the “2006 Combined Form 10-K”).

The forward-looking statements contained in this combined Quarterly Report on Form 10-Q speak only as of the date of this combined report. Lamar Advertising Company and Lamar Media Corp. expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this combined Quarterly 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, except as may be required by law.

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PART I — FINANCIAL INFORMATION ITEM 1. — FINANCIAL STATEMENTS

LAMAR ADVERTISING COMPANY AND
SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	March 31, 2007 (Unaudited)	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 279	\$ 11,796
Receivables, net of allowance for doubtful accounts of \$6,609 and \$6,400 in 2007 and 2006, respectively	125,365	127,552
Prepaid expenses	57,146	38,215
Deferred income tax assets	19,918	34,224
Other current assets	17,581	18,983
Total current assets	<u>220,289</u>	<u>230,770</u>
Property, plant and equipment	2,501,719	2,432,977
Less accumulated depreciation and amortization	(1,062,075)	(1,027,029)
Net property, plant and equipment	<u>1,439,644</u>	<u>1,405,948</u>
Goodwill	1,358,562	1,357,706
Intangible assets	861,104	860,850
Deferred financing costs, net of accumulated amortization of \$28,235 and \$27,143 in 2007 and 2006, respectively	26,990	25,990
Other assets	35,800	42,964
Total assets	<u>\$ 3,942,389</u>	<u>\$ 3,924,228</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 18,409	\$ 14,567
Current maturities of long-term debt	16,475	8,648
Accrued expenses	44,744	69,940
Deferred income	14,042	17,824
Total current liabilities	<u>93,670</u>	<u>110,979</u>
Long-term debt	2,455,965	1,981,820
Deferred income tax liabilities	129,693	140,019
Asset retirement obligation	143,487	141,503
Other liabilities	12,492	11,374
Total liabilities	<u>2,835,307</u>	<u>2,385,695</u>
Stockholders' equity:		
Series AA preferred stock, par value \$.001, \$63.80 cumulative dividends, authorized 5,720 shares; 5,720 shares issued and outstanding at 2007 and 2006	—	—
Class A preferred stock, par value \$638, \$63.80 cumulative dividends, 10,000 shares authorized; 0 shares issued and outstanding at 2007 and 2006	—	—
Class A common stock, par value \$.001, 175,000,000 shares authorized; 92,284,051 and 91,796,429 shares issued at 2007 and 2006, respectively; 82,687,402 and 84,335,679 outstanding at 2007 and 2006 respectively	92	92
Class B common stock, par value \$.001, 37,500,000 shares authorized, 15,397,865 shares issued and outstanding at 2007 and 2006	15	15
Additional paid-in capital	2,266,311	2,250,716
Accumulated comprehensive income	1,600	2,253
Accumulated deficit	(624,627)	(315,072)
Cost of shares held in treasury, 9,596,649 and 7,460,750 shares in 2007 and 2006,	(536,309)	(399,471)
Total Stockholders' equity	<u>1,107,082</u>	<u>1,538,533</u>
Total liabilities and stockholders' equity	<u>\$ 3,942,389</u>	<u>\$ 3,924,228</u>

See accompanying notes to condensed consolidated financial statements.

LAMAR ADVERTISING COMPANY AND
SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	Three months ended March 31,	
	2007	2006
Net revenues	\$ 275,185	\$ 253,333
Operating expenses (income)		
Direct advertising expenses (exclusive of depreciation and amortization)	100,783	95,209
General and administrative expenses (exclusive of depreciation and amortization)	55,302	47,811
Corporate expenses (exclusive of depreciation and amortization)	14,572	11,480
Depreciation and amortization	73,318	73,178
Gain on disposition of assets	(312)	(1,678)
	243,663	226,000
Operating income	31,522	27,333
Other expense (income)		
Gain on disposition of investment	(15,448)	—
Interest income	(493)	(227)
Interest expense	31,845	24,843
	15,904	24,616
Income before income tax expense	15,618	2,717
Income tax expense	6,779	1,177
Net income	8,839	1,540
Dividends to preferred share holders	91	91
Net income applicable to common stock	\$ 8,748	\$ 1,449
Earnings per share:		
Basic earnings per share	\$ 0.09	\$ 0.01
Diluted earnings per share	\$ 0.09	\$ 0.01
Cash dividends declared per share of common stock (Note 11)	\$ 3.25	\$ —
Weighted average common shares used in computing earnings per share:		
Weighted average common shares outstanding	99,222,644	105,009,487
Incremental common shares from dilutive stock options	842,221	847,519
Incremental common shares from convertible debt	—	—
Weighted average common shares diluted	100,064,865	105,857,006

See accompanying notes to condensed consolidated financial statements.

LAMAR ADVERTISING COMPANY AND
SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	Three months ended March 31,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 8,839	\$ 1,540
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73,318	73,178
Non-cash equity-based compensation	9,447	2,998
Amortization included in interest expense	1,090	1,213
Gain on disposition of assets	(15,760)	(1,678)
Deferred tax expense (benefit)	3,981	(5,708)
Provision for doubtful accounts	1,148	1,161
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables	1,033	(131)
Prepaid expenses	(18,858)	(18,104)
Other assets	(4,391)	3,465
Increase (decrease) in:		
Trade accounts payable	4,327	(138)
Accrued expenses	(27,062)	(22,679)
Other liabilities	(3,760)	(196)
Net cash provided by operating activities	<u>33,352</u>	<u>34,921</u>
Cash flows used in investing activities:		
Acquisitions	(60,067)	(66,601)
Capital expenditures	(50,064)	(46,558)
Proceeds from disposition of assets	19,857	1,388
Payments received on Notes Receivable	9,056	—
Net cash used in investing activities	<u>(81,218)</u>	<u>(111,771)</u>
Cash flows from financing activities:		
Cash used for purchase of treasury shares	(130,106)	(114,214)
Net proceeds from issuance of common stock	4,967	22,670
Principal payments on long-term debt	(27)	(795)
Net borrowings under credit agreements	482,000	157,000
Debt issuance costs	(2,107)	—
Dividends	(318,394)	(91)
Net cash provided by financing activities	<u>36,333</u>	<u>64,570</u>
Effect of exchange rate changes in cash and cash equivalents	<u>16</u>	<u>—</u>
Net decrease in cash and cash equivalents	(11,517)	(12,280)
Cash and cash equivalents at beginning of period	11,796	19,419
Cash and cash equivalents at end of period	<u>\$ 279</u>	<u>\$ 7,139</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 50,262</u>	<u>\$ 36,689</u>
Cash paid for state and federal income taxes	<u>\$ 1,627</u>	<u>\$ 3,316</u>

See accompanying notes to condensed consolidated financial statements.

LAMAR ADVERTISING COMPANY AND
SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

1. Significant Accounting Policies

The information included in the foregoing interim condensed consolidated financial statements is unaudited. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position and results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year. These interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and the notes thereto included in the 2006 Combined Form 10-K.

2. Stock-Based Compensation

Equity Incentive Plan. Lamar's 1996 Equity Incentive Plan has reserved 10 million shares of Class A common stock for issuance to directors and employees, including shares underlying granted options and common stock reserved for issuance under its performance-based incentive program. Options granted under the plan expire ten years from the grant date with vesting terms ranging from three to five years which primarily includes 1) options that vest in one-fifth increments beginning on the grant date and continuing on each of the first four anniversaries of the grant date and 2) options that cliff-vest on the fifth anniversary of the grant date. All grants are made at fair market value based on the closing price of our Class A common stock as reported on the NASDAQ Global Select Market on the date of grant.

We use a Black-Scholes-Merton option pricing model to estimate the fair value of share-based awards under SFAS 123(R). The Black-Scholes-Merton option pricing model incorporates various and highly subjective assumptions, including expected term and expected volatility. The Company had no option grants during the three months ended March 31, 2007.

Stock Purchase Plan. Lamar's 2000 Employee Stock Purchase Plan has reserved 924,000 shares of common stock for issuance to employees. The following is a summary of ESPP share activity for the three months ended March 31, 2007:

	Shares
Available for future purchases, January 1, 2007	469,646
Purchases	(21,012)
Available for future purchases, March 31, 2007	448,634

Performance-based compensation. Unrestricted shares of our Class A common stock may be awarded to key officers, employees and directors under our 1996 Equity Incentive Plan based on the achievement of certain Company performance measures for fiscal 2007. The number of shares to be issued; if any, will be dependent on the level of achievement of these performance measures as determined by the Company's Compensation Committee based on our 2007 results and will be issued in the first quarter of 2008. The shares subject to these awards can range from a minimum of 0% to a maximum of 100% of the target number of shares depending on the level at which the goals are attained. Based on the Company's performance through March 31, 2007, the Company has accrued \$699 as compensation expense related to these agreements.

Stock grants to option holders. On March 30, 2007, the Company issued Class A common stock in respect of all shares underlying vested, unexercised options held as of March 22, 2007 (the "vested option shares") by an active employee, consultant or director of the Company. Holders of vested options shares received a stock award with a fair market value of \$3.25 multiplied by the number of vested options shares held by such holder. The Company determined the number of shares issuable based on a fair market value of \$63.77 per share, which was the average of the closing prices of the Class A common stock during the period from March 1, 2007 through and including March 21, 2007. The Company recorded \$6,961 as compensation expense related to this grant.

LAMAR ADVERTISING COMPANY AND
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(UNAUDITED)
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The table below summarizes the impact on our results of operations for the three months ended March 31, 2007 of outstanding stock options and stock grants and stock grants under our 1996 Plan and issuances under our ESPP recognized under the provisions of SFAS 123(R):

	Three months ended March 31, 2007	Three months ended March 31, 2006
Stock-based compensation expense:		
Issuances under employee stock purchase plan	\$ 200	\$ 360
Employee stock options	1,587	1,476
Reserved for performance-based stock awards	699	1,162
Issuance to options holders	6,961	—
Income tax benefit	(3,332)	(503)
Net decrease in net income	<u>\$ 6,115</u>	<u>\$ 2,495</u>
Decrease in earnings per common share:		
Basic	\$ 0.06	\$ 0.02
Diluted	\$ 0.06	\$ 0.02

3. Acquisitions

During the three months ended March 31, 2007, the Company completed several acquisitions of outdoor advertising assets for a total cash purchase price of approximately \$60,067.

Each of these acquisitions was accounted for under the purchase method of accounting, and, accordingly, the accompanying consolidated 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 value at the dates of acquisition. The following is a summary of the preliminary allocation of the acquisition costs in the above transactions.

	Total
Current assets	\$ 1,011
Property, plant and equipment	29,956
Goodwill	453
Site locations	24,316
Non-competition agreements	153
Customer lists and contracts	4,401
Other liabilities	(223)
	<u>\$ 60,067</u>

LAMAR ADVERTISING COMPANY AND
SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

3. Acquisitions (cont'd)

Summarized below are certain unaudited pro forma statements of operations data for the three months ended March 31, 2007 and March 31, 2006 as if each of the above acquisitions and the acquisitions occurring in 2006, which were fully described in the 2006 Combined Form 10-K, had been consummated as of January 1, 2006. This pro forma information does not purport to represent what the Company's results of operations actually would have been had such transactions occurred on the date specified or to project the Company's results of operations for any future periods.

	Three months ended March 31,	
	2007	2006
Pro forma net revenues	<u>\$275,956</u>	<u>\$256,938</u>
Pro forma net income applicable to common stock	<u>\$ 8,538</u>	<u>\$ 210</u>
Pro forma net income per common share — basic	<u>\$ 0.09</u>	<u>\$ —</u>
Pro forma net income per common share — diluted	<u>\$ 0.08</u>	<u>\$ —</u>

4. Depreciation and Amortization

The Company includes all categories of depreciation and amortization on a separate line in its Statement of Operations. The amount of depreciation and amortization expense excluded from the following operating expenses in its Statement of Operations are:

	Three months ended March 31,	
	2007	2006
Direct advertising expenses	<u>\$ 69,128</u>	<u>\$ 70,005</u>
General and administrative expenses	1,691	1,614
Corporate expenses	<u>2,499</u>	<u>1,559</u>
	<u>\$ 73,318</u>	<u>\$ 73,178</u>

5. Goodwill and Other Intangible Assets

The following is a summary of intangible assets at March 31, 2007 and December 31, 2006.

	Estimated Life (Years)	March 31, 2007		December 31, 2006	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets:					
Customer lists and contracts	7 – 10	\$ 448,458	\$ 386,017	\$ 444,167	\$ 380,374
Non-competition agreements	3 – 15	60,419	55,966	60,279	55,466
Site locations	15	1,285,903	495,315	1,262,525	474,151
Other	5 – 15	13,600	9,978	13,537	9,667
		<u>1,808,380</u>	<u>947,276</u>	<u>1,780,508</u>	<u>919,658</u>
Unamortizable Intangible Assets:					
Goodwill		<u>\$ 1,612,197</u>	<u>\$ 253,635</u>	<u>\$ 1,611,341</u>	<u>\$253,635</u>

LAMAR ADVERTISING COMPANY AND
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(UNAUDITED)
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5. Goodwill and Other Intangible Assets (continued)

The changes in the gross carrying amount of goodwill for the three months ended March 31, 2007 are as follows:

Balance as of December 31, 2006	\$1,611,341
Goodwill acquired during the three months ended March 31, 2007	856
Balance as of March 31, 2007	<u>\$1,612,197</u>

6. Asset Retirement Obligations

The Company's asset retirement obligations include the costs associated with the removal of its structures, resurfacing of the land and retirement cost, if applicable, related to the Company's outdoor advertising portfolio. The following table reflects information related to our asset retirement obligations:

Balance at December 31, 2006	\$141,503
Additions to asset retirement obligations	383
Accretion expense	2,292
Liabilities settled	<u>(691)</u>
Balance at March 31, 2007	<u>\$143,487</u>

7. Long Term Debt

On March 28, 2007, Lamar Media Corp., a wholly-owned subsidiary of Lamar Advertising Company entered into a Series E Incremental Loan Agreement with its lenders, in the aggregate amount of \$250,000 which was funded on March 28, 2007. The Series E Incremental Loans will begin amortizing in quarterly installments paid on each June 30, September 30, December 31 and March 31 as follows:

<u>Principal Payment Date</u>	<u>Principal Amount</u>
June 30, 2009 – March 31, 2010	\$ 3,125
June 30, 2010 – March 31, 2011	\$ 6,250
June 30, 2011 – March 31, 2012	\$ 9,375
June 30, 2012 – March 31, 2013	\$43,750

The Series E Incremental Loans will mature March 31, 2013.

Also, on March 28, 2007, Lamar Media Corp. entered into a Series F Incremental Loan Agreement in the aggregate amount of \$325,000 which was funded on March 28, 2007. The Series F Incremental Loans will begin amortizing in quarterly installments paid on each June 30, September 30, December 31, and March 31 as follows:

<u>Principal Payment Date</u>	<u>Principal Amount</u>
June 30, 2009 – December 31, 2013	\$ 812.5
March 31, 2014	\$309,562.5

The Series F Incremental Loans will mature on March 31, 2014.

In conjunction with the Series E and F Term loans described above, the Company's credit agreement dated as of September 30, 2005, was further amended by Amendment No. 3 dated March 28, 2007, to (i) permit the Series E and Series F Incremental Loans to be borrowed up to an aggregate of \$575.0 million and restore the amount available for additional incremental loans to \$500.0 million and (ii) delete the "Interest Coverage Ratio", "the Senior Coverage Ratio" financial covenants and the step-down to 5.75x in the "Total Debt Ratio" financial covenant.

LAMAR ADVERTISING COMPANY AND
SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

8. Summarized Financial Information of Subsidiaries

Separate financial statements of each of the Company's direct or indirect wholly owned subsidiaries that have guaranteed Lamar Media's obligations with respect to its publicly issued notes (collectively, the "Guarantors") are not included herein because the Company has no independent assets or operations, the guarantees are full and unconditional and joint and several and the only subsidiaries that are not a guarantors are in the aggregate minor. Lamar Media's ability to make distributions to Lamar Advertising is restricted under the terms of its bank credit facility and the indentures relating to Lamar Media's outstanding notes. As of March 31, 2007 and December 31, 2006, the net assets restricted as to transfers from Lamar Media Corp. to Lamar Advertising Company in the form of cash dividends, loans or advances were \$327,630 and \$407,894, respectively.

9. Earnings Per Share

Earnings per share are computed in accordance with SFAS No. 128, "Earnings Per Share." Basic earnings per share are computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if the Company's options and warrants were converted to common stock. The number of dilutive shares resulting from this calculation is 842,221 and 847,519 for the three months ended March 31, 2007 and 2006. Diluted earnings per share should also reflect the potential dilution that could occur if the Company's convertible debt was converted to common stock. The number of potentially dilutive shares related to the Company's convertible debt excluded from the calculation because of their antidilutive effect is 5,611,569 and 5,581,755 for the three months ended March 31, 2007 and March 31, 2006, respectively.

10. Income Taxes

Effective January 1, 2007, the Company adopted FIN 48. Upon the adoption of FIN 48, the Company commenced a review of all open tax years in all jurisdictions. The adoption of FIN 48 did not have a material effect on our consolidated financial position or results of operations. As a result of the adoption, the Company's total balance for unrecognized tax benefits is \$0.3 million as of March 31, 2007. If the benefits were recognized in future periods they would have an impact on the Company's future effective tax rate.

In addition, management has accrued in the consolidated financial statements any penalties and interest, to the extent they would be assessed, on any underpayment of income tax. Such accruals have been and will continue to be the Company's accounting policy into the future. As of March 31, 2007, management had accrued \$0.1 million of interest and penalties relating to unrecognized income tax benefits, which was included in our accrued current tax liability in the accompanying consolidated balance sheet.

As of March 31, 2007, management does not anticipate any significant changes in the balance of unrecognized tax benefits during the next twelve months.

The Company files federal and state income tax returns in the U. S. as well as in Canada. The Company also files income tax returns in the Commonwealth of Puerto Rico. With few exceptions, the Company is no longer subject to federal or state income tax examinations by tax authorities for years before 2002. Due to net operating loss carryovers, the Company is subject to examination adjustments to its net operating loss carryovers by tax authorities going back to 1997.

The Internal Revenue Service ("IRS") completed an examination of our federal income tax return for 2003 with no changes to taxable income. The State of New York has commenced an audit of our 2003 New York income tax return. However, the audit has not been finalized. We currently do not expect any changes in taxable income to result from this audit.

11. Dividend to Common Shareholders

The Company's board of directors declared a special dividend of \$3.25 per share of Common Stock in February 2007. The dividend was paid on March 30, 2007 to stockholders of record on March 22, 2007 in the aggregate amount of \$318,303.

12. New Accounting Pronouncements

In February 2007, the (FASB) issued Statement of Accounting Standard No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115*” (Statement 159). This Statement permits entities to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses on these instruments in earnings. Statement 159 is effective as of January 1, 2008. The Company does not expect any material financial statement implications relating to the adoption of this Statement.

In September 2006, the FASB issued Statement of Accounting Standards No. 157, “*Fair Value Measurements*” (Statement 157). Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. Statement 157 applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, Statement 157 does not require any new fair value measurements. However, for some entities, the application of Statement 157 will change current practice. Statement 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within these fiscal years. We are assessing the impact of Statement 157, which we do not expect to have an impact on our financial position, results or operations or cash flows.

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LAMAR MEDIA CORP.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	March 31, 2007 <u>(Unaudited)</u>	December 31, 2006 <u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 279	\$ 11,796
Receivables, net of allowance for doubtful accounts of \$6,609 and \$6,400 in 2007 and 2006, respectively	125,365	127,552
Prepaid expenses	57,146	38,215
Deferred income tax assets	25,463	26,884
Other current assets	16,403	18,095
Total current assets	<u>224,656</u>	<u>222,542</u>
Property, plant and equipment	2,501,719	2,432,977
Less accumulated depreciation and amortization	<u>(1,062,075)</u>	<u>(1,027,029)</u>
Net property, plant and equipment	1,439,644	1,405,948
Goodwill	1,348,537	1,347,775
Intangible assets	860,507	860,237
Deferred financing costs net of accumulated amortization of \$16,546 and \$15,744 in 2007 and 2006, respectively	19,754	20,186
Other assets	32,764	39,299
Total assets	<u>\$ 3,925,862</u>	<u>\$ 3,895,987</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Trade accounts payable	\$ 18,409	\$ 14,567
Current maturities of long-term debt	16,475	8,648
Accrued expenses	52,476	77,612
Deferred income	14,042	17,824
Total current liabilities	<u>101,402</u>	<u>118,651</u>
Long-term debt	2,455,965	1,981,820
Deferred income tax liabilities	150,638	148,310
Asset retirement obligation	143,487	141,503
Other liabilities	28,838	13,236
Total liabilities	<u>2,880,330</u>	<u>2,403,520</u>
Stockholder's equity:		
Common stock, par value \$.01, 3,000 shares authorized, 100 shares issued and outstanding at 2007 and 2006	—	—
Additional paid-in-capital	2,444,485	2,444,485
Accumulated comprehensive income	1,600	2,253
Accumulated deficit	<u>(1,400,553)</u>	<u>(954,271)</u>
Total Stockholder's equity	1,045,532	1,492,467
Total liabilities and stockholder's equity	<u>\$ 3,925,862</u>	<u>\$ 3,895,987</u>

See accompanying note to condensed consolidated financial statements.

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LAMAR MEDIA CORP.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS)

	Three months ended March 31,	
	2007	2006
Net revenues	<u>\$275,185</u>	<u>\$253,333</u>
Operating expenses (income)		
Direct advertising expenses (exclusive of depreciation and amortization)	100,783	95,209
General and administrative expenses (exclusive of depreciation and amortization)	55,302	47,811
Corporate expenses (exclusive of depreciation and amortization)	14,457	11,350
Depreciation and amortization	73,318	73,178
Gain on disposition of assets	(312)	(1,678)
	<u>243,548</u>	<u>225,870</u>
Operating income	31,637	27,463
Other expense (income)		
Gain on disposition of investment	(15,448)	—
Interest income	(493)	(227)
Interest expense	31,554	24,327
	<u>15,613</u>	<u>24,100</u>
Income before income tax expense	16,024	3,363
Income tax expense	7,164	1,458
Net income	<u>\$ 8,860</u>	<u>\$ 1,905</u>

See accompanying note to condensed consolidated financial statements.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	Three months ended March 31,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 8,860	\$ 1,905
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73,318	73,178
Non cash equity-based compensation	9,447	2,998
Amortization included in interest expense	799	698
Gain on disposition of assets	(15,760)	(1,678)
Deferred tax expense (benefit)	3,749	(1,144)
Provision for doubtful accounts	1,148	1,161
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables	1,033	(131)
Prepaid expenses	(18,858)	(18,104)
Other assets	(5,910)	(404)
Increase (decrease) in:		
Trade accounts payable	4,327	(138)
Accrued expenses	(26,710)	(23,153)
Other liabilities	9,609	22,279
Net cash provided by operating activities	<u>45,052</u>	<u>57,467</u>
Cash flows from investing activities:		
Acquisitions	(60,067)	(66,601)
Capital expenditures	(50,064)	(46,525)
Payments received on notes receivable	9,056	—
Proceeds from disposition of assets	19,857	1,388
Net cash used in investing activities	<u>(81,218)</u>	<u>(111,738)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	(27)	(795)
Net borrowings under credit agreement	482,000	157,000
Dividend to parent	(455,233)	(114,214)
Debt issuance costs	(2,107)	—
Net cash provided by financing activities	<u>24,633</u>	<u>41,991</u>
Effect of exchange rate changes in cash and cash equivalents	16	—
Net decrease in cash and cash equivalents	(11,517)	(12,280)
Cash and cash equivalents at beginning of period	11,796	19,419
Cash and cash equivalents at end of period	<u>\$ 279</u>	<u>\$ 7,139</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 50,262</u>	<u>\$ 36,689</u>
Cash paid for state and federal income taxes	<u>\$ 1,627</u>	<u>\$ 3,316</u>
Parent company stock issued related to acquisitions	<u>\$ —</u>	<u>\$ —</u>

See accompanying note to condensed consolidated financial statements.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(IN THOUSANDS, EXCEPT FOR SHARE DATA)

1. Significant Accounting Policies

The information included in the foregoing interim condensed consolidated financial statements is unaudited. In the opinion of management all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of Lamar Media's financial position and results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year. These interim condensed consolidated financial statements should be read in conjunction with Lamar Media's consolidated financial statements and the notes thereto included in the 2006 Combined Form 10-K.

Certain notes are not provided for the accompanying condensed consolidated financial statements as the information in notes 1, 2, 3, 4, 5, 6, 7, 8, 10, 11 and 12 to the condensed consolidated financial statements of Lamar Advertising Company included elsewhere in this report is substantially equivalent to that required for the condensed consolidated financial statements of Lamar Media Corp. Earnings per share data is not provided for Lamar Media Corp., as it is a wholly owned subsidiary of Lamar Advertising Company.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion contains forward-looking statements. Actual results could differ materially from those anticipated by the forward-looking statements due to risks and uncertainties described in the section of this combined report on Form 10-Q entitled “Note Regarding Forward-Looking Statements” and in Item 1A to the 2006 Combined Form 10-K. You should carefully consider each of these risks and uncertainties in evaluating the Company’s and Lamar Media’s financial conditions and results of operations. Investors are cautioned not to place undue reliance on the forward-looking statements contained in this document. These statements speak only as of the date of this document, and the Company undertakes no obligation to update or revise the statements, except as may be required by law.

Lamar Advertising Company

The following is a discussion of the consolidated financial condition and results of operations of the Company for the three months ended March 31, 2007 and 2006. 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. 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. Advertising spending is particularly sensitive to changes in general economic conditions which affect the rates we are able to charge for advertising on our displays and our ability to maximize occupancy on our displays.

Since December 31, 2001, the Company has increased the number of outdoor advertising displays it operates by approximately 5% by completing strategic acquisitions of outdoor advertising and transit assets for an aggregate purchase price of approximately \$994 million, which included the issuance of 4,050,958 shares of Lamar Advertising Company Class A common stock valued at the time of issuance at approximately \$153 million and warrants valued at the time of issuance of approximately \$2 million. The Company has financed its recent acquisitions and intends to finance its future acquisition activity from available cash, borrowings under its bank credit agreement and the issuance of Class A common stock. See “Liquidity and Capital Resources” below. As a result of acquisitions, the operating performances of individual markets and of the Company as a whole are not necessarily comparable on a year-to-year basis. The Company expects to continue to pursue acquisitions that complement the Company’s business.

Growth of the Company’s business requires expenditures for maintenance and capitalized costs associated with new billboard displays, replacement of damaged billboard displays, logo sign and transit contracts, and the purchase of real estate and operating equipment. The following table presents a breakdown of capitalized expenditures for the three months ended March 31, 2007 and 2006:

	Three months ended March 31, (in thousands)	
	2007	2006
Total Capital Expenditures:		
Billboard – traditional	\$ 20,525	\$ 17,261
Billboard – digital	15,786	18,027
Logos	1,774	1,605
Transit	439	214
Land and buildings	9,100	7,273
Operating equipment	2,440	2,178
Total capital expenditures	<u>\$ 50,064</u>	<u>\$ 46,558</u>

RESULTS OF OPERATIONS

Three Months ended March 31, 2007 compared to Three Months ended March 31, 2006

Net revenues increased \$21.9 million or 8.6% to \$275.2 million for the three months ended March 31, 2007 from \$253.3 million for the same period in 2006. This increase was attributable primarily to an increase in billboard net revenues of \$22.5 million or 9.9% over the prior period, a \$.4 million increase in logo sign revenue, which represents an increase of 3.4% over the prior period, and a \$1.0 million decrease in transit revenue over the prior period, which represents a decrease of 7.8%

The increase in billboard net revenue of \$22.5 million was generated by acquisition activity of approximately \$4.6 million and internal growth of approximately \$17.9 million, while the increase in logo sign revenue of \$.4 million was generated by internal growth across various markets within the logo sign programs of approximately \$1.4 million, which was offset by the loss of \$1.0 million of revenue due to the loss of the Company's Texas logo contract. The decrease in transit revenue of approximately \$1.0 million was primarily due to the loss of various transit contracts.

Net revenues for the three months ended March 31, 2007, as compared to acquisition-adjusted net revenue for the three months ended March 31, 2006, increased \$19.0 million or 7.4% as a result of net revenue internal growth. See "Reconciliations" below.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased \$16.2 million or 10.5% to \$170.7 million for the three months ended March 31, 2007 from \$154.5 million for the same period in 2006. There was a \$13.1 million increase as a result of additional operating expenses related to the operations of acquired outdoor advertising assets and increases in costs in operating the Company's core assets and a \$3.1 million increase in corporate expenses.

Depreciation and amortization expense remained relatively constant for the three months ended March 31, 2007 as compared to the three months ended March 31, 2006 due to consistent levels of capital expenditures between the two periods presented.

Due to the above factors, operating income increased \$4.2 million to \$31.5 million for three months ended March 31, 2007, compared to \$27.3 million for the same period in 2006.

During the first quarter of 2007, the Company recognized a \$15.4 million gain as a result of the sale of a private company in which the Company had an ownership interest.

Interest expense increased \$7.0 million from \$24.8 million for the three months ended March 31, 2006 to \$31.8 million for the three months ended March 31, 2007 due to increased debt balances as well as an increase in interest rates on variable rate debt.

The increase in operating income and the gain on disposition of investment, offset by the increase in interest expense described above resulted in a \$12.9 million increase in income before income taxes. This increase in income resulted in an increase in the income tax expense of \$5.6 million for the three months ended March 31, 2007 over the same period in 2006. The effective tax rate for the three months ended March 31, 2007 was 43.4%, which is greater than the statutory rates due to permanent differences resulting from non-deductible compensation expense related to stock options in accordance with SFAS 123R, *Share Based Payment*, and other non-deductible expenses such as meals and entertainment and amortization. In addition, our effective tax rate is higher due to limitations on our ability to utilize foreign tax credits on our foreign source income.

As a result of the above factors, the Company recognized net income for the three months ended March 31, 2007 of \$8.8 million, as compared to net income of \$1.5 million for the same period in 2006.

In February 2007, the Company's board of directors declared a special cash dividend of \$3.25 per share of Common Stock. The aggregate dividend of \$318.3 million was paid on March 30, 2007 to stockholders of record on March 22, 2007. Lamar had approximately 82.5 million shares of Class A Common Stock and 15.4 million shares of Class B Common Stock, which is convertible into Class A Common Stock on a one-for-one basis at the option of its holder, outstanding on the record date.

Reconciliations:

Because acquisitions occurring after December 31, 2005 (the "acquired assets") have contributed to our net revenue results for the periods presented, we provide 2006 acquisition-adjusted net revenue, which adjusts our 2006 net revenue for the three months ended March 31, 2006 by adding to it the net revenue generated by the acquired assets prior to our acquisition of them for the same time frame that those assets were owned in the three months ended March 31, 2007. We provide this information as a supplement to net revenues to enable investors to compare periods in 2007 and 2006 on a more consistent basis without the effects of acquisitions. Management uses this comparison to assess how well we are performing within our existing assets.

Acquisition-adjusted net revenue is not determined in accordance with generally accepted accounting principles (GAAP). For this adjustment, we measure the amount of pre-acquisition revenue generated by the assets during the period in 2006 that corresponds with the actual period we have owned the assets in 2007 (to the extent within the period to which this report relates). We refer to this adjustment as "acquisition net revenue."

Reconciliations of 2006 reported net revenue to 2006 acquisition-adjusted net revenue as well as a comparison of 2006 acquisition-adjusted net revenue to 2007 net revenue for each of the three month periods ended March 31, are provided below:

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Comparison of 2007 Net Revenue to 2006 Acquisition-Adjusted Net Revenue

	Three months ended March 31,	
	2007	2006
	(in thousands)	
Reported net revenue	\$275,185	\$253,333
Acquisition net revenue, net of divestitures	—	2,803
Adjusted totals	<u>\$275,185</u>	<u>\$256,136</u>

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Company has historically satisfied its working capital requirements with cash from operations and borrowings under its bank credit facility. The Company's wholly owned subsidiary, Lamar Media Corp., is the borrower under the bank credit facility and maintains all corporate cash balances. Any cash requirements of the Company, therefore, must be funded by distributions from Lamar Media. The Company's acquisitions have been financed primarily with funds borrowed under the bank credit facility and issuance of its Class A common stock and debt securities. If an acquisition is made by one of the Company's subsidiaries using the Company's Class A common stock, a permanent contribution of additional paid-in-capital of Class A common stock is distributed to that subsidiary.

Sources of Cash

Total Liquidity at March 31, 2007. As of March 31, 2007 we had approximately \$385.3 million of total liquidity, which is comprised of approximately \$.3 million in cash and cash equivalents and the ability to draw approximately \$385.0 million under our revolving bank credit facility.

Cash Generated by Operations. For the three months ended March 31, 2007 and 2006 our cash provided by operating activities was \$33.4 million and \$34.9 million, respectively. While our net income was approximately \$8.8 million for the three months ended March 31, 2007, we generated cash from operating activities of \$33.4 million during that same period, primarily due to adjustments needed to reconcile net income to cash provided by operating activities, which primarily consisted of depreciation and amortization of \$73.3 million. This was offset by an increase in working capital of \$48.7 million. We expect to generate cash flows from operations during 2007 in excess of our cash needs for operations and capital expenditures as described herein. We expect to use the excess cash generated principally for acquisitions and to fund repurchases under our stock repurchase program. See "— Cash Flows" for more information.

Credit Facilities. As of March 31, 2007, Lamar Media had approximately \$385.0 million of unused capacity under the revolving credit facility included in its bank credit facility. The bank credit facility was refinanced on September 30, 2005 and is comprised of a \$400.0 million revolving bank credit facility and a \$400.0 million term facility. The bank credit facility also includes a \$500.0 million incremental facility, which permits Lamar Media to request that its lenders enter into commitments to make additional term loans, up to a maximum aggregate amount of \$500.0 million. On January 17, 2007, Lamar Media entered into a Series D Incremental Loan Agreement and obtained commitments from its lenders for a term loan of \$7.0 million, which was funded on January 17, 2007. On March 28, 2007, Lamar Media entered into Series E and Series F Incremental Loan Agreements and obtained commitments from their lenders for term loans of \$250 million and \$325 million, respectively, which were both funded on March 28, 2007. In addition, the \$500 million incremental facility, which had previously been reduced by the aggregate amount of the Series C and Series D Incremental Loans and would have been reduced by the Series E and Series F Incremental Loans, was restored to \$500 million. The lenders have no obligation to make additional term loans to Lamar Media under the incremental facility, but may enter into such commitments in their sole discretion.

Factors Affecting Sources of Liquidity

Internally Generated Funds. The key factors affecting internally generated cash flow are general economic conditions, specific economic conditions in the markets where the Company conducts its business and overall spending on advertising by advertisers.

Restrictions Under Credit Facilities and Other Debt Securities. Currently Lamar Media has outstanding approximately \$385.0 million 7 1/4 % Senior Subordinated Notes due 2013 issued in December 2002 and June 2003 and \$400.0 million 6 5/8% Senior Subordinated Notes due 2015 issued in August 2005 and \$216 million 6 5/8% Senior Subordinated Notes due 2015 – Series B issued in August, 2006. The indentures relating to Lamar Media's outstanding notes restrict its ability to incur indebtedness other than:

- up to \$1.3 billion of indebtedness under its bank credit facility;
- currently outstanding indebtedness or debt incurred to refinance outstanding debt;
- inter-company debt between Lamar Media and its subsidiaries or between subsidiaries;
- certain purchase money indebtedness and capitalized lease obligations to acquire or lease property in the ordinary course of business that cannot exceed the greater of \$20 million or 5% of Lamar Media's net tangible assets; and
- additional debt not to exceed \$40 million.



(1) Interest rates on our variable rate instruments are assuming rates at the March 2007 levels.

Cash Flows

The Company's cash flows provided by operating activities decreased by \$1.6 million for the three months ended March 31, 2007 due to an increase in net income of \$7.3 million as described in "Results of Operations" an increase in adjustments to reconcile net income (loss) to cash provided by operating activities of \$2.1 million primarily an increase in non-cash compensation of \$6.4 million, an increase in deferred income tax expense of \$9.7 million offset by an increase in gain on dispositions of assets of \$14.1 million. In addition, as compared to the same period in 2006, there were increases in other assets of \$7.9 million, decreases in accrued expenses of \$4.4 million and in other liabilities of \$3.6 million.

Cash flows used in investing activities decreased \$30.6 million from \$111.8 million for the three months ended March 31, 2006 to \$81.2 million for the three months ended March 31, 2007, primarily due to a decrease in acquisitions of \$6.5 million and an increase in proceeds from disposition of assets of \$18.5 million and an increase in payments received on notes to receivables of \$9.1 million.

Cash flows provided by financing activities was \$36.3 million for the three months ended March 31, 2007 primarily due to \$482.0 million in net borrowings under credit agreements, offset by \$130.1 million in cash used for purchase of shares of the Company's Class A common stock and \$318.4 million in cash used for dividends.

Lamar Media Corp.

The following is a discussion of the consolidated financial condition and results of operations of Lamar Media for the three months ended March 31, 2007 and 2006. This discussion should be read in conjunction with the consolidated financial statements of Lamar Media and the related notes.

RESULTS OF OPERATIONS

Three Months ended March 31, 2007 compared to Three Months ended March 31, 2006

Net revenues increased \$21.9 million or 8.6% to \$275.2 million for the three months ended March 31, 2007 from \$253.3 million for the same period in 2006. This increase was attributable primarily to an increase in billboard net revenues of \$22.5 million or 9.9% over the prior period, a \$4 million increase in logo sign revenue, which represents an increase of 3.4% over the prior period, and a \$1.0 million decrease in transit revenue over the prior period, which represents a decrease of 7.8%

The increase in billboard net revenue of \$22.5 million was generated by acquisition activity of approximately \$4.6 million and internal growth of approximately \$17.9 million, while the increase in logo sign revenue of \$4 million was generated by internal growth across various markets within the logo sign programs of approximately \$1.4 million, which was offset by the loss of \$1.0 million of revenue due to the loss of the Company's Texas logo contract. The decrease in transit revenue of approximately \$1.0 million was primarily due to the loss of various transit contracts.

Net revenues for the three months ended March 31, 2007, as compared to acquisition-adjusted net revenue for the three months ended March 31, 2006, increased \$19.0 million or 7.4% as a result of net revenue internal growth. See "Reconciliations" below.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased \$16.1 million or 10.4% to \$170.5 million for the three months ended March 31, 2007 from \$154.4 million for the same period in 2006. There was a \$13.0 million increase as a result of additional operating expenses related to the operations of acquired outdoor advertising assets and increases in costs in operating Lamar Media's core assets and a \$3.1 million increase in corporate expenses.

Depreciation and amortization expense remained relatively constant for the three months ended March 31, 2007 as compared to the three months ended March 31, 2006 due to consistent levels of capital expenditures between the two periods presented.

Due to the above factors, operating income increased \$4.1 million to \$31.6 million for three months ended March 31, 2007 compared to \$27.5 million for the same period in 2006.

During the first quarter of 2007, the Company recognized a \$15.4 million gain as a result of the sale of a private company in which the Company had an ownership interest.

Interest expense increased \$7.3 million from \$24.3 million for the three months ended March 31, 2006 to \$31.6 million for the three months ended March 31, 2007 due to increased debt balances as well as an increase in interest rates on variable rate debt.

The increase in operating income, and the gain on disposition of investment, offset by the increase in interest expense described above resulted in a \$12.7 million increase in income before income taxes. This increase in income resulted in an increase in the income tax expense of \$5.7 million for the three months ended March 31, 2007 over the same period in 2006. The effective tax rate for the three months ended March 31, 2007 was 44.7%, which is greater than the statutory rates due to permanent differences resulting from non-deductible compensation expense related to stock options in accordance with SFAS 123R, *Share Based Payment*, and other non-deductible expenses such as meals and entertainment and amortization. In addition, our effective tax rate is higher due to limitations on our ability to utilize foreign tax credits on our foreign source income.

As a result of the above factors, Lamar Media recognized net income for the three months ended March 31, 2007 of \$8.9 million, as compared to net income of \$1.9 million for the same period in 2006.

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Reconciliations:

Because acquisitions occurring after December 31, 2005 (the “acquired assets”) have contributed to our net revenue results for the periods presented, we provide 2006 acquisition-adjusted net revenue, which adjusts our 2006 net revenue for the three months ended March 31, 2006 by adding to it the net revenue generated by the acquired assets prior to our acquisition of them for the same time frame that those assets were owned in the three months ended March 31, 2007. We provide this information as a supplement to net revenues to enable investors to compare periods in 2007 and 2006 on a more consistent basis without the effects of acquisitions. Management uses this comparison to assess how well we are performing within our existing assets.

Acquisition-adjusted net revenue is not determined in accordance with generally accepted accounting principles (GAAP). For this adjustment, we measure the amount of pre-acquisition revenue generated by the assets during the period in 2006 that corresponds with the actual period we have owned the assets in 2007 (to the extent within the period to which this report relates). We refer to this adjustment as “acquisition net revenue.”

Reconciliations of 2006 reported net revenue to 2006 acquisition-adjusted net revenue as well as a comparison of 2006 acquisition-adjusted net revenue to 2007 net revenue for each of the three month periods ended March 31, are provided below:

Comparison of 2007 Net Revenue to 2006 Acquisition-Adjusted Net Revenue

	Three months ended March 31,	
	2007	2006
	(in thousands)	
Reported net revenue	\$275,185	\$253,333
Acquisition net revenue, net of divestitures	—	2,803
Adjusted totals	<u>\$275,185</u>	<u>\$256,136</u>

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Lamar Advertising Company and Lamar Media Corp.

The Company is exposed to interest rate risk in connection with variable rate debt instruments issued by its wholly owned subsidiary Lamar Media. The information below summarizes the Company's interest rate risk associated with its principal variable rate debt instruments outstanding at March 31, 2007 and should be read in conjunction with Note 8 of the Notes to the Company's Consolidated Financial Statements in its Annual Report on Form 10-K for the year ended December 31, 2006.

Loans under Lamar Media's bank credit agreement bear interest at variable rates equal to the JPMorgan Chase Prime Rate or LIBOR plus the applicable margin. Because the JPMorgan 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 bank credit agreement. Increases in the interest rates applicable to borrowings under the bank credit agreement would result in increased interest expense and a reduction in the Company's net income.

At March 31, 2007, there was approximately \$1.2 billion of aggregate indebtedness outstanding under the bank credit agreement, or approximately 48.4% of the Company's outstanding long-term debt on that date, bearing interest at variable rates. The aggregate interest expense for the three months ended March 31, 2007 with respect to borrowings under the bank credit agreement was \$12.4 million, and the weighted average interest rate applicable to borrowings under this credit facility during the three months ended March 31, 2007 was 6.4%. Assuming that the weighted average interest rate was 200-basis points higher (that is 8.4% rather than 6.4%), then the Company's three months ended March 31, 2007 interest expense would have been approximately \$3.6 million higher resulting in a \$2.0 million decrease in the Company's three months ended March 31, 2007 net income.

The Company has attempted to mitigate the interest rate risk resulting from its variable interest rate long-term debt instruments by 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 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 if these actions are taken, that they will be effective.

ITEM 4. CONTROLS AND PROCEDURES

a) Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures.

The Company's and Lamar Media's management, with the participation of the principal executive officer and principal financial officer of the Company and Lamar Media, have evaluated the effectiveness of the design and operation of the Company's and Lamar Media's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Based on this evaluation, the principal executive officer and principal financial officer of the Company and Lamar Media concluded that these disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in the Company's and Lamar Media's reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the requisite time periods.

b) Changes in Internal Control Over Financial Reporting.

There was no change in the internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) of the Company and Lamar Media identified in connection with the evaluation of the Company's and Lamar Media's internal control performed during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's and Lamar Media's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

On August 25, 2006, the Company announced that its Board of Directors had approved the repurchase of \$250 million of the Company’s Class A Common Stock. On February 22, 2007 the Board of Directors approved a new stock repurchase program of up to \$500.0 million of the Company’s Class A common stock over a period not to exceed 24 months. The Company’s management determines the timing and amount of stock repurchases based on market conditions and other factors, and may terminate the program at any time before it expires.

The following table describes the Company’s repurchases of its registered Class A Common Stock during the quarter ended March 31, 2007, all of which occurred pursuant to the stock repurchase programs described above, except as otherwise noted:

Period	Total No. of Shares Purchased	Avg. Price Paid per Share	Total No. of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
February 1 through February 28, 2007 ⁽¹⁾	392,211	\$64.19	392,211	\$575,498,635
March 1 through March 31, 2007 ⁽²⁾⁽³⁾	1,743,688	\$64.04	1,743,688	\$463,835,715

- (1) On December 29, 2006, the Company entered into a written repurchase plan with its broker under Rule 10b5-1 of the Exchange Act. This plan allowed the Company to repurchase shares (as set forth in the plan) under the repurchase program during the Company’s self-imposed blackout period.
- (2) Includes 66,586 shares of Class A common stock withheld to satisfy tax withholding obligations in respect of shares issued pursuant to performance based stock awards.
- (3) Includes 35,366 shares of Class A common stock withheld to satisfy tax withholding obligations in respect of shares issued pursuant to special stock awards made to holders of vested options as of March 22, 2007.

ITEM 5. OTHER INFORMATION

On May 9, 2007, Lamar Media Corp. amended and restated its certificate of incorporation to incorporate certain statutory language relating to Section 251(g) of the Delaware General Corporation Law. A copy of Lamar Media Corp.’s Amended and Restated Certificate of Incorporation is attached in its entirety as Exhibit 3.2 and is incorporated herein by reference.

ITEM 6. EXHIBITS

The Exhibits filed as part of this report are listed on the Exhibit Index immediately following the signature page hereto, which Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LAMAR ADVERTISING COMPANY

DATED: May 9, 2007

BY: /s/ Keith A. Istre
Chief Financial and Accounting Officer and Treasurer

LAMAR MEDIA CORP.

DATED: May 9, 2007

BY: /s/ Keith A. Istre
Chief Financial and Accounting Officer and Treasurer

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	Restated Certificate of Incorporation of the Company. Previously filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K (File No. 0-30242) filed on February 22, 2006 and incorporated herein by reference.
3.2	Amended and Restated Certificate of Incorporation of Lamar Media. Filed herewith.
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. 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.
10.1	Series D Incremental Loan Agreement dated as of January 17, 2007 between Lamar Advertising of Puerto Rico., Lamar Media, the Subsidiary Guarantors named therein, the Series D Incremental Lenders and JPMorgan Chase Bank, N.A., as Administrative Agent. Filed herewith.
10.2	Series E Incremental Loan Agreement dated as of March 28, 2007 between Lamar Media, the Subsidiary Guarantors named therein, the Series E Incremental Lenders named therein and JPMorgan Chase Bank, N.A., as Administrative Agent. Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on March 29, 2007 and incorporated herein by reference.
10.3	Series F Incremental Loan Agreement dated as of March 28, 2007 between Lamar Media, the Subsidiary Guarantors named therein, the Series F Incremental Lenders named therein and JPMorgan Chase Bank, N.A., as Administrative Agent. Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on March 29, 2007 and incorporated herein by reference.
10.4	Amendment No. 3 dated as of March 28, 2007 to the Credit Agreement dated as of September 30, 2005 between Lamar Media, the Subsidiary Borrower named therein, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, N.A., as Administrative Agent. Previously filed as Exhibit 99.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on March 29, 2007 and incorporated herein by reference.
10.5	Summary of Compensatory Arrangements. Previously filed on the Company's Current Report on Form 8-K (File No. 0-30242) filed on March 19, 2007 and incorporated herein by reference.
12.1	Statement regarding computation of earnings to fixed charges for the Company. Filed herewith.
12.2	Statement regarding computation of earnings to fixed charges for Lamar Media. Filed herewith.
31.1	Certification of the Chief Executive Officer of Lamar Advertising Company and Lamar Media pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification of the Chief Financial Officer of Lamar Advertising Company and Lamar Media pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
LAMAR MEDIA CORP.**

Lamar Media Corp. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, for the purpose of amending and restating the Certificate of Incorporation of the Corporation, hereby certifies as follows:

1. The name of the Corporation is Lamar Media Corp. The name under which the Corporation was originally incorporated is Lamar Advertising Company. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of Delaware (the "Secretary") on October 23, 1989.
2. That the pursuant to Section 242 of the General Corporation Law of the State of Delaware, the amendment and restatement herein set forth have been duly approved by the Board of Directors and the sole stockholder of the Corporation.
3. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") restates and integrates and further amends the provisions of the Certificate of Incorporation of the Corporation to read in full as follows:

FIRST. The name of the Corporation is Lamar Media Corp.

SECOND. The address of the Corporation's registered office in the State of Delaware is Capitol Services, Inc., 615 South Dupont Highway, Dover, County of Kent, Delaware 19901. The name of its registered agent at such address is Capitol Services, Inc.

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH. The total number of shares of all classes of stock which the Corporation shall have authority to issue is three thousand (3,000) shares and shall consist of three thousand (3,000) shares of Common Stock, par value \$.01 per share.

FIFTH. The Corporation is to have perpetual existence.

SIXTH. Election of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

SEVENTH. The Board of Directors of the Corporation is expressly authorized to exercise all powers granted to it by law except insofar as such powers are limited or denied herein or by the by-laws of the Corporation. In furtherance of such powers, the Board of Directors shall have the right to adopt, amend or repeal the by-laws of the Corporation.

EIGHTH. No director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is hereafter amended to authorize a further limitation or elimination of the liability of directors or officers, then the liability of a director or officer of the Corporation shall, in addition to the limitation on personal liability provided herein, be limited or eliminated to the fullest extent permitted by the Delaware General Corporation Law, as from time to time amended. No amendment to or repeal of this Article Eighth shall apply to or have any effect on the liability or alleged liability of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

NINTH. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

TENTH. Any act or transaction by or involving the Corporation, other than the election or removal of directors of the Corporation, that requires for its adoption under the General Corporation Law of the State of Delaware or this certificate of incorporation the approval of the stockholders of the Corporation shall, by virtue of this reference to Section 251(g) of the General Corporation Law of the State of Delaware, require, in addition, the approval of the stockholders of Lamar Advertising Company, a Delaware corporation, or any successor thereto by merger, by the same vote that is required by the General Corporation Law of the State of Delaware and/or the certificate of incorporation of this Corporation. To the extent that Section 251(g) of the General Corporation Law of the State of Delaware is hereinafter amended, such further amendment is hereby incorporated herein by reference.

[The remainder of this page is left blank intentionally .]

Signed this 8th day of May.

LAMAR MEDIA CORP.

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

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SERIES D INCREMENTAL LOAN AGREEMENT

dated as of
January 17, 2007

LAMAR ADVERTISING OF PUERTO RICO, INC.,
formerly known as “QMC Media II, Inc.”

JPMORGAN SECURITIES INC.,
as Sole Lead Arranger and Sole Bookrunner

JPMORGAN CHASE BANK, N.A. ,
as Administrative Agent

SERIES D INCREMENTAL LOAN AGREEMENT

SERIES D INCREMENTAL LOAN AGREEMENT dated as of January 17, 2007 between LAMAR ADVERTISING OF PUERTO RICO, INC., formerly known as “QMC Media II, Inc.” (the “Initial Subsidiary Borrower”), LAMAR MEDIA CORP. (the “Company”), the SUBSIDIARY GUARANTORS party hereto (the “Subsidiary Guarantors” and together with the Company, the “Guarantors”), the SERIES D INCREMENTAL LENDERS party hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent for the lenders (in such capacity, together with its successors in such capacity, the “Administrative Agent”).

The Company, the Subsidiary Borrowers party thereto, the Subsidiary Guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as the Administrative Agent, are parties to a Credit Agreement dated as of September 30, 2005 (as heretofore amended, the “Credit Agreement”).

Pursuant to Section 5.02(b) of the Credit Agreement, the Company has designated Lamar Advertising of Puerto Rico, Inc., formerly known as “QMC Media II, Inc.”, a Wholly Owned Subsidiary (as defined in the Credit Agreement) of the Company organized under the laws of Puerto Rico, as the “Initial Subsidiary Borrower” under the Credit Agreement. Section 2.01(c) of the Credit Agreement contemplates that the Initial Subsidiary Borrower may request that one or more persons (which may include the Lenders under the Credit Agreement) offer to enter into commitments to make “Incremental Loans” under and as defined in said Section 2.01(c), subject to the conditions specified in said Section 2.01(c). The Initial Subsidiary Borrower accordingly has requested that \$7,000,000 in aggregate principal amount of Incremental Loans under said Section 2.01(c) be made available to it in a single series of term loans to be designated the “Series D Incremental Loans”. The Series D Incremental Lenders (as defined below) are willing to make such loans on the terms and conditions set forth below and in accordance with the applicable provisions of the Credit Agreement, and accordingly, the parties hereto hereby agree as follows:

ARTICLE I

DEFINED TERMS

Terms defined in the Credit Agreement are used herein as defined therein. In addition, the following terms have the meanings specified below:

“Required Series D Incremental Lenders” means Series D Incremental Lenders having Series D Incremental Loans and unused Series D Incremental Commitments representing at least a majority of the sum of the total Series D Incremental Loans and unused Series D Incremental Commitments at such time.

Series D Incremental Loan Agreement

“Series D Incremental Commitment” means, with respect to each Series D Incremental Lender, the commitment of such Lender to make Series D Incremental Loans hereunder. The amount of each Series D Incremental Lender’s Series D Incremental Commitment is set forth on Schedule I hereto. The aggregate original amount of the Series D Incremental Commitments is \$7,000,000.

“Series D Incremental Lender” means (a) on the date hereof, the Persons listed on Schedule I hereto under the caption “Series D Incremental Lenders” and (b) thereafter, any other Person from time to time holding Series D Incremental Commitments or Series D Incremental Loans after giving effect to any assignments thereof pursuant to Section 10.04 of the Credit Agreement.

“Series D Incremental Loan Effective Date” means the date on which the conditions specified in Article IV are satisfied (or waived by the Required Series D Incremental Lenders).

“Series D Incremental Loans” means the Loans made to the Initial Subsidiary Borrower pursuant to this Agreement which shall constitute a single Series of Incremental Loans under Section 2.01(c) of the Credit Agreement.

ARTICLE II

SERIES D INCREMENTAL LOANS

Section 2.01. Series D Incremental Commitments. Subject to the terms and conditions set forth herein and in the Credit Agreement, each Series D Incremental Lender agrees to make Series D Incremental Loans to the Initial Subsidiary Borrower, in an aggregate principal amount equal to such Series D Incremental Lender’s Series D Incremental Commitment. Proceeds of Series D Incremental Loans shall be used in accordance with Section 6.09 of the Credit Agreement.

Section 2.02. Termination of Series D Incremental Commitments. Unless previously terminated, the Series D Incremental Commitments shall terminate after the Borrowing of the Series D Incremental Loans on the Series D Incremental Loan Effective Date.

Series D Incremental Loan Agreement

Section 2.03. Repayment of Series D Incremental Loans. The Initial Subsidiary Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of the Series D Incremental Lenders the outstanding principal amount of the Series D Incremental Loans on each Principal Payment Date set forth below in the aggregate principal amount set forth opposite such Principal Payment Date:

<u>Principal Payment Date</u>	<u>Principal Amount</u>
December 31, 2007	\$ 87,500
March 31, 2008	\$ 87,500
June 30, 2008	\$ 87,500
September 30, 2008	\$ 87,500
December 31, 2008	\$ 87,500
March 31, 2009	\$ 87,500
June 30, 2009	\$ 87,500
September 30, 2009	\$ 87,500
December 31, 2009	\$ 262,500
March 31, 2010	\$ 262,500
June 30, 2010	\$ 262,500
September 30, 2010	\$ 262,500
December 31, 2010	\$ 262,500
March 31, 2011	\$ 262,500
June 30, 2011	\$ 262,500
September 30, 2011	\$ 262,500
December 31, 2011	\$1,050,000
March 31, 2012	\$1,050,000
June 30, 2012	\$1,050,000
September 30, 2012	\$1,050,000

To the extent not previously paid, all Series D Incremental Loans shall be due and payable on the Term Loan Maturity Date.

Notwithstanding the foregoing, if on any Test Date the maturity date for any then-outstanding Senior Subordinated Notes, New Senior Subordinated Notes or New Senior Notes, or of any other convertible notes or notes offered and sold publicly or under Rule 144A, shall fall within six months after the Test Date then the Series D Incremental Loans shall be paid in full on the date that is three months after the Test Date, provided that the foregoing shall not

Series D Incremental Loan Agreement

apply if the Required Series D Incremental Lenders shall elect otherwise at any time prior to the Test Date.

Section 2.04. Applicable Rate. The “ Applicable Rate ” means, in the case of any Type of Series D Incremental Loans, the respective rates indicated below for Series D Incremental Loans of such Type based upon the Total Debt Ratio as at the last day of the fiscal quarter most recently ended as to which the Company has delivered financial statements pursuant to Section 6.01 of the Credit Agreement:

Range of Total Debt Ratio	Base Rate Series D Incremental Loans	Eurodollar Series D Incremental Loans
Greater than or equal to 5.00 to 1	0.250%	1.250%
Less than 5.00 to 1 and greater than or equal to 3.00 to 1	0.000%	1.000%
Less than 3.00 to 1 and greater than or equal to 2.50 to 1	0.000%	0.875%
Less than 2.50 to 1	0.000%	0.750%

Each change in the “Applicable Rate” based upon any change in the Total Debt Ratio shall become effective for purposes of the accrual of interest (including in respect of all then-outstanding Series D Incremental Loans) hereunder on the date three Business Days after the delivery to the Administrative Agent of the financial statements of the Company for the most recently ended fiscal quarter pursuant to Section 6.01 of the Credit Agreement, and shall remain effective for such purpose until three Business Days after the next delivery of such financial statements to the Administrative Agent hereunder.

Notwithstanding the foregoing, in the event the Company consummates any Acquisition or Disposition for aggregate consideration of \$75,000,000 or more, the Company shall forthwith deliver to the Administrative Agent a certificate of a Financial Officer, in form and detail satisfactory to the Administrative Agent, setting forth a redetermination of the Total Debt Ratio reflecting such Acquisition or Disposition, and on the date three Business Days after the delivery of such certificate, the Applicable Rate shall be adjusted to give effect to such redetermination of the Total Debt Ratio.

Anything in this Agreement to the contrary notwithstanding, the Applicable Rate shall be the highest rates provided for above if the certificate of a Financial Officer shall not be delivered by the times provided in Section 6.01 of the Credit Agreement or within three Business

Series D Incremental Loan Agreement

Days after the occurrence of any Acquisition or Disposition described above (but only, in the case of this paragraph, with respect to periods prior to the delivery of such certificate).

Section 2.05. Status of Agreement. Series D Incremental Commitments of each Series D Incremental Lender constitute Incremental Loan Commitments and each Series D Incremental Lender constitutes an Incremental Loan Lender, in each case under and for all purposes of the Credit Agreement. The Series D Incremental Loans constitute a single "Series" of Incremental Loans under Section 2.01(c) of the Credit Agreement.

ARTICLE III

REPRESENTATION AND WARRANTIES; NO DEFAULTS

Each Credit Party represents and warrants to the Lenders and the Administrative Agent as to itself and each of its Subsidiaries that, after giving effect to the provisions hereof, (i) each of the representations and warranties set forth in the Credit Agreement and the other Loan Documents is true and correct on and as of the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty is true and correct as of such specific date) and as if each reference therein to the Credit Agreement or Loan Documents included reference to this Agreement and (ii) no Default has occurred and is continuing.

ARTICLE IV

CONDITIONS

The obligation of the Series D Incremental Lenders to make the Series D Incremental Loans is subject to the conditions precedent that each of the following conditions shall have been satisfied (or waived by the Required Series D Incremental Lenders) on or prior to January 17, 2007:

(a) Counterparts of Agreement. The Administrative Agent (or Special Counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) Opinions of Counsel to Initial Subsidiary Borrower and the Credit Parties. The Administrative Agent (or Special Counsel) shall have received a favorable written opinion (addressed to the Administrative Agent and the Series D Incremental Lenders and dated the Series D Incremental Loan Effective Date) of (i) Adsuar Muniz Goyco

Series D Incremental Loan Agreement

Seda & Perez-Ochoa, P.S.C., special Puerto Rico counsel to the Initial Subsidiary Borrower, substantially in the form of Annex 1, and (ii) Kean, Miller, Hawthorne, D'Armond, McCowan & Jarman, L.L.P., counsel to the Credit Parties, substantially in the form of Annex 2; and the Initial Subsidiary Borrower and each of the Credit Parties hereby requests such counsel to deliver such opinions.

(c) Opinion of Special Counsel. The Administrative Agent shall have received a favorable written legal opinion (addressed to the Administrative Agent and the Series D Incremental Lenders and dated the Series D Incremental Loan Effective Date) of Special Counsel, substantially in the form of Annex 3 (and the Administrative Agent hereby requests Special Counsel to deliver such opinion).

(d) Corporate Matters. The Administrative Agent (or Special Counsel) shall have received such documents and certificates as the Administrative Agent or Special Counsel may reasonably request relating to the organization, existence and good standing of the Initial Subsidiary Borrower, the authorization of the Borrowings hereunder and any other legal matters relating to the Initial Subsidiary Borrower or this Agreement, all in form and substance reasonably satisfactory to the Administrative Agent.

(e) Notes. The Administrative Agent (or Special Counsel) shall have received for each Series D Incremental Lender that shall have requested a promissory note at least one Business Day prior to the Series D Incremental Loan Effective Date, a duly completed and executed promissory note for such Lender.

(f) Fees and Expenses. JPMorgan Securities Inc. shall have received all fees and other amounts due and payable on or prior to the Series D Incremental Loan Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Company hereunder.

(g) Compliance with Financial Covenants. The Administrative Agent (or Special Counsel) shall have received from the Financial Officer of the Company, evidence satisfactory to the Administrative Agent that after giving effect to the Series D Incremental Loans and the other transactions that are to occur on the Series D Incremental Loan Effective Date, the Company is in compliance with the applicable provisions of Section 7.09 of the Credit Agreement.

(h) Additional Conditions. Each of the conditions precedent set forth in Sections 5.02(b) and 5.03 of the Credit Agreement to the making of Series D Incremental Loans on the Series D Incremental Loan Effective Date shall have been satisfied, and the Administrative Agent (or Special Counsel) shall have received a certificate to such effect, dated the Series D Incremental Loan Effective Date and signed by the President, Vice President or a Financial Officer of the Company.

Series D Incremental Loan Agreement

ARTICLE V

NON-GUARANTOR RESTRICTED FOREIGN SUBSIDIARY

The Company hereby confirms that QMC Transit, Inc. and Lamar Advertising of Puerto Rico, Inc. are Non-Guarantor Restricted Foreign Subsidiaries under the Credit Agreement. The Company hereby represents and warrants as of the date hereof and as of the Series D Incremental Loan Effective Date that (i) the aggregate EBITDA attributable to all Non-Guarantor Restricted Foreign Subsidiaries represents in the aggregate no more than 5% of the aggregate EBITDA of the Company and its Restricted Subsidiaries, (ii) the free cash flow of such Subsidiaries has been distributed, or is available for distribution, to the Company at its election at any time and (iii) no Non-Guarantor Restricted Foreign Subsidiary is a guarantor in respect of any Senior Subordinated Notes, New Senior Subordinated Notes or New Senior Notes (or in respect of any Refunding Indebtedness).

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Expenses. The Credit Parties jointly and severally agree to pay, or reimburse JPMorgan Securities Inc. for paying, all reasonable out-of-pocket expenses incurred by JPMorgan Securities Inc. and its Affiliates, including the reasonable fees, charges and disbursements of Special Counsel, in connection with the syndication of the Series D Incremental Loans provided for herein and the preparation of this Agreement.

SECTION 6.02. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when this Agreement shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 6.03. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

Series D Incremental Loan Agreement

SECTION 6.04. Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 6.05. USA Patriot Act. Each Series D Incremental Lender hereby notifies the Company that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), such Series D Incremental Lender may be required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Series D Incremental Lender to identify the Borrowers in accordance with said Act.

Series D Incremental Loan Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

LAMAR TRANSIT ADVERTISING CANADA LTD.

By: /s/ Keith A. Istre

Name: Keith A. Istre

Title: Vice President — Chief Financial Officer

LAMAR MEDIA CORP.

By: /s/ Keith A. Istre

Name: Keith A. Istre

Title: Executive Vice President — Chief Financial Officer

Series D Incremental Loan Agreement

SUBSIDIARY GUARANTORS

INTERSTATE LOGOS, L.L.C.
THE LAMAR COMPANY, L.L.C.
LAMAR CENTRAL OUTDOOR, LLC

By: Lamar Media Corp.,
Their Managing Member

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

LAMAR ADVERTISING SOUTHWEST, INC.
LAMAR OKLAHOMA HOLDING COMPANY, INC.
LAMAR DOA TENNESSEE HOLDINGS, INC.
LAMAR OBIE CORPORATION

By: /s/ Keith A. Istre
Title: Executive Vice-President/Chief
Financial Officer

Series D Incremental Loan Agreement

Interstate Logos, L.L.C. Entities :

MISSOURI LOGOS, LLC
KENTUCKY LOGOS, LLC
OKLAHOMA LOGOS, L.L.C.
MISSISSIPPI LOGOS, L.L.C.
DELAWARE LOGOS, L.L.C.
NEW JERSEY LOGOS, L.L.C.
GEORGIA LOGOS, L.L.C.
VIRGINIA LOGOS, LLC
MAINE LOGOS, L.L.C.
WASHINGTON LOGOS, L.L.C.

By: Interstate Logos, L.L.C.

Their Managing Member

By: Lamar Media Corp.

Its: Managing Member

By: /s/ Keith A. Istre

Title: Executive Vice-President/
Chief Financial Officer

Series D Incremental Loan Agreement

Interstate Logos, L.L.C. Entities continued:

NEBRASKA LOGOS, INC.
OHIO LOGOS, INC.
UTAH LOGOS, INC.
SOUTH CAROLINA LOGOS, INC.
MINNESOTA LOGOS, INC.
MICHIGAN LOGOS, INC.
FLORIDA LOGOS, INC.
NEVADA LOGOS, INC.
TENNESSEE LOGOS, INC.
KANSAS LOGOS, INC.
COLORADO LOGOS, INC.
NEW MEXICO LOGOS, INC.

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

TEXAS LOGOS, L.P.

By: Oklahoma Logos, L.L.C.
Its: General Partner
By: Interstate Logos, L.L.C.
Its: Managing Member
By: Lamar Media Corp.
Its: Managing Member

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

Series D Incremental Loan Agreement

The Lamar Company, L.L.C. Entities :

LAMAR ADVERTISING OF COLORADO SPRINGS, INC.
LAMAR TEXAS GENERAL PARTNER, INC.
TLC PROPERTIES, INC.
TLC PROPERTIES II, INC.
LAMAR PENSACOLA TRANSIT, INC.
LAMAR ADVERTISING OF YOUNGSTOWN, INC.
LAMAR ADVERTISING OF MICHIGAN, INC.
LAMAR ELECTRICAL, INC.
AMERICAN SIGNS, INC.
LAMAR OCI NORTH CORPORATION
LAMAR OCI SOUTH CORPORATION
LAMAR ADVERTISING OF KENTUCKY, INC.
LAMAR FLORIDA, INC.
LAMAR ADVERTISING OF SOUTH DAKOTA, INC.
LAMAR OHIO OUTDOOR HOLDING CORP.
OUTDOOR MARKETING SYSTEMS, INC.

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

Series D Incremental Loan Agreement

The Lamar Company, L.L.C. Entities continued :

LAMAR ADVERTISING OF PENN, LLC
LAMAR ADVERTISING OF LOUISIANA, L.L.C.
LAMAR TENNESSEE, L.L.C.
LC BILLBOARD, L.L.C.
LAMAR AIR, L.L.C.

By: The Lamar Company, L.L.C.
Their Managing Member
By: Lamar Media Corp.
Its: Managing Member

By: /s/ Keith A. Istre
Title: Executive Vice-President/Chief
Financial Officer

LAMAR TEXAS LIMITED PARTNERSHIP

By: Lamar Texas General Partner, Inc.
Its: General Partner

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

Series D Incremental Loan Agreement

The Lamar Company, L.L.C. Entities continued:

TLC PROPERTIES, L.L.C.
TLC FARMS, L.L.C.

By: TLC Properties, Inc.
Their Managing Member

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

LAMAR T.T.R., L.L.C.

By: Lamar Advertising of Youngstown, Inc.
Its: Managing Member

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

OUTDOOR MARKETING SYSTEMS, L.L.C.

By: Outdoor Marketing Systems, Inc.
Its: Managing Member

By: /s/ Keith A. Istre
Title: Executive Vice-President/Chief
Financial Officer

Series D Incremental Loan Agreement

Lamar Central Outdoor, LLC Entities :

LAMAR ADVANTAGE HOLDING COMPANY
PREMERE OUTDOOR, INC.

By: /s/ Keith A. Istre

Title: Executive Vice-President/
Chief Financial Officer

OUTDOOR PROMOTIONS WEST, LLC
TRIUMPH OUTDOOR RHODE ISLAND, LLC

By: Triumph Outdoor Holdings, LLC
Their Managing Member

By: Lamar Central Outdoor, LLC

Its: Managing Member

By: Lamar Media Corp.

Its: Managing Member

By: /s/ Keith A. Istre

Title: Executive Vice-President/
Chief Financial Officer

Series D Incremental Loan Agreement

Lamar Central Outdoor, LLC Entities continued :

TRIUMPH OUTDOOR HOLDINGS, LLC
LAMAR ADVANTAGE GP COMPANY, LLC
LAMAR ADVANTAGE LP COMPANY, LLC

By: Lamar Central Outdoor, LLC
Their Managing Member
By: Lamar Media Corp.
Its: Managing Member

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

LAMAR ADVANTAGE OUTDOOR COMPANY, L.P.

By: Lamar Advantage GP Company, LLC
Its: General Partner
By: Lamar Central Outdoor, LLC
Its: Managing Member
By: Lamar Media Corp.
Its: Managing Member

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

Series D Incremental Loan Agreement

Lamar Oklahoma Holding Company, Inc. Entities :

LAMAR BENCHES, INC.
LAMAR I-40 WEST, INC.
LAMAR ADVERTISING OF OKLAHOMA, INC.

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

Lamar DOA Tennessee Holdings, Inc. Entities:

LAMAR DOA TENNESSEE, INC.

By: /s/ Keith A. Istre
Title: Executive Vice-President/
Chief Financial Officer

Series D Incremental Loan Agreement

Lamar Obie Corporation Entities:

O.B. WALLS, INC.

By: /s/ Keith A. Istre _____

Title: Executive Vice-President/Chief
Financial Officer

OBIE BILLBOARD, LLC

By: Lamar Obie Corporation

Its: Managing Member

By: /s/ Keith A. Istre _____

Title: Executive Vice-President/
Chief Financial Officer

Series D Incremental Loan Agreement

ADMINISTRATIVE AGENT

JPMORGAN CHASE BANK, N.A.
as Administrative Agent

By: _____
Name:
Title:

Series D Incremental Loan Agreement

SERIES D INCREMENTAL LENDERS

THE ROYAL BANK OF SCOTLAND PLC

By: _____
Name:
Title:

MIZUHO CORPORATE BANK, LTD.

By: _____
Name:
Title:

Series D Incremental Loan Agreement

By its signature below, the undersigned hereby consents to the foregoing Series D Incremental Loan Agreement and confirms that the Series D Incremental Loans shall constitute "Guaranteed Obligations" under and as defined in the Holdings Guaranty and Pledge Agreement and shall be entitled to the benefits of the Guarantee and security provided under the Holdings Guaranty and Pledge Agreement.

LAMAR ADVERTISING COMPANY

By: /s/ Keith Istre

Name: Keith A. Istre

Title: Vice President -- Chief Financial Officer

Series D Incremental Loan Agreement

Series D Incremental Commitments

<u>Name of Series D Incremental Lender</u>	<u>Series D Incremental Commitments</u>
The Royal Bank of Scotland plc	\$3,500,000
Mizuho Corporate Bank, Ltd.	\$3,500,000

Schedule I

[Form of Opinion of Special Puerto Rico Counsel to the Initial Subsidiary Borrower]

January [____], 2007

To the Series D Incremental Lenders
and the Administrative Agent
party to the Series D Incremental Loan
Agreement and Credit Agreement
referred to below

Ladies and Gentlemen:

We have acted as special Puerto Rico counsel to Lamar Advertising of Puerto Rico, Inc., formerly known as “QMC Media II, Inc.” (the “Initial Subsidiary Borrower”) in connection with the Series D Incremental Loan Agreement dated as of January 17, 2007 (the “Series D Incremental Loan Agreement”) between Lamar Media Corp. (the “Company”) and, together with the Initial Subsidiary Borrower party thereto, the “Borrowers”), the Initial Subsidiary Borrower, the Subsidiary Guarantors named therein, the Series D Incremental Lenders party thereto (the “Series D Incremental Lenders”) and JPMorgan Chase Bank, N.A. (the “Administrative Agent”), which Series D Incremental Loan Agreement is being entered into pursuant to Section 2.01(c) of the Credit Agreement dated as of September 30, 2005 (as amended, the “Credit Agreement”) between the Borrowers, the other Subsidiary Borrowers party thereto, the Subsidiary Guarantors party thereto, the lenders party thereto and the Administrative Agent. Terms defined in the Series D Incremental Loan Agreement and in the Credit Agreement are used herein as defined therein. This opinion is being delivered pursuant to clause (b)(i) of Article IV of the Series D Incremental Loan Agreement.

In rendering the opinions expressed below, we have examined the following agreements, instruments and other documents:

- (a) the Credit Agreement;
 - (b) the Subsidiary Borrower Designation Letter dated as of February 8, 2006 executed between the Company, the Initial Subsidiary Borrower and the Administrative Agent (the “Subsidiary Borrower Designation Letter”);
-

Form of Opinion of Special Puerto Rico Counsel to Initial Subsidiary Borrower

- (c) the Series D Incremental Loan Agreement (together with the Credit Agreement and the Subsidiary Borrower Designation Letter, the “Credit Documents”); and
- (d) such records of the Initial Subsidiary Borrower and such other documents as we have deemed necessary as a basis for the opinions expressed below.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies. When relevant facts were not independently established, we have relied upon statements or certificates of governmental officials and upon representations made in or pursuant to the Credit Documents and certificates and/or opinions of appropriate representatives of the Initial Subsidiary Borrower.

In rendering the opinions expressed below, we have assumed, with respect to all of the documents referred to in this opinion letter, that (except, to the extent set forth in the opinions expressed below, as to the Initial Subsidiary Borrower):

- (i) such documents have been duly authorized by, have been duly executed and delivered by, and constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;
- (ii) all signatories to such documents have been duly authorized; and
- (iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that:

1. The Initial Subsidiary Borrower is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Puerto Rico (“Puerto Rico”).
 2. The Initial Subsidiary Borrower has all requisite corporate or other power to execute and deliver, and to perform its obligations under, the Subsidiary Borrower Designation Letter and the Series D Incremental Loan Agreement.
-

Form of Opinion of Special Puerto Rico Counsel to Initial Subsidiary Borrower

3. The execution, delivery and performance by the Initial Subsidiary Borrower of the Subsidiary Borrower Designation Letter and the Series D Incremental Loan Agreement have been duly authorized by all necessary corporate or other action on the part of the Initial Subsidiary Borrower.
 4. The Subsidiary Borrower Designation Letter and the Series D Incremental Loan Agreement have each been duly executed and delivered by the Initial Subsidiary Borrower.
 5. Under Puerto Rico conflict of laws principles, the stated choice of New York law to govern the Credit Documents will be honored by the courts of Puerto Rico and the Credit Documents will be construed in accordance with, and will be treated as being governed by, the law of the State of New York. However, if the Credit Documents were stated to be governed by and construed in accordance with the law of Puerto Rico, or if a Puerto Rico court were to apply the law of Puerto Rico to the Credit Documents, each Credit Document would nevertheless constitute the legal, valid and binding obligation of the Initial Subsidiary Borrower, enforceable against the Initial Subsidiary Borrower in accordance with its terms, except as may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and except as the enforceability of the Credit Documents is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law) and the corresponding discretion of the court before which the proceedings may be brought, including, without limitation, (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.
 6. No authorization, approval or consent of, and no filing or registration with, any governmental or regulatory authority or agency of Puerto Rico is required for the due execution, delivery or performance by the Initial Subsidiary Borrower of any of the Credit Documents or for the borrowings by the Initial Subsidiary Borrower under the Series D Incremental Loan Agreement.
 7. The execution, delivery and performance by the Initial Subsidiary Borrower of, and the consummation by the Initial Subsidiary Borrower of the transactions contemplated by, the Credit Documents do not and will not (a) violate any provision of the charter or by-laws of the Initial Subsidiary Borrower, (b) violate any applicable Puerto Rico law, rule or regulation, (c) violate any order, writ, injunction or decree of any court or governmental authority or agency or any arbitral award applicable to the Initial Subsidiary Borrower or any of its Subsidiaries of which we have knowledge or (d) result in a breach of, constitute a
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Form of Opinion of Special Puerto Rico Counsel to Initial Subsidiary Borrower

default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to the terms of, any agreement or instrument of which we have knowledge and to which the Initial Subsidiary Borrower or any of its Subsidiaries is a party or by which any of them is bound or to which any of them is subject, or result in the creation or imposition of any Lien upon any property of the Initial Subsidiary Borrower pursuant to, the terms of any such agreement or instrument.

8. We have no knowledge of any legal or arbitral proceedings, or any proceedings by or before any governmental or regulatory authority or agency, pending or threatened against or affecting the Initial Subsidiary Borrower or any of its Subsidiaries or any of their respective properties that, if adversely determined, could have a Material Adverse Effect.
9. Each of the Credit Agreement and the other Credit Documents to which the Initial Subsidiary Borrower is a party is in proper legal form under the laws of Puerto Rico for the enforcement thereof against it, and all formalities required in Puerto Rico for the validity and enforceability of each Credit Document (including any necessary registration, recording or filing with any court or other authority in such jurisdiction) have been accomplished, and no Indemnified Taxes or Other Taxes are required to be paid to Puerto Rico, or any political subdivision thereof or therein, and no notarization is required, for the validity and enforceability thereof.

In basing the opinions and other matters set forth herein on “our knowledge” or facts “known to us”, the words “our knowledge” and “known to us” signify that, in the course of our representation of the Initial Subsidiary Borrower in matters with respect to which we have been engaged by the Initial Subsidiary Borrower, as counsel, and within the scope of such engagement, no information has come to our attention which would give us actual knowledge or actual notice or would otherwise lead us to believe that any such opinions, certificates, statements or other matters are not accurate or that any of the foregoing documents, certificates, reports and information on which we have relied are not accurate and complete.

The foregoing opinions are subject to the following comments and qualifications:

(i) we express no opinion in this letter as to any provision in the Credit Documents: (a) which relates to the subject matter jurisdiction of any Federal court of the United States of America, or any Federal appellate court, to adjudicate any controversy related to the Agreements and (b) which contains a waiver of an inconvenient forum;

(ii) we also note that any provision in the Credit Documents which provides for liquidated damages may not be enforceable if such provision is punitive, unreasonable or if actual damages are not uncertain and can be established without difficulty;

Form of Opinion of Special Puerto Rico Counsel to Initial Subsidiary Borrower

(iii) we express no opinion as to the validity or enforceability of any provision in the Credit Documents waiving, expressly or by implication, stated rights, defenses or rights granted by laws, where such waivers are or may be deemed to be against public policy or prohibited by law;

(iv) we express no opinion as to the effect on the opinions expressed herein of the compliance or non-compliance of any party (other than the Initial Subsidiary Borrower) to the Credit Documents with any state, Puerto Rico, federal or other laws or regulations applicable to it;

(v) we express no opinion as to the validity or enforceability of any rights to indemnification provided for in the Credit Documents which may be limited by (a) laws rendering indemnification unenforceable or contrary to federal or state securities laws and the public policy underlying such laws, and (b) laws limiting the enforceability of provisions exculpating or exempting a party from liability, or requiring indemnification of a party, for its own action or inaction, to the extent such action or inaction involves gross negligence, recklessness or willful or unlawful conduct;

(vi) we express no opinion as to the validity or enforceability of any power of attorney or attorney-in-fact provisions contained in any of the Credit Documents;

(vii) we express no opinion as to the validity or enforceability of any provision in the Credit Documents that provides that the terms of the Credit Documents may not be waived or modified except in writing;

(viii) we express no opinion as to any provision of the Credit Documents insofar as the same authorizes any Person to set-off and apply to or for its account any deposit or property of any other Person at any time held thereby, on any indebtedness at any time owing by any Person thereto, to the extent that (x) the funds to be applied are not then due and payable, (y) the respective Persons have been opportunely notified of an attachment or claim by a third party against the funds to be applied, or (z) any such right to set-off is exercised with respect to escrow deposits, payroll accounts or other special deposit accounts which, by the express terms on which the same are created, are made subject to the legal rights of a third party;

(ix) we express no opinion as to the validity or enforceability of the waivers by any Person in the Credit Documents of the right to a trial by jury.

The foregoing opinions are limited to matters involving the laws of Puerto Rico, and we do not express any opinion as to the law of any other jurisdiction. The opinions rendered herein are given on the date hereof and such opinions are rendered only with respect to facts existing on the date hereof and laws, rules and regulations currently in effect. We assume no obligation to

Form of Opinion of Special Puerto Rico Counsel to Initial Subsidiary Borrower

update or supplement our opinion to reflect any facts or circumstances which may hereafter come to our attention or changes in law which may hereafter occur.

This opinion letter is provided to you by us as special Puerto Rico counsel to the Initial Subsidiary Borrower pursuant to clause (b)(i) of Article IV of the Series D Incremental Loan Agreement and may not be relied upon by any other person or for any purpose other than in connection with the transactions contemplated by the Credit Documents without our prior written consent in each instance.

Very truly yours,

[Form of Opinion of Counsel to the Credit Parties]

January [____], 2007

To the Series D Incremental Lenders
and the Administrative Agent
party to the Series D Incremental Loan
Agreement and Credit Agreement
referred to below

Ladies and Gentlemen:

We have acted as counsel to Lamar Advertising of Puerto Rico, Inc., formerly known as “QMC Media II, Inc.” (the “Initial Subsidiary Borrower”), Lamar Advertising Company (“Holdings”), Lamar Media Corp. (herein the “Company”) and the Subsidiary Guarantors, in connection with the Series D Incremental Loan Agreement dated as of January 17, 2007 (the “Series D Incremental Loan Agreement”) between Lamar Media Corp. (the “Company”) and, together with the Initial Subsidiary Borrower, the “Borrowers”), the Subsidiary Guarantors named therein, the Series D Incremental Lenders party thereto (the “Series D Incremental Lenders”) and JPMorgan Chase Bank, N.A. (the “Administrative Agent”), which Series D Incremental Loan Agreement is being entered into pursuant to Section 2.01(c) of the Credit Agreement dated as of September 30, 2005 (as amended, the “Credit Agreement”) between the Borrowers, the other Subsidiary Borrowers party thereto, the Subsidiary Guarantors party thereto, the lenders party thereto and the Administrative Agent. Terms defined in the Series D Incremental Loan Agreement and in the Credit Agreement are used herein as defined therein. This opinion is being delivered pursuant to Article IV(b)(ii) of the Series D Incremental Loan Agreement.

In rendering the opinions expressed below, we have examined the following agreements, instruments and other documents:

- (a) the Credit Agreement;
 - (b) the Subsidiary Borrower Designation Letter dated as of February 8, 2006 executed between the Company, the Initial Subsidiary Borrower and the Administrative Agent (the “Subsidiary Borrower Designation Letter”);
-

Form of Opinion of Counsel to Credit Parties

- (c) the Series D Incremental Loan Agreement (together with the Credit Agreement and the Subsidiary Borrower Designation Letter, the “Credit Documents”); and
- (d) such records of the Credit Parties and such other documents as we have deemed necessary as a basis for the opinions expressed below, including information listed on Schedule A regarding the merging and/or consolidation of certain subsidiaries.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies. When relevant facts were not independently established, we have relied upon statements or certificates of governmental officials and upon representations made in or pursuant to the Credit Documents and certificates and/or opinions of appropriate representatives of the Credit Parties.

In rendering the opinions expressed below, we have assumed, with respect to all of the documents referred to in this opinion letter, that (except, to the extent set forth in the opinions expressed below, as to the Credit Parties):

- (i) such documents have been duly authorized by, have been duly executed and delivered by, and constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;
- (ii) all signatories to such documents have been duly authorized; and
- (iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

References to “our knowledge” or equivalent words means the actual knowledge of the lawyers in this firm responsible for preparing this opinion after such inquiry as they deemed appropriate, including inquiry of such other lawyers in the firm and review of such files of the firm as they have identified as being reasonably likely to have or contain information not otherwise known to them needed to support the opinions set forth below. References to “after due inquiry” or equivalent words means after inquiry of the Chief Financial Officer and General Counsel of Holdings, and of lawyers in the firm reasonably likely to have knowledge of the matter to which such reference relates.

Form of Opinion of Counsel to Credit Parties

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that:

1. Holdings is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each Subsidiary of the Company that is a Credit Party is a corporation, partnership or other entity duly organized, validly existing and, to our knowledge, in good standing under the laws of the state indicated opposite its name in Schedule 4.14 to the Credit Agreement.

2. Each Credit Party has all requisite corporate or other power to execute and deliver, and to perform its obligations under, the Credit Documents to which it is a party.

3. The execution, delivery and performance by each Credit Party of each Credit Document to which it is a party have been duly authorized by all necessary corporate or other action on the part of such Credit Party.

4. Each Credit Document has been duly executed and delivered by each Credit Party party thereto.

5. Under Louisiana conflict of laws principles, the stated choice of New York law to govern the Credit Documents will be honored by the courts of the State of Louisiana and the Credit Documents will be construed in accordance with, and will be treated as being governed by, the law of the State of New York, except to the extent the result obtained from applying New York law would be contrary to the public policy of the State of Louisiana, provided, however, that we have no knowledge of any Louisiana public policy interest which could reasonably be expected to result in the application of Louisiana law to the Credit Documents. However, if the Credit Documents were stated to be governed by and construed in accordance with the law of the State of Louisiana, or if a Louisiana court were to apply the law of the State of Louisiana to the Credit Documents, each Credit Document would nevertheless constitute the legal, valid and binding obligation of each Credit Party party thereto, enforceable against such Credit Party in accordance with its terms, except as may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and except as the enforceability of the Credit Documents is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law) and the corresponding discretion of the court before which the proceedings may be brought, including, without limitation, (a) the possible unavailability of specific performance, injunctive relief or any other

Form of Opinion of Counsel to Credit Parties

equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.

6. No authorization, approval or consent of, and no filing or registration with, any governmental or regulatory authority or agency of the United States of America or the State of Louisiana is required on the part of any Credit Party for the execution, delivery or performance by any Credit Party of any of the Credit Documents or for the borrowings by the Initial Subsidiary Borrower under the Credit Agreement.

7. The execution, delivery and performance by each Credit Party of, and the consummation by each Credit Party of the transactions contemplated by, the Credit Documents to which such Credit Party is a party do not and will not (a) violate any provision of the charter or by-laws of any Credit Party, (b) violate any applicable Louisiana or federal law, rule or regulation, (c) violate any order, writ, injunction or decree of any court or governmental authority or agency or any arbitral award applicable to the Credit Parties or any of their respective Subsidiaries of which we have knowledge (after due inquiry) or (d) based on an opinion of the General Counsel of the Company, result in a breach of, constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to the terms of, any agreement or instrument of which we have knowledge (after due inquiry) and to which the Credit Parties or any of their respective Subsidiaries is a party or by which any of them is bound or to which any of them is subject, or result in the creation or imposition of any Lien upon any property of any Credit Party pursuant to, the terms of any such agreement or instrument.

8. Except as set forth in Schedule 4.06 to the Credit Agreement, we have no knowledge (after due inquiry) of any legal or arbitral proceedings, or any proceedings by or before any governmental or regulatory authority or agency, pending or threatened against or affecting the Credit Parties or any of their respective Subsidiaries or any of their respective properties that, if adversely determined, could have a Material Adverse Effect.

9. The obligations of the Credit Parties under the Credit Documents constitute Senior Indebtedness (as defined in the Senior Subordinated Notes Indentures) for all purposes of the Senior Subordinated Notes Indentures.

10. The Credit Agreement and the Series D Incremental Loan Agreement will constitute the "Senior Credit Facility" under and for all purposes of each of the Senior Subordinated Notes Indentures.

Form of Opinion of Counsel to Credit Parties

The foregoing opinions are subject to the following comments and qualifications:

(A) The enforceability of Section 10.03 of the Credit Agreement (and any similar provisions in any of the other Credit Documents) may be limited by (i) laws rendering unenforceable indemnification contrary to Federal or state securities laws and the public policy underlying such laws and (ii) laws limiting the enforceability of provisions exculpating or exempting a party, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct.

(B) The enforceability of provisions in the Credit Documents to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

(C) We express no opinion as to (i) the effect of the laws of any jurisdiction in which any Lender is located (other than the State of Louisiana) that limits the interest, fees or other charges such Lender may impose for the loan or use of money or other credit, (ii) the last sentence of Section 2.16(d) of the Credit Agreement, (iii) Section 3.06 or 3.09 of the Credit Agreement (and any similar provisions in any of the other Credit Documents) and (iv) the first sentence of Section 10.09(b) of the Credit Agreement (and any similar provisions in any of the other Credit Documents), insofar as such sentence relates to the subject matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy related to the Credit Documents.

(D) We express no opinion as to the applicability to the obligations of any Subsidiary Guarantor (or the enforceability of such obligations) of Section 548 of the Bankruptcy Code or any other provision of law relating to fraudulent conveyances, transfers or obligations or of the provisions of the law of the jurisdiction of incorporation of any Subsidiary Guarantor restricting dividends, loans or other distributions by a corporation for the benefit of its stockholders.

(E) The opinions expressed herein as of the date hereof, and except as may otherwise be provided herein, we have no obligation to advise you as to any change in the matters, factual, legal or otherwise, set forth herein after the date of this letter. Without limitation of the foregoing, our opinions in paragraphs 9 and 10 are limited to the Credit Documents and Senior Subordinated Notes Indentures as in effect as of the date hereof.

Partners or Associates of this Firm are members of the Bar of the State of Louisiana and we do not hold ourselves out as being conversant with the laws of any jurisdiction other than those of the United States of America and the State of Louisiana, and we express no

Form of Opinion of Counsel to Credit Parties

opinion as to the laws of any jurisdiction other than those of the United States of America, the State of Louisiana and the General Corporation Law of the State of Delaware.

At the request of our clients, this opinion letter is, pursuant to Section (b)(ii) of Article IV of the Series D Incremental Loan Agreement, provided to you by us in our capacity as counsel to the Credit Parties and may not be relied upon by any Person for any purpose other than in connection with the transactions contemplated by the Credit Agreement without, in each instance, our prior written consent.

Very truly yours,

Form of Opinion of Counsel to Credit Parties

SCHEDULE A

<u>Subsidiary Name</u>	<u>Merged/Consolidated into:</u>
Transit America Las Vegas, L.L.C.	merged into Triumph Outdoor Holdings, LLC
Lamar Advertising of New Orleans, LLC	merged into Triumph Outdoor Holdings, LLC
Trans West Outdoor Advertising, Inc.	merged into Lamar California Acquisition Corporation
Select Media, Inc.	merged into Lamar Obie Corporation
Stokely Ad Agency, L.L.C.	merged into Lamar Central Outdoor, LLC
Lamar California Acquisition Corporation	merged into Lamar Central Outdoor, LLC
ADvantage Advertising, LLC	merged into The Lamar Company, LLC
Lamar Advan, Inc.	merged into Lamar Advertising of Penn, LLC
Ham Development Corporation	merged into Lamar Central Outdoor, LLC
10 Outdoor Advertising, Inc.	merged into Lamar Central Outdoor, LLC
Daum Advertising Company, Inc.	merged into Lamar Advantage Outdoor Company, L.P.

[Form of Opinion of Special Counsel to JPMCB]

January [____], 2007

To the Series D Incremental Lenders
and the Administrative Agent
party to the Series D Incremental Loan
Agreement and Credit Agreement
referred to below

Ladies and Gentlemen:

We have acted as special New York counsel to JPMorgan Chase Bank, N.A., as Administrative Agent, under the Series D Incremental Loan Agreement dated as of January 17, 2007 (the “Series D Incremental Loan Agreement”) between Lamar Advertising of Puerto Rico, Inc., formerly known as “QMC Media II, Inc.” (the “Initial Subsidiary Borrower”), Lamar Media Corp. (the “Company”), the Subsidiary Guarantors named therein (together with the Company, Lamar Advertising Company, the Initial Subsidiary Borrower and Lamar Transit Advertising Canada Ltd., the “Credit Parties”), the Series D Incremental Lenders party thereto (the “Series D Incremental Lenders”) and JPMorgan Chase Bank, N.A., as Administrative Agent (the “Administrative Agent”), which Series D Incremental Loan Agreement is being entered into pursuant to Section 2.01(c) of the Credit Agreement dated as of September 30, 2005 (as amended by Amendment No. 1 thereto dated as of October 5, 2006 and Amendment No. 2 thereto dated as of December 11, 2006, the “Credit Agreement”) between the Company, the Subsidiary Borrowers party thereto, the Subsidiary Guarantors party thereto, the lenders party thereto and the Administrative Agent. Terms defined in the Series D Incremental Loan Agreement and in the Credit Agreement are used herein as defined therein. This opinion is being delivered pursuant to clause (c) of Article IV of the Series D Incremental Loan Agreement.

In rendering the opinions expressed below, we have examined the following agreements, instruments and other documents:

- (a) the Credit Agreement;
 - (b) the Subsidiary Borrower Designation Letter dated as of February 8, 2006 executed between the Company, the Initial Subsidiary Borrower and the Administrative Agent (the “Subsidiary Borrower Designation Letter”); and
-

Form of Opinion of Special Counsel to JPMCB

- (c) the Series D Incremental Loan Agreement (together with the Credit Agreement and the Subsidiary Borrower Designation Letter, the “Credit Documents”).

In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity with authentic original documents of all documents submitted to us as copies and, in the case of documents executed prior to the date of this opinion letter, that there has been no amendment, waiver or other modification (whether in writing, orally or by course of conduct, course of dealing, course of performance or otherwise) except as expressly referred to herein. When relevant facts were not independently established, we have relied upon representations made in or pursuant to the Credit Documents.

In rendering the opinions expressed below, we have assumed, with respect to all of the documents referred to in this opinion letter, that:

- (i) such documents have been duly authorized by, have been duly executed and delivered by, and (except to the extent set forth in the opinions below as to the Credit Parties) constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;
- (ii) all signatories to such documents have been duly authorized;
- (iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents; and
- (iv) all authorizations, approvals or consents of (including without limitation all foreign exchange control approvals), and all filings or registrations with, any governmental or regulatory authority or agency of Puerto Rico required for the making and performance by the Credit Parties of the Credit Documents have been obtained or made and are in effect.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that each of the Credit Documents constitutes the legal, valid and binding obligation of each Credit Party party thereto, enforceable against such Credit Party in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer or other similar laws relating to or affecting the rights of creditors generally, and to the possible judicial application of foreign laws or governmental action affecting the rights of creditors generally, and except as the enforceability of the Credit Documents is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.

Form of Opinion of Special Counsel

The foregoing opinions are subject to the following comments and qualifications:

(A) The enforceability of Section 10.03 of the Credit Agreement (and any similar provisions in any of the other Credit Documents) may be limited by laws limiting the enforceability of provisions exculpating or exempting a party, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct.

(B) Clause (iii) of the second sentence of Section 3.02 of the Credit Agreement (and any similar provisions in any of the other Credit Documents) may not be enforceable to the extent that the Guaranteed Obligations (as defined in the Credit Agreement) are materially modified.

(C) The enforceability of provisions in the Credit Documents to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

(D) We express no opinion as to (i) the effect of the laws of any jurisdiction in which any Lender is located (other than the State of New York) that limit the interest, fees or other charges such Lender may impose for the loan or use of money or other credit, (ii) the last sentence of Section 2.16(d) of the Credit Agreement, (iii) Section 3.06 or 3.09 of the Credit Agreement (and any similar provisions in any of the other Credit Documents), (iv) the first sentence of Section 10.09(b) of the Credit Agreement (and any similar provisions in any of the other Credit Documents), insofar as such sentence relates to the subject-matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy related to the Credit Documents and (v) the waiver of inconvenient forum set forth in the last sentence of Section 10.09(c) of the Credit Agreement, and any similar provision in any of the other Credit Documents, with respect to proceedings in the United States District Court for the Southern District of New York.

(E) We express no opinion as to the applicability to the obligations of any Subsidiary Guarantor (or the enforceability of such obligations) of Section 548 of the United States Bankruptcy Code, Article 10 of the New York Debtor and Creditor Law or any other provision of law relating to fraudulent conveyances, transfers or obligations or of the provisions of the law of the jurisdiction of incorporation of any Subsidiary Guarantor restricting dividends, loans or other distributions by a corporation for the benefit of its stockholders.

The foregoing opinions are limited to matters involving the Federal laws of the United States of America and the law of the State of New York, and we do not express any opinion as to the laws of any other jurisdiction.

At the request of our clients, this opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or

Form of Opinion of Special Counsel

relied upon by any other Person (other than your successors and assigns as Lenders and Persons that acquire participations in your extensions of credit under the Credit Agreement) without our prior written consent.

Very truly yours,

RJW/RMG

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES ⁽¹⁾

The following table sets forth Lamar Advertising's ratio of earnings to fixed charges for the periods indicated.

(dollars in thousands)	YEARS ENDED DECEMBER 31,					MARCH 31,	
	2002	2003	2004	2005	2006	2007	2006
Net income (loss)	(36,328)	(39,755)	13,155	41,779	43,899	8,839	1,540
Income tax (benefit) expense	(19,694)	(23,573)	11,305	31,899	34,227	6,779	1,177
Fixed charges	158,084	142,545	127,933	147,069	173,889	47,463	39,110
Earnings	<u>102,062</u>	<u>79,217</u>	<u>152,393</u>	<u>220,747</u>	<u>252,015</u>	<u>63,081</u>	<u>41,827</u>
Interest expense, net	112,404	93,285	75,584	89,160	111,644	30,755	23,630
Rents under leases representative of an interest factor (1/3)	45,315	48,895	51,984	57,544	61,880	16,617	15,389
Preferred dividends	365	365	365	365	365	91	91
Fixed charges	<u>158,084</u>	<u>142,545</u>	<u>127,933</u>	<u>147,069</u>	<u>173,889</u>	<u>47,463</u>	<u>39,110</u>
Ratio of earnings to fixed charges ⁽²⁾	<u>0.6x</u>	<u>0.6x</u>	<u>1.2x</u>	<u>1.5x</u>	<u>1.5x</u>	<u>1.3x</u>	<u>1.1x</u>

- (1) The ratio of earnings to fixed charges is defined as earnings divided by fixed charges. For purposes of this ratio, earnings is defined as net income (loss) before income taxes and cumulative effect of a change in accounting principle and fixed charges. Fixed charges is defined as the sum of interest expense, preferred stock dividends and the component of rental expense that we believe to be representative of the interest factor for those amounts.
- (2) For the years ended December 31, 2002 and 2003, earnings were insufficient to cover fixed charges by \$56.0 million and \$63.3 million, respectively.

COMPUTATION OF RATION OF EARNINGS TO FIXED CHARGES ⁽¹⁾

The following table sets forth Lamar Media's ratio of earnings to fixed charges for the periods indicated.

(dollars in thousands)	YEARS ENDED DECEMBER 31,					MARCH 31,	
	2002	2003	2004	2005	2006	2007	2006
Net income (loss)	\$ (24,958)	\$ (22,168)	\$ 24,219	\$ 47,470	\$ 45,232	16,024	3,363
Income tax (benefit) expense	(12,434)	(12,338)	11,764	35,488	35,753	7,164	1,458
Fixed charges	<u>139,376</u>	<u>126,245</u>	<u>116,409</u>	<u>137,889</u>	<u>171,686</u>	<u>47,372</u>	<u>39,018</u>
Earnings	<u>101,984</u>	<u>91,739</u>	<u>152,392</u>	<u>220,847</u>	<u>252,671</u>	<u>70,560</u>	<u>43,839</u>
Interest expense, net	94,061	77,350	64,425	80,345	109,806	30,755	23,629
Rent under leases representative of an interest factor (1/3)	45,315	48,895	51,984	57,544	61,880	16,617	15,389
Preferred dividends	0	0	0	0	0	0	0
Fixed charges	<u>139,376</u>	<u>126,245</u>	<u>116,409</u>	<u>137,889</u>	<u>171,686</u>	<u>47,372</u>	<u>39,018</u>
Ratio of earnings to fixed charges ⁽²⁾	<u>0.7x</u>	<u>0.7x</u>	<u>1.3x</u>	<u>1.6x</u>	<u>1.5x</u>	<u>1.5x</u>	<u>1.1x</u>

(1) The ratio of earnings to fixed charges is defined as earnings divided by fixed charges. For purposes of this ratio, earnings is defined as net income (loss) before income taxes and cumulative effect of a change in accounting principle and fixed charges. Fixed charges is defined as the sum of interest expenses, preferred stock dividends and the component of rental expense that we believe to be representative of the interest factor for those amounts.

(2) For the years ended December 31, 2002 and 2003, earnings were insufficient to cover fixed charges by \$37.4 million and \$34.5 million, respectively.

CERTIFICATION

I, Kevin P. Reilly, Jr., certify that:

1. I have reviewed this combined quarterly report on Form 10-Q of Lamar Advertising Company and Lamar Media Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' abilities to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: May 9, 2007

/s/ Kevin P. Reilly, Jr.

Kevin P. Reilly, Jr.

Chief Executive Officer, Lamar Advertising Company

Chief Executive Officer, Lamar Media Corp.

CERTIFICATION

I, Keith A. Istre, certify that:

1. I have reviewed this combined quarterly report on Form 10-Q of Lamar Advertising Company and Lamar Media Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' abilities to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: May 9, 2007

/s/ Keith A. Istre

Keith A. Istre

Chief Financial Officer, Lamar Advertising Company

Chief Financial Officer, Lamar Media Corp.

**LAMAR ADVERTISING COMPANY
LAMAR MEDIA CORP.**

**Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Each of the undersigned officers of Lamar Advertising Company (“Lamar”) and Lamar Media Corp. (“Media”) certifies, to his knowledge and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the combined Quarterly Report on Form 10-Q of Lamar and Media for the three months ended March 31, 2007 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in that combined Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Lamar and Media.

Dated: May 9, 2007

By: /s/ Kevin P. Reilly, Jr.
Kevin P. Reilly, Jr.
Chief Executive Officer, Lamar Advertising Company
Chief Executive Officer, Lamar Media Corp.

Dated: May 9, 2007

By: /s/ Keith A. Istre
Keith A. Istre
Chief Financial Officer, Lamar Advertising Company
Chief Financial Officer, Lamar Media Corp.