

**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 period ended June 30, 2003
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	72-1449411
Delaware	72-1205791
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)
5551 Corporate Blvd., Baton Rouge, LA	70808
(Address of principle executive offices)	(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 (X) No ()

Indicate by check mark whether Lamar Advertising Company is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act: Yes (X) No ()

Indicate by check mark whether Lamar Media Corp. is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act: Yes () No (X)

The number of shares of Lamar Advertising Company's Class A common stock outstanding as of August 8, 2003: 86,831,208

The number of shares of the Lamar Advertising Company's Class B common stock outstanding as of August 8, 2003: 16,417,073

The number of shares of Lamar Media Corp. common stock outstanding as of August 8, 2003: 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 and Lamar Media Corp. contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These are statements that relate to future periods and include statements about the Company's, and Lamar Media's:

- expected operating results;
- market opportunities;
- acquisition opportunities;
- 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:

- 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;
- risks and uncertainties relating to the Company's significant indebtedness;
- the Company's need for and ability to obtain additional funding for acquisitions or operations; 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 carefully read the portion of the combined Annual Report on Form 10-K for the year ended December 31, 2002 of the Company and Lamar Media (the "2002 Combined Form 10-K") under the caption "Factors Affecting Future Operating Results" in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations filed with the SEC on March 26, 2003.

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.

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PART I - FINANCIAL INFORMATION
ITEM 1.- FINANCIAL STATEMENTS

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

<u>ASSETS</u>	June 30, <u>2003</u>	December 31, <u>2002</u>
Current assets:		
Cash and cash equivalents	\$ 10,692	\$ 15,610
Cash on deposit for debt extinguishment	301,198	266,657
Receivables, net of allowance for doubtful accounts of \$4,808 and \$4,914 in 2003 and 2002, respectively	98,594	92,382
Prepaid expenses	43,293	30,091
Deferred tax asset	6,097	6,428
Other current assets	10,320	7,315
Total current assets	470,194	418,483
Property, plant and equipment	1,906,285	1,850,657
Less accumulated depreciation and amortization	(621,492)	(566,889)
Net property, plant and equipment	1,284,793	1,283,768
Goodwill	1,232,822	1,178,428
Intangible assets, net	1,026,573	988,953
Other assets - non-current	22,202	18,474
Total assets	\$ 4,036,584	\$ 3,888,106
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Trade accounts payable	\$ 10,421	\$ 10,051
Current maturities of long-term debt	4,852	4,687
Current maturities related to debt extinguishment	287,500	255,000
Accrued expenses	44,510	38,881
Deferred income	12,971	13,942
Total current liabilities	360,254	322,561
Long-term debt	1,801,094	1,734,746
Deferred income taxes	100,718	114,260
Other liabilities	44,287	7,366
Total liabilities	2,306,353	2,178,933
Stockholders' equity:		
Series AA preferred stock, par value \$.001, \$63.80 cumulative dividends, authorized 5,720 shares; 5,719 shares issued and outstanding at 2003 and 2002	--	--
Class A preferred stock, par value \$638, \$63.80 cumulative dividends, 10,000 shares authorized; 0 shares issued and outstanding at 2003 and 2002	--	--
Class A common stock, par value \$.001, 175,000,000 shares authorized, 86,816,208 and 85,077,038 shares issued and outstanding at 2003 and 2002, respectively	87	85
Class B common stock, par value \$.001, 37,500,000 shares authorized, 16,417,073 shares issued and outstanding at 2003 and 2002	16	16
Additional paid-in capital	2,092,420	2,036,709
Accumulated deficit	(362,292)	(327,637)
Stockholders' equity	1,730,231	1,709,173
Total liabilities and stockholders' equity	\$ 4,036,584	\$ 3,888,106

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 June 30,		Six Months Ended June 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net revenues	\$ <u>208,178</u>	\$ <u>202,529</u>	\$ <u>392,399</u>	\$ <u>379,067</u>
Operating expenses (income)				
Direct advertising expenses	73,361	66,632	144,918	133,859
General and administrative expenses	35,216	33,317	71,517	68,132
Corporate expenses	5,364	6,100	11,910	12,491
Depreciation and amortization	69,560	69,401	137,073	136,501
Gain on disposition of assets	(828)	(81)	(858)	(170)
	<u>182,673</u>	<u>175,369</u>	<u>364,560</u>	<u>350,813</u>
Operating income	25,505	27,160	27,839	28,254
Other expense (income)				
Loss on extinguishment of debt	5,754	--	16,927	--
Interest income	(66)	(166)	(184)	(387)
Interest expense	22,587	27,241	46,347	54,017
	<u>28,275</u>	<u>27,075</u>	<u>63,090</u>	<u>53,630</u>
(Loss) income before income tax expense (benefit) and cumulative effect of a change in accounting principle	(2,770)	85	(35,251)	(25,376)
Income tax (benefit) expense	(569)	393	(12,457)	(8,905)
Loss before cumulative effect of a change in accounting principle	(2,201)	(308)	(22,794)	(16,471)
Cumulative effect of a change in accounting principle, net of tax	<u>--</u>	<u>--</u>	(<u>11,679</u>)	<u>--</u>
Net loss	(2,201)	(308)	(34,473)	(16,471)
Preferred stock dividends	<u>91</u>	<u>91</u>	<u>182</u>	<u>182</u>
Net loss applicable to common stock	\$(<u>2,292</u>)	\$(<u>399</u>)	\$(<u>34,655</u>)	\$(<u>16,653</u>)
Loss per common share:				
Loss before cumulative effect of a change in accounting principle	\$(0.02)	\$ --	\$(0.23)	\$(0.17)
Cumulative effect of a change in accounting principle	<u>--</u>	<u>--</u>	(<u>0.11</u>)	<u>--</u>
Net loss	\$(<u>0.02</u>)	\$(<u>--</u>)	\$(<u>0.34</u>)	\$(<u>0.17</u>)
Weighted average common shares outstanding – basic and diluted	<u>102,481,555</u>	<u>100,967,615</u>	<u>102,076,725</u>	<u>100,756,037</u>

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net loss	\$(34,473)	\$(16,471)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	137,073	136,501
Gain on disposition of assets	(858)	(170)
Deferred tax benefit	(12,197)	(3,763)
Provision for doubtful accounts	4,268	4,678
Loss on debt extinguishment	16,927	--
Cumulative effect of a change in accounting principle, net of tax	11,679	--
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables	(10,293)	(18,056)
Prepaid expenses	(13,038)	(13,482)
Other assets	(4,776)	(5,980)
Increase (decrease) in:		
Trade accounts payable	370	(768)
Accrued expenses	4,646	(2,724)
Other liabilities	(1,014)	721
Net cash provided by operating activities	<u>98,314</u>	<u>80,486</u>
Cash flows from investing activities:		
Acquisition of new markets	(102,804)	(55,481)
Capital expenditures	(40,767)	(36,080)
Proceeds from disposition of assets	2,448	1,636
Net cash used in investing activities	<u>(141,123)</u>	<u>(89,925)</u>
Cash flows from financing activities:		
Debt issuance costs	(9,050)	(1,062)
Net proceeds from issuance of common stock	4,303	11,682
Principal payments on long-term debt	(370,939)	(33,283)
Net borrowings under credit agreements	40,000	60,000
Cash from deposits for debt extinguishment	266,657	--
Deposits for debt extinguishment	(301,198)	--
Net proceeds from note offerings and new note payable	408,300	--
Dividends	(182)	(182)
Net cash provided by financing activities	<u>37,891</u>	<u>37,155</u>
Net increase (decrease) in cash and cash equivalents	(4,918)	27,716
Cash and cash equivalents at beginning of period	15,610	12,885
Cash and cash equivalents at end of period	<u>\$ 10,692</u>	<u>\$ 40,601</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 36,422</u>	<u>\$ 54,041</u>
Cash paid for state and federal income taxes	<u>\$ 291</u>	<u>\$ 1,652</u>
Common stock issuance related to acquisitions	<u>\$ 50,630</u>	<u>\$ 53,000</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 condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and the notes thereto included in the 2002 Combined Form 10-K.

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

2. Acquisitions

On March 3, 2003, the Company purchased the stock of Delite Outdoor, Inc. for \$18,000. The purchase price consisted of 588,543 shares of Lamar Advertising Class A common stock valued at \$18,000.

Effective May 1, 2003, the Company purchased the assets of Outdoor Media Group, Inc. for \$40,000. The purchase price consisted of 307,134 shares of Lamar Advertising Class A common stock as well as approximately \$30,000 cash.

On June 2, 2003, the Company purchased the stock of Adams Outdoor, Inc. for approximately \$40,137. The purchase price included 501,626 shares of Lamar Advertising Class A common stock and approximately \$22,637 cash.

During the six months ended June 30, 2003, the Company completed 42 additional acquisitions of outdoor advertising assets for a total purchase price of approximately \$56,635, which consisted of the issuance of 152,792 shares of Lamar Advertising Class A common stock and \$51,505 cash.

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 market value at the dates of acquisition. The following is a summary of the preliminary allocation of the acquisition costs in the above transactions.

	Delite Outdoor Inc.	Adams Outdoor Inc.	Outdoor Media Group, Inc.	Other	Total
Current assets	911	1,327	--	276	2,514
Property, plant and equipment	4,580	2,299	2,773	7,345	16,997
Goodwill	47	23,474	17,150	13,723	54,394
Site locations	10,048	16,221	16,335	31,067	73,671
Non-competition agreements	145	--	--	230	375
Customer lists and contracts	2,732	3,716	3,742	5,020	15,210
Current liabilities	108	403	--	644	1,155
Long-term liabilities	355	6,497	--	382	7,234
	<u>18,000</u>	<u>40,137</u>	<u>40,000</u>	<u>56,635</u>	<u>154,772</u>

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

Summarized below are certain unaudited pro forma statements of operations data for the three months and six months ended June 30, 2003 and June 30, 2002 as if each of the above acquisitions and the acquisitions occurring in 2002, which were fully described in the 2002 Combined Form 10-K, had been consummated as of January 1, 2002 and the adoption of SFAS No. 143 as of January 1, 2002. 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 June 30,		Six Months Ended June 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net revenues	\$ <u>210,004</u>	\$ <u>209,835</u>	\$ <u>399,338</u>	\$ <u>392,852</u>
Net loss applicable to common stock	\$(<u>2,473</u>)	\$(<u>1,841</u>)	\$(<u>35,522</u>)	\$(<u>20,076</u>)
Net loss per common share	\$(<u>0.02</u>)	\$(<u>0.02</u>)	\$(<u>0.35</u>)	\$(<u>0.20</u>)

3. Goodwill and Other Intangible Assets

The following is a summary of intangible assets at June 30, 2003 and December 31, 2002.

	Estimated Life (Years)	<u>June 30, 2003</u>		<u>December 31, 2002</u>	
		<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
<u>Amortizable Intangible Assets:</u>					
Debt issuance costs and fees	7 – 10	\$ 65,978	\$ 30,865	\$ 52,202	\$ 27,533
Customer lists and contracts	7 – 10	386,997	222,086	371,787	196,084
Non-competition agreements	3 – 15	57,398	42,917	57,023	39,458
Site locations	15	1,011,444	209,243	937,773	177,016
Other	5 – 15	<u>16,544</u>	<u>6,677</u>	<u>15,997</u>	<u>5,738</u>
		1,538,361	511,788	1,434,782	445,829
<u>Unamortizable Intangible Assets:</u>					
Goodwill		\$ 1,486,457	\$ 253,635	\$ 1,432,063	\$ 253,635

The changes in the gross carrying amount of goodwill for the six months ended June 30, 2003 are as follows:

Balance as of December 31, 2002	\$ 1,432,063
Goodwill acquired during the six months ending June 30, 2003	54,394
Impairment losses	<u>--</u>
Balance as of June 30, 2003	<u>\$ 1,486,457</u>

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

4. Long-Term Debt

On December 23, 2002, Lamar Media Corp. completed an offering of \$260,000 7¼% Senior Subordinated Notes due 2013. These notes are unsecured senior subordinated obligations and will be subordinated to all of Lamar Media's existing and future senior debt, rank equally with all of Lamar Media's existing and future senior subordinated debt and rank senior to any future subordinated debt of Lamar Media. The net proceeds from the issuance and sale of these notes, together with additional cash, was used to redeem all of the outstanding \$255,000 principal amount of Lamar Media's 9⁵/₈% Senior Subordinated Notes due 2006 on January 22, 2003 at a redemption price equal to 103.208% of the aggregate principal amount thereof plus accrued interest through the redemption date of approximately \$3,477 for a total redemption price of approximately \$266,657. The Company recorded a loss on the extinguishment of debt of \$11,173 in the first quarter of 2003 which consists of a prepayment premium of \$8,180 and associated debt issuance costs of \$2,993.

On June 12, 2003, Lamar Media Corp. issued \$125,000 7¼% Senior Subordinated Notes due 2013 as an add on to the \$260,000 issued in December 2002. The issue price of the \$125,000 7¼% Notes was 103.661% which yields an effective rate of 6⁵/₈% . The proceeds of the issuance were used to redeem approximately \$100,000 of Lamar Media's 8⁵/₈% senior subordinated notes for a redemption price equal to 104.313% of the principal amount of the notes. The Company recorded a loss on extinguishment of debt of \$5,754 in the second quarter 2003 related to this prepayment. Approximately \$100,000 in aggregate principal amount of our 8⁵/₈% notes remain outstanding following this redemption.

On June 16, 2003, the Company issued \$287,500 2⁷/₈% Convertible Notes due 2010. The net proceeds from these notes together with additional cash were used on July 16, 2003 to redeem all of the Company's outstanding 5¼% convertible notes due 2006 in aggregate principal amount of approximately \$287,500, on July 16, 2003 for a redemption price equal to 103.0% of the principal amount of notes. The Company will record a loss on the early extinguishment of debt in the third quarter of 2003 of approximately \$12,566 related to this redemption.

5. Asset Retirement Obligation

Effective January 1, 2003, the Company adopted Statement of Financial Accounting Standard (SFAS) No. 143, "Accounting for Asset Retirement Obligations," and recorded a loss of \$11,679 as the cumulative effect of a change in accounting principle, which is net of a tax benefit of \$7,467. Prior to its adoption of SFAS No. 143, the Company expensed these costs at the date of retirement. Also, as of January 1, 2003, the Company recorded additions to property, plant and equipment totaling \$23,114 under the provisions of SFAS No. 143.

All of the Company's asset retirement obligations relate to the Company's structure inventory that it considers would be retired upon dismantlement of the advertising structure. The following table reflects information related to our asset retirement obligations:

	<u>June 30, 2003</u>
Balance at beginning of period	\$ 33,467
Additions to asset retirement obligations	1,207
Accretion expense	1,163
Liabilities settled	(177)
Balance at end of period	\$ <u>35,660</u>

The following pro forma data summarizes the Company's net loss and net loss per common share as if the Company had adopted the provisions of SFAS No. 143 on January 1, 2002, including an associated pro forma asset retirement obligation on that date of \$30,875.

	<u>Six months ended</u> <u>June 30, 2002</u>
Net loss applicable to common stock, as reported	\$(16,653)
Pro forma adjustments to reflect retroactive adoption of SFAS No. 143	(11,614)
Proforma net loss applicable to common stock	\$ <u>(28,267)</u>
Net loss per common share – basic and diluted:	
Net loss, as reported	\$(0.17)
Net loss, pro forma	\$(0.28)

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

6. Stock-Based Compensation

The Company accounts for its stock option plan under the intrinsic value method in accordance with the provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. SFAS No. 123, "Accounting for Stock-Based Compensation" and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure an amendment of FASB Statement No. 123" permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma earnings per share disclosures for employee stock option grants made in 1995 and future years as if the fair-value-based method defined in SFAS No. 123 has been applied.

The following table illustrates the effect on net loss and loss per common share if we had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net loss applicable to common stock, as reported	\$(2,292)	\$(399)	\$(34,655)	\$(16,653)
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(<u>967</u>)	(<u>1,793</u>)	(<u>1,978</u>)	(<u>3,842</u>)
Pro forma net loss applicable to common stock	(<u>3,259</u>)	(<u>2,192</u>)	(<u>36,633</u>)	(<u>20,495</u>)
Net loss per common share – basic and diluted				
Net loss, as reported	\$(0.02)	\$(--)	\$(0.34)	\$(0.17)
Net loss, pro forma	(0.03)	(0.02)	\$(0.36)	\$(0.20)

7. 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 subsidiary that is not a guarantor is considered to be 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 June 30, 2003 and December 31, 2002, 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 \$1,937,243 and \$1,915,035, respectively.

8. Earnings Per Share

Earnings per share are computed in accordance with SFAS No. 128, "Earnings Per Share." The calculations of basic earnings per share exclude any dilutive effect of stock options and convertible debt while diluted earnings per share includes the dilutive effect of stock options and convertible debt. The number of potentially dilutive shares excluded from the calculation because of their anti-dilutive effect are 7,513,583 and 6,975,093 for three months ended June 30, 2003 and 2002 and 7,035,955 and 6,941,143 for the six months ended June 30, 2003 and 2002, respectively.

9. Accounting Pronouncements

In June 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullified Emerging Issues Task Force (EITF) Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity." The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. The adoption of SFAS No. 146 did not have a material effect on the Company's financial statements.

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

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57, and 107 and a rescission of FASB Interpretation No. 34." This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees issued. The Interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken. The initial recognition and measurement provisions of the Interpretation are applicable to guarantees issued or modified after December 31, 2002 and did not have a material effect on the Company's financial statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51." This Interpretation addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. The Interpretation applies immediately to variable interests in variable interest entities created after January 31, 2003 and to variable interests in variable interest entities obtained after January 31, 2003. The application of this Interpretation is not expected to have a material effect on the Company's financial statements as the Company has no interest in variable interest entities. The Interpretation requires certain disclosures in financial statements issued after January 31, 2003, if it is reasonably possible that the Company will consolidate or disclose information about variable interest entities when the Interpretation becomes effective.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Company is required to adopt SFAS No. 149 for all contracts entered into or modified after June 30, 2003, except for certain hedging relationships designated after June 30, 2003 pursuant to the guidance in SFAS No. 149. The Company does not expect adoption to have an impact on its consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." Statement 150 affects the issuer's accounting for three types of freestanding financial instruments. One type is mandatory redeemable shares, which the issuing company is obligated to buy back in exchange for cash or other assets. A second type, which includes put options and forward purchase contracts, involves instruments that do or may require the issuer to buy back some of its shares in exchange for cash or other assets. The third type of instruments that are liabilities under this Statement is obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominately to a variable such as a market index, or varies inversely with the value of the issuers' shares. Statement 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety. Most of the guidance in Statement 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Because the Company does not have any financial instruments covered by SFAS No. 150 outstanding, its adoption is not expected to materially impact the Company's financial position, cash flows or results of operations.

10. Commitments and Contingent Liabilities

In August 2002, a jury verdict was rendered in a lawsuit filed against the Company in the amount of \$32 in compensatory damages and \$2,245 in punitive damages. As a result of the verdict, the Company recorded a \$2,277 charge in its operating expenses during the quarter ended September 30, 2002. In May 2003, the Court ordered a reduction to the punitive damage award, which was subject to the plaintiff's consent. The plaintiff rejected the reduced award and the Court ordered a new trial. Based on legal analysis, management believes the best estimate of the Company's potential liability related to this claim is currently \$1,277. The \$1,000 reduction in the reserve for this liability was recorded as a reduction of corporate expenses in the second quarter of 2003.

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

<u>ASSETS</u>	June 30, <u>2003</u>	December 31, <u>2002</u>
Current assets:		
Cash and cash equivalents	\$ 10,692	\$ 15,610
Cash on deposit for debt extinguishment	--	266,657
Receivables, net of allowance for doubtful accounts of \$4,808 and \$4,914 in 2003 and 2002, respectively	98,380	92,295
Prepaid expenses	43,293	30,091
Deferred income tax asset	6,097	6,428
Other current assets	10,320	7,315
Total current assets	<u>168,782</u>	<u>418,396</u>
Property, plant and equipment	1,906,285	1,850,657
Less accumulated depreciation and amortization	(621,492)	(566,889)
Net property, plant and equipment	<u>1,284,793</u>	<u>1,283,768</u>
Goodwill	1,232,822	1,171,595
Intangible assets	1,000,130	975,998
Other assets - non-current	40,024	25,152
Total assets	<u>\$ 3,726,551</u>	<u>\$ 3,874,909</u>
 <u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Current liabilities:		
Trade accounts payable	\$ 10,421	\$ 10,051
Current maturities of long-term debt	4,852	4,687
Current maturities related to debt extinguishment	--	255,000
Accrued expenses	32,415	25,981
Deferred income	12,971	13,942
Total current liabilities	<u>60,659</u>	<u>309,661</u>
Long-term debt	1,513,594	1,447,246
Deferred income taxes	120,212	129,924
Other liabilities	44,287	7,366
Total liabilities	<u>1,738,752</u>	<u>1,894,197</u>
Stockholder's equity:		
Common stock, \$0.01 par value, authorized 3,000 shares; 100 shares issued and outstanding at June 30, 2003 and December 31, 2002, respectively	--	--
Additional paid-in capital	2,333,310	2,281,901
Accumulated deficit	(345,511)	(301,189)
Stockholder's equity	<u>1,987,799</u>	<u>1,980,712</u>
Total liabilities and stockholder's equity	<u>\$ 3,726,551</u>	<u>\$ 3,874,909</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net revenues	\$ <u>208,178</u>	\$ <u>202,529</u>	\$ <u>392,399</u>	\$ <u>379,067</u>
Operating expenses				
Direct advertising expenses	73,361	66,632	144,918	133,859
General and administrative expenses	35,216	33,317	71,517	68,132
Corporate expenses	5,226	6,034	11,745	12,353
Depreciation and amortization	68,654	68,589	135,336	134,877
Gain on disposition of assets	(<u>828</u>)	(<u>81</u>)	(<u>858</u>)	(<u>170</u>)
	<u>181,629</u>	<u>174,491</u>	<u>362,658</u>	<u>349,051</u>
Operating income	26,549	28,038	29,741	30,016
Other expense (income)				
Loss on debt extinguishment	5,754	--	16,927	--
Interest income	(<u>66</u>)	(<u>166</u>)	(<u>184</u>)	(<u>387</u>)
Interest expense	<u>18,470</u>	<u>23,467</u>	<u>38,456</u>	<u>46,470</u>
	<u>24,158</u>	<u>23,301</u>	<u>55,199</u>	<u>46,083</u>
Income (loss) before income tax expense (benefit) and cumulative effect of a change in accounting principle	2,391	4,737	(<u>25,458</u>)	(<u>16,067</u>)
Income tax expense (benefit)	<u>1,455</u>	<u>2,195</u>	(<u>8,628</u>)	(<u>5,278</u>)
Income (loss) before cumulative effect of a change in accounting principle	936	2,542	(<u>16,830</u>)	(<u>10,789</u>)
Cumulative effect of a change in accounting principle, net of tax	<u>--</u>	<u>--</u>	(<u>11,679</u>)	<u>--</u>
Net income (loss)	\$ <u><u>936</u></u>	\$ <u><u>2,542</u></u>	\$(<u><u>28,509</u></u>)	\$(<u><u>10,789</u></u>)

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net loss	\$(28,509)	\$(10,789)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	135,336	134,877
Gain on disposition of assets	(858)	(170)
Deferred tax benefit	(8,368)	(136)
Provision for doubtful accounts	4,268	4,678
Loss on debt extinguishment	16,927	--
Cumulative effect of change in accounting principle, net of tax	11,679	--
Changes in operating assets and liabilities:		
Decrease in:		
Receivables	(10,165)	(20,147)
Prepaid expenses	(13,038)	(13,482)
Other assets	(15,922)	(560)
Increase (decrease) in:		
Trade accounts payable	370	(768)
Accrued expenses	5,451	(3,258)
Other liabilities	(1,014)	721
Net cash provided by operating activities	<u>96,157</u>	<u>90,966</u>
Cash flows from investing activities:		
Acquisition of new markets	(101,599)	(55,111)
Capital expenditures	(40,767)	(35,430)
Proceeds from disposition of assets	2,448	1,636
Net cash used in investing activities	<u>(139,918)</u>	<u>(88,905)</u>
Cash flows from financing activities:		
Debt issuance costs	(9,050)	(1,062)
Dividend	(15,813)	--
Principal payments on long-term debt	(370,939)	(33,283)
Net borrowings under credit agreements	40,000	60,000
Cash from deposits for debt extinguishment	266,657	--
Net proceeds from note offering and new note payable	<u>127,988</u>	<u>--</u>
Net cash provided by financing activities	<u>38,843</u>	<u>25,655</u>
Net (decrease) increase in cash and cash equivalents	(4,918)	27,716
Cash and cash equivalents at beginning of period	<u>15,610</u>	<u>12,885</u>
Cash and cash equivalents at end of period	<u>\$ 10,692</u>	<u>\$ 40,601</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 28,875</u>	<u>\$ 46,694</u>
Cash paid for state and federal income taxes	<u>\$ 291</u>	<u>\$ 1,652</u>
Parent company stock contributed for acquisitions	<u>\$ 50,630</u>	<u>\$ 53,000</u>

See accompanying notes to condensed consolidated financial statements.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
NOTES 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 condensed consolidated financial statements should be read in conjunction with Lamar Media's consolidated financial statements and the notes thereto included in the 2002 Combined Form 10-K.

Certain amounts in the prior year's condensed consolidated financial statements have been reclassified to conform with the current year presentation. These reclassifications had no effect on previously reported results of operations.

Certain footnotes are not provided for the accompanying consolidated financial statements as the information in notes 2, 3, 4, 5, 7, 9 and 10 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.

2. Note Offering for Lamar Advertising Company

On June 16, 2003, Lamar Advertising Company issued \$287,500 2⁷/₈% Convertible Notes due 2010. The net proceeds from these notes together with additional cash were used to redeem all of Lamar Advertising Company's outstanding 5¹/₄% convertible notes due 2006 in aggregate principal amount of approximately \$287,500 on July 16, 2003 for a redemption price equal to 103.0% of the principal amount of notes. In connection with this offering, Lamar Media paid dividends to Lamar Advertising Company in the amount of \$15,813 to fund the additional cash necessary for Lamar Advertising Company to complete this transaction.

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 the risks and uncertainties described in the section of this combined report on Form 10-Q entitled "Note Regarding Forward-Looking Statements" and described in the 2002 Combined Form 10-K under the caption "Factors Affecting Future Operating Results." You should consider carefully each of these risks and uncertainties in evaluating the Company's and Lamar Media's financial condition and results of operations.

Lamar Advertising Company

The following is a discussion of the consolidated financial condition and results of operations of the Company for the six months and three months ended June 30, 2003 and 2002. This discussion should be read in conjunction with the condensed 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.

Since December 31, 2000, the Company has increased the number of outdoor advertising displays it operates by approximately 13% by completing over 225 strategic acquisitions of outdoor advertising and transit assets for an aggregate purchase price of approximately \$620 million, which included the issuance of 3,680,559 shares of Lamar Advertising Company Class A common stock valued at the time of issuance at approximately \$135.7 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 performance of individual markets and of the Company as a whole are not necessarily comparable on a year-to-year basis. The Company also provides acquisition-adjusted net revenue that includes adjustments to the 2002 results for acquisitions for the same time frame as actually owned in 2003. The Company's management believes that this additional information is useful in evaluating the Company's performance and provides investors and financial analysts with a better understanding of the Company's core operating results. In addition, it may be useful to investors when assessing the Company's period to period results. The Company's presentation of these measures, however, may not be comparable to similarly titled measures used by other companies and they should not be used as alternatives to net revenue or other GAAP measures as indicators of the Company's performance. The Company has provided a reconciliation of acquisition-adjusted net revenue to reported net revenue below.

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

Growth of the Company's business requires expenditures for maintenance and capitalized costs associated with new 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 and six months ended June 30, 2003 and 2002:

	Three months ended June 30, (in thousands)		Six months ended June 30, (in thousands)	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Billboard	\$ 15,121	\$ 13,386	\$ 25,221	\$ 20,846
Logos	1,550	728	4,068	2,130
Transit	221	789	931	2,380
Land and buildings	3,030	4,987	5,919	7,406
PP&E	3,037	2,069	4,628	3,318
Total capital expenditures	<u>\$ 22,959</u>	<u>\$ 21,959</u>	<u>\$ 40,767</u>	<u>\$ 36,080</u>

RESULTS OF OPERATIONS

Six Months ended June 30, 2003 compared to Six Months ended June 30, 2002

Net revenues increased \$13.3 million or 3.5% to \$392.4 million for the six months ended June 30, 2003 from \$379.1 million for the same period in 2002. This increase was attributable primarily to (i) an increase in billboard net revenues of \$11.1 million or 3.1%, (ii) a \$1.2 million increase in logo sign revenue, which represents an increase of 6.4% over the prior year, and (iii) a \$0.7 million increase in transit revenue, which represents a 19.9% increase over the prior year.

The increase in billboard net revenues of \$11.1 million was due to both acquisition activity and internal growth while the increase in logo sign revenue of \$1.2 million and transit revenue growth of \$0.7 million was generated by internal growth across various markets within the logo sign and transit programs. Net revenues for the six months ended June 30, 2003 as compared to acquisition-adjusted net revenue⁽¹⁾ for the six months ended June 30, 2002, which includes adjustments for acquisitions for the same time frame as actually owned in 2003, increased \$5.4 million or 1.4% as a result of net revenue internal growth.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased \$13.8 million or 6.4% to \$228.3 million for the six months ended June 30, 2003 from \$214.5 million for the same period in 2002. There was a \$14.4 million increase as a result of additional operating expenses related to the operations of acquired outdoor advertising assets and increases in personnel, sign site rent, insurance costs and property taxes. This increase was offset by a \$0.6 million decrease in corporate expenses that is due to the partial reversal of a charge related to a jury verdict rendered against the Company discussed below.

In the third quarter of 2002, the Company recorded a charge of \$2.3 million related to a jury verdict rendered in August 2002 against the Company for compensatory and punitive damages. In May, 2003, the Court ordered a reduction to the punitive damage award, which was subject to the plaintiff's consent. The plaintiff rejected the reduced award and the Court ordered a new trial. Based on legal analysis, management believes the best estimate of the Company's potential liability related to this claim is currently \$1.3 million. The \$1.0 million reduction in the reserve for this liability was recorded as a reduction of corporate expenses in the second quarter of 2003.

Depreciation and amortization expense increased \$0.6 million or 0.4% from \$136.5 million for the six months ended June 30, 2002 to \$137.1 million for the six months ended June 30, 2003.

Due to the above factors, operating income decreased \$0.5 million to \$27.8 million for six months ended June 30, 2003 compared to \$28.3 million for the same period in 2002.

In January 2003, the Company's wholly owned subsidiary, Lamar Media Corp., redeemed all of its outstanding 9⁵/₈% Senior Subordinated Notes due 2006 in aggregate principal amount of approximately \$255.0 million for a redemption price equal to 103.208% of the principal amount of the notes. In the first quarter of 2003, the Company recorded approximately \$11.2 million as a loss on extinguishment of debt related to the prepayment of the 9⁵/₈% Senior Subordinated Notes due 2006 and the write-off of related debt issuance costs. In June 2003, Lamar Media Corp., redeemed \$100 million in principal amount of its 8⁵/₈% Senior Subordinated Notes due 2007, for a redemption price equal to 104.313% of the principal amount of the notes. In the second quarter of 2003, the Company recorded a loss on extinguishment of debt of \$5.8 million, related to this prepayment. Approximately \$100 million in aggregate principal amount of our 8⁵/₈% notes remain outstanding following this redemption.

Interest expense decreased \$7.7 million from \$54.0 million for the six months ended June 30, 2002 to \$46.3 million for the six months ended June 30, 2003 as a result of lower interest rates both on existing and recently refinanced debt.

The decrease in operating income and the loss on extinguishment of debt offset by the decrease in interest expense described above resulted in a \$9.9 million increase in loss before income taxes and cumulative effect of a change in accounting principle. The increase in this loss resulted in an increase in the income tax benefit of \$3.6 million for the six months ended June 30, 2003 over the same period in 2002. The effective tax rate for the six months ended June 30, 2003 is 35.3%.

Due to the adoption of SFAS No. 143, the Company recorded a cumulative effect of a change in accounting principle, net of tax of \$11.7 million.

⁽¹⁾ Reconciliation of Reported Net Revenue to Acquisition-Adjusted Net Revenue:

	Six months ended June 30, (in thousands)	
	<u>2003</u>	<u>2002</u>
Reported net revenue	\$ 392,399	\$ 379,067
Acquisition net revenue	<u>-</u>	<u>7,956</u>
Acquisition-adjusted net revenue	<u>\$ 392,399</u>	<u>\$ 387,023</u>

As a result of the above factors, the Company recognized a net loss for the six months ended June 30, 2003 of \$34.5 million, as compared to a net loss of \$16.5 million for the same period in 2002.

Three Months ended June 30, 2003 compared to Three Months ended June 30, 2002

Net revenues increased \$5.7 million or 2.8% to \$208.2 million for the three months ended June 30, 2003 from \$202.5 million for the same period in 2002. This increase was attributable primarily to (i) an increase in billboard net revenues of \$4.9 million or 2.6%, (ii) a \$0.6 million increase in logo sign revenue, which represents an increase of 5.8% over the prior year, and (iii) a \$0.1 million increase in transit revenue, which represents a 2.9% increase over the prior year.

The increase in billboard net revenues of \$4.9 million was due to acquisition activity while the increase in logo sign revenue of \$0.6 million and transit revenue growth of \$0.1 million was generated by internal growth across various markets within the logo sign and transit programs. Net revenues for the three months ended June 30, 2003 as compared to acquisition-adjusted net revenue⁽²⁾ for the three months ended June 30, 2002, which includes adjustments for acquisitions for the same time frame as actually owned in 2003 were even.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased \$7.9 million or 7.5% to \$113.9 million for the three months ended June 30, 2003 from \$106.0 million for the same period in 2002. There was a \$8.6 million increase as a result of additional operating expenses related to the operations of acquired outdoor advertising assets and increases in personnel, sign site rent, insurance costs and property taxes. This increase was offset by a \$0.7 million decrease in corporate expenses that is due to the partial reversal of a charge related to a jury verdict rendered against the Company discussed below.

In the third quarter of 2002, the Company recorded a charge of \$2.3 million related to a jury verdict rendered in August 2002 against the Company for compensatory and punitive damages. In May, 2003, the Court ordered a reduction to the punitive damage award, which was subject to the plaintiff's consent. The plaintiff rejected the reduced award and the Court ordered a new trial. Based on legal analysis, management believes the best estimate of the Company's potential liability related to this claim is currently \$1.3 million. The \$1.0 million reduction in the reserve for this liability was recorded as a reduction of corporate expenses in the second quarter of 2003.

Depreciation and amortization expense increased \$0.2 million from \$69.4 million for the three months ended June 30, 2002 to \$69.6 million for the three months ended June 30, 2003.

Due to the above factors, operating income decreased \$1.7 million to \$25.5 million for three months ended June 30, 2003 compared to \$27.2 million for the same period in 2002.

In June 2003, Lamar Media Corp., redeemed \$100 million in principal amount of its 8⁵/₈% Senior Subordinated Notes due 2007, for a redemption price equal to 104.313% of the principal amount of the notes. In the second quarter of 2003, the Company recorded a loss on extinguishment of debt of \$5.8 million related to this prepayment. Approximately \$100 million in aggregate principal amount of Lamar Media's 8⁵/₈% notes remain outstanding following this redemption.

Interest expense decreased \$4.6 million from \$27.2 million for the three months ended June 30, 2002 to \$22.6 million for the three months ended June 30, 2003 as a result of lower interest rates both on existing and recently refinanced debt.

The decrease in operating income and the loss on extinguishment of debt offset by the decrease in interest expense described above resulted in a \$2.9 million increase in loss before income taxes and cumulative effect of a change in accounting principle. The increase in this loss, resulted in an increase in the income tax benefit of \$1.0 million for the three months ended June 30, 2003 over the same period in 2002. The effective tax rate for the three months ended June 30, 2003 is 20.5%.

As a result of the above factors, the Company recognized a net loss for the three months ended June 30, 2003 of \$2.2 million, as compared to a net loss of \$0.3 million for the same period in 2002.

⁽²⁾ Reconciliation of Reported Net Revenue to Acquisition-Adjusted Net Revenue:

	Three months ended June 30, (in thousands)	
	<u>2003</u>	<u>2002</u>
Reported net revenue	\$ 208,178	\$ 202,529
Acquisition net revenue	-	5,547
Acquisition-adjusted net revenue	<u>\$ 208,178</u>	<u>\$ 208,076</u>

LIQUIDTY AND CAPITAL RESOURCES

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 Lamar Advertising, therefore, must be funded by distributions from Lamar Media. The Company's acquisitions have been financed primarily with funds borrowed under its 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.

The Company's net cash provided by operating activities increased to \$98.3 million for the six months ended June 30, 2003 due primarily to an increase in adjustments to reconcile net loss to net cash provided by operating activities of \$19.7 million, which primarily includes the loss on early extinguishment of debt of \$16.9 million and the cumulative effect of a change in accounting principle of \$11.7 million offset by an increase in deferred income tax benefit of \$8.4 million. This increase was offset by an increase in net loss of \$18.0 million. In addition as compared to the same period in 2002, there were decreases in the change in receivables of \$7.8 million, in other assets of \$1.2 million and in other liabilities of \$1.7 million, and increases in the change in trade accounts payable of \$1.1 million and in accrued expenses of \$7.4 million.

Net cash used in investing activities increased \$51.2 million from \$89.9 million in 2002 to \$141.1 million in 2003 primarily due to the increase in merger and acquisition activity by the Company in 2003 of \$47.3 million, and a \$4.7 million increase in capital expenditures. Net cash provided by financing activities increased to \$37.9 million for the six months ended June 30, 2003 due to a \$408.3 million increase in net proceeds from note offerings and new note payable which is due to the issuance of Lamar Advertising's \$287.5 million 2⁷/₈% Convertible Notes and Lamar Media's issuance of \$125 million 7¹/₄% Senior Subordinated Notes and cash from deposits for debt extinguishment of \$266.7 million offset by a \$337.7 million increase in principal payments of long-term debt due primarily to the redemption of Lamar Media's 9⁵/₈% Senior Subordinated Notes and 8⁵/₈% Senior Subordinated Notes, and a \$301.2 million increase in deposits for debt extinguishment. In addition, there was a \$7.4 million decrease in proceeds from issuance of the Company's Class A common stock, a \$8.0 million increase in debt issuance costs and a \$20 million decrease in borrowings from credit agreements.

During the six months ended June 30, 2003, the Company financed its acquisition activity of approximately \$153.4 million with borrowings under Lamar Media's revolving credit facility and cash on hand totaling \$102.8 million as well as the issuance of 1,550,095 shares of the Company's Class A common stock valued at the time of issuance at approximately \$50.6 million. As of June 30, 2003, the Company had \$179.6 million available under its revolving credit facility.

The Company's wholly owned subsidiary, Lamar Media Corp., replaced its old bank credit facility with a new bank credit facility on March 7, 2003. The new bank credit facility is comprised of a \$225.0 million revolving bank credit facility and a \$975.0 million term facility. The new 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 to it, up to a maximum aggregate amount of \$500.0 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.

In the future, Lamar Media has principal reduction obligations and revolver commitment reductions under its new bank credit agreement. In addition it has fixed commercial commitments. These commitments are detailed as follows:

Contractual Obligations	Balance at June 30, 2003	Payments Due by Period (in millions)			
		Less than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Long-Term Debt	\$ 2,093.5	292.3	93.5	257.9	1,449.8
Billboard site and building leases	\$ 820.2	111.5	177.0	134.9	396.8
Total Payments due	\$ 2,913.7	403.8	270.5	392.8	1,846.6

Other Commercial Commitments	Total Amount Committed	Amount of Commitment Expiration Per Period			
		Less than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Revolving Bank Facility *	\$ 225.0	--	--	--	225.0
Standby Letters of Credit	\$ 5.4	1.1	4.3	--	--

* Lamar Media had \$40 million outstanding at June 30, 2003.

In January 2003, Lamar Media redeemed all of its outstanding 9 5/8% Senior Subordinated Notes due 2006 in aggregate principal amount of approximately \$255 million for a redemption price equal to 103.208% of the principal amount of the notes. As a result of this redemption, the Company recorded a loss on extinguishment of debt of \$11.2 million which consisted of a prepayment penalty of \$8.2 million and associated debt issuance costs of approximately \$3.0 million.

On June 16, 2003, the Company issued \$287.5 million of 2 7/8% Convertible Notes due 2010. The net proceeds from the issuance of these notes, together with additional cash, were used on July 16, 2003 to redeem all of the Company's outstanding 5 1/4% Convertible Notes due 2006 in aggregate principal amount of approximately \$287.5 million for a redemption price equal to 103.0% of the principal amount of the notes.

In June 2003, the Company's wholly owned subsidiary, Lamar Media Corp., called for redemption \$100 million of its \$200 million 8 5/8% Senior Subordinated Notes due 2007. The redemption was funded by the issuance on June 12, 2003 of a \$125 million add on to its \$260 million 7 1/4% Notes due 2013 issued in December 2002. The issue price of the \$125 million 7 1/4% Notes was 103.661% which yields an effective rate of 6 5/8%. The redemption price of the \$100 million 8 5/8% senior subordinated notes was equal to 104.313% of the principal amount of the notes. As a result of this redemption, the Company recorded a loss on extinguishment of debt of \$5.8 million which consisted of a prepayment penalty of \$4.3 million and associated debt issuance costs of approximately \$1.5 million.

Currently Lamar Media has outstanding approximately \$100.0 million 8 5/8% Senior Subordinated Notes due 2007 and \$385.0 million 7 1/4% Senior Subordinated Notes due 2013 issued in December 2002 and June 2003. The indentures relating to Lamar Media's outstanding notes restrict its ability to incur indebtedness other than:

- up to \$1.2 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; and
- certain other debt incurred in the ordinary course of business (provided that all of the above ranks junior in right of payment to the notes that has a maturity or mandatory sinking fund payment prior to the maturity of the notes).

Lamar Media is required to comply with certain covenants and restrictions under its bank credit agreement. If the Company fails to comply with these tests, the payments set forth in the above table may be accelerated. At June 30, 2003 and currently Lamar Media is in compliance with all such tests.

Lamar Media cannot exceed the following financial ratios under its bank credit facility:

- a total debt ratio, defined as total consolidated debt to EBITDA, as defined below, for the most recent four fiscal quarters, of 6.00 to 1 (through December 30, 2004) and 5.75 to 1 (after December 30, 2004); and
- a senior debt ratio, defined as total consolidated senior debt to EBITDA, as defined below, for the most recent four fiscal quarters, of 4.00 to 1 (through December 30, 2004) and 3.75 to 1 (after December 30, 2004).

In addition, the bank credit facility requires that Lamar Media must maintain the following financial ratios:

- an interest coverage ratio defined as EBITDA as (defined below) for the most recent four fiscal quarters to total consolidated accrued interest expense for that period, of at least 2.25 to 1; and
- a fixed charges coverage ratio, defined as the ratio of EBITDA (as defined below) for the most recent four fiscal quarters to (1) the total payments of principal and interest on debt for such period (2) capital expenditures made during such period and (3) income and franchise tax payments made during such period, of at least 1.05 to 1.

As defined under Lamar Media's bank credit facility, EBITDA is for any period, operating income for Lamar Media and its restricted subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) for such period (calculated before taxes, interest expense, depreciation, amortization and any other non-cash income or charges accrued for such period and (except to the extent received or paid in cash by Lamar Media or any of its restricted subsidiaries) income or loss attributable to equity in affiliates for such period) excluding any extraordinary and unusual gains or losses during such period and excluding the proceeds of any casualty events whereby insurance or other proceeds are received and certain dispositions not in the ordinary course. Any dividend payment made by Lamar Media or any of its restricted subsidiaries to Lamar Advertising Company

during any period to enable Lamar Advertising Company to pay certain qualified expenses on behalf of Lamar Media and its subsidiaries, shall be treated as operating expenses of Lamar Media for the purposes of calculating EBITDA for such period. EBITDA under the bank credit agreement is also adjusted to reflect certain acquisitions or dispositions as if such acquisitions or dispositions were made on the first day of such period.

The Company believes that its current level of cash on hand, availability under its bank credit agreement and future cash flows from operations are sufficient to meet its operating needs through the year 2003. All debt obligations are on the Company's balance sheet.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", ("Statement 146") which addresses financial accounting and reporting for costs associated with exit or disposal activities. It nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The principle difference between Statement 146 and Issue 94-3 relates to the recognition of a liability for a cost associated with an exit or disposal activity. Statement 146 requires that a liability be recognized for those costs only when the liability is incurred, that is, when it meets the definition of a liability in the FASB's conceptual framework. In contrast, under Issue 94-3, a company recognized a liability for an exit cost when it committed to an exit plan. Statement 146 also establishes fair value as the objective for initial measurement of liabilities related to exit or disposal activities. The Statement is effective for exit or disposal activities that are initiated after December 31, 2002 and did not have an impact on the Company's consolidated financial statements. The Company adopted the provisions related to Statement No. 146 as of January 1, 2003.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57 and 107 and a rescission of FASB Interpretation No. 34". This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees issued. The Interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken. The initial recognition and measurement provisions of the Interpretation are applicable to guarantees issued or modified after December 31, 2002 and did not have a material effect on the Company's consolidated financial statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51." This interpretation addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. The Interpretation applies immediately to variable interests in variable interest entities created after January 31, 2003, and to variable interests in variable interest entities obtained after January 31, 2003. The application of the Interpretation is not expected to have an effect on the Company's consolidated financial statements as the Company has no variable interest entities. The Interpretation requires certain disclosures in financial statements issued after January 31, 2003 if it is reasonably possible that the Company will consolidate or disclose information about variable interest entities.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Company is required to adopt SFAS No. 149 for all contracts entered into or modified after June 30, 2003, except for certain hedging relationships designated after June 30, 2003 pursuant to the guidance in SFAS No. 149. The Company does not expect adoption to have an impact on its consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." Statement 150 affects the issuer's accounting for three types of freestanding financial instruments. One type is mandatory redeemable shares, which the issuing company is obligated to buy back in exchange for cash or other assets. A second type, which includes put options and forward purchase contracts, involves instruments that do or may require the issuer to buy back some of its shares in exchange for cash or other assets. The third type of instruments that are liabilities under this Statement is obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominately to a variable such as a market index, or varies inversely with the value of the issuers' shares. Statement 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety. Most of the guidance in Statement 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Because the Company does not have any financial instruments covered by SFAS No. 150 outstanding, its adoption is not expected to materially impact the Company's financial position, cash flows or results of operations.

Lamar Media Corp.

Six Months ended June 30, 2003 compared to Six Months ended June 30, 2002

Net revenues increased \$13.3 million or 3.5% to \$392.4 million for the six months ended June 30, 2003 from \$379.1 million for the same period in 2002. This increase was attributable primarily to (i) an increase in billboard net revenues of \$11.1 million or 3.1%, (ii) a \$1.2 million increase in logo sign revenue, which represents an increase of 6.4% over the prior year, and (iii) a \$0.7 million increase in transit revenue, which represents a 19.9% increase over the prior year.

The increase in billboard net revenues of \$11.1 million was due to both acquisition activity and internal growth while the increase in logo sign revenue of \$1.2 million and transit revenue growth of \$0.7 million was generated by internal growth across various markets within the logo sign and transit programs. Net revenues for the six months ended June 30, 2003 as compared to acquisition-adjusted net revenue⁽³⁾ for the six months ended June 30, 2002, which includes adjustments for acquisitions for the same time frame as actually owned in 2003, increased \$5.4 million or 1.4% as a result of net revenue internal growth.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased \$13.9 million or 6.5% to \$228.2 million for the six months ended June 30, 2003 from \$214.3 million for the same period in 2002. There was a \$14.4 million increase as a result of additional operating expenses related to the operations of acquired outdoor advertising assets and increases in personnel, sign site rent, insurance costs and property taxes. This increase was offset by a \$0.6 million decrease in corporate expenses that is due to the partial reversal of a charge related to a jury verdict rendered against Lamar Advertising Company discussed below.

In the third quarter of 2002, Lamar Media recorded a charge of \$2.3 million related to a jury verdict rendered in August 2002 against Lamar Advertising Company for compensatory and punitive damages. In May, 2003, the Court ordered a reduction to the punitive damage award, which was subject to the plaintiff's consent. The plaintiff rejected the reduced award and the Court ordered a new trial. Based on legal analysis, management believes the best estimate of the Company's potential liability related to this claim is currently \$1.3 million. The \$1.0 million reduction in the reserve for this liability was recorded as a reduction of corporate expenses in the second quarter of 2003.

Due to the above factors, operating income decreased \$0.3 million to \$29.7 million for the six months ended June 30, 2003 compared to \$30.0 million for the same period in 2002.

In January 2003, Lamar Media redeemed all of its outstanding 9⁵/₈% Senior Subordinated Notes due 2006 in aggregate principal amount of approximately \$255.0 million for a redemption price equal to 103.208% of the principal amount of the notes. In the first quarter of 2003, Lamar Media recorded approximately \$11.2 million as a loss on extinguishment of debt related to the prepayment of the 9⁵/₈% Senior Subordinated Notes due 2006 and the write-off of related debt issuance costs.

In June 2003, Lamar Media redeemed \$100 million in principal amount of its 8⁵/₈% Senior Subordinated Notes due 2007, for a redemption price equal to 104.313% of the principal amount of the notes. In the second quarter of 2003, Lamar Media recorded a loss on extinguishment of debt of \$5.8 million, related to this prepayment. Approximately \$100 million in aggregate principal amount of our 8⁵/₈% notes remain outstanding following this redemption.

Interest expense decreased \$8.0 million from \$46.5 million for the six months ended June 30, 2002 to \$38.5 million for the six months ended June 30, 2003 as a result of lower interest rates both on existing and recently refinanced debt.

The decrease in operating income, the loss on extinguishment of debt offset by the decrease in interest expense described above resulted in a \$9.4 million increase in loss before income taxes and cumulative effect of change in accounting principle. The increase in this loss, resulted in an increase in the income tax benefit of \$3.4 million for the six months ended June 30, 2003 over the same period in 2002. The effective tax rate for the six months ended June 30, 2003 is 33.9%.

Due to the adoption of SFAS 143, Lamar Media recorded a cumulative effect of a change in accounting principle, net of tax of \$11.7 million.

As a result of the above factors, Lamar Media recognized a net loss for the six months ended June 30, 2003 of \$28.5 million, as compared to a net loss of \$10.8 million for the same period in 2002.

⁽³⁾ Reconciliation of Reported Net Revenue to Acquisition-Adjusted Net Revenue:

	Six months ended June 30, (in thousands)	
	<u>2003</u>	<u>2002</u>
Reported net revenue	\$ 392,399	\$ 379,067
Acquisition net revenue	-	7,956
Acquisition-adjusted net revenue	<u>\$ 392,399</u>	<u>\$ 387,023</u>

Three Months ended June 30, 2003 compared to Three Months ended June 30, 2002

Net revenues increased \$5.7 million or 2.8% to \$208.2 million for the three months ended June 30, 2003 from \$202.5 million for the same period in 2002. This increase was attributable primarily to (i) an increase in billboard net revenues of \$4.9 million or 2.6%, (ii) a \$0.6 million increase in logo sign revenue, which represents an increase of 5.8% over the prior year, and (iii) a \$0.1 million increase in transit revenue, which represents a 2.9% increase over the prior year.

The increase in billboard net revenues of \$4.9 million was due to acquisition activity while the increase in logo sign revenue of \$0.6 million and transit revenue growth of \$0.1 million was generated by internal growth across various markets within the logo sign and transit programs. Net revenues for the three months ended June 30, 2003 as compared to acquisition-adjusted net revenue⁽⁴⁾ for the three months ended June 30, 2002, which includes adjustments for acquisitions for the same time frame as actually owned in 2003 were even.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased \$7.8 million or 7.4% to \$113.8 million for the three months ended June 30, 2003 from \$106.0 million for the same period in 2002. There was a \$8.6 million increase as a result of additional operating expenses related to the operations of acquired outdoor advertising assets and increases in personnel, sign site rent, insurance costs and property taxes. This increase was offset by a \$0.8 million decrease in corporate overhead expenses that is due to the reversal of a jury verdict rendered against Lamar Advertising discussed below.

In the third quarter of 2002, Lamar Media recorded a charge of \$2.3 million related to a jury verdict rendered in August 2002 against Lamar Advertising Company for compensatory and punitive damages. In May, 2003, the Court ordered a reduction to the punitive damage award, which was subject to the plaintiff's consent. The plaintiff rejected the reduced award and the Court ordered a new trial. Based on legal analysis, management believes the best estimate of the Company's potential liability related to this claim is currently \$1.3 million. The \$1.0 million reduction in the reserve for this liability was recorded as a reduction of corporate expenses in the second quarter of 2003.

Due to the above factors, operating income decreased \$1.5 million to \$26.5 million for three months ended June 30, 2003 compared to \$28.0 million for the same period in 2002.

In June 2003, Lamar Media redeemed \$100 million in principal amount of its 8⁵/₈% Senior Subordinated Notes due 2007, for a redemption price equal to 104.313% of the principal amount of the notes. In the second quarter of 2003, Lamar Media recorded a loss on extinguishment of debt of \$5.8 million, related to this prepayment. Approximately \$100 million in aggregate principal amount of our 8⁵/₈% notes remain outstanding following this redemption.

Interest expense decreased \$5.0 million from \$23.5 million for the three months ended June 30, 2002 to \$18.5 million for the three months ended June 30, 2003 as a result of lower interest rates both on existing and recently refinanced debt.

The decrease in operating income and the loss on extinguishment of debt offset by the decrease in interest expense described above resulted in a \$2.3 million decrease in income before income taxes and cumulative effect of a change in accounting principle. As a result of the above factors, the Company recognized net income for the three months ended June 30, 2003 of \$0.9 million, as compared to net income of \$2.5 million for the same period in 2002.

⁽⁴⁾ Reconciliation of Reported Net Revenue to Acquisition-Adjusted Net Revenue:

	Three months ended June 30, (in thousands)	
	<u>2003</u>	<u>2002</u>
Reported net revenue	\$ 208,178	\$ 202,529
Acquisition net revenue	-	5,547
Acquisition-adjusted net revenue	<u>\$ 208,178</u>	<u>\$ 208,076</u>

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Lamar Advertising Company and Lamar Media Corp.

Lamar Advertising Company is exposed to interest rate risk in connection with variable rate debt instruments issued by its wholly owned subsidiary Lamar Media Corp. The information below summarizes the Company's interest rate risk associated with its principal variable rate debt instruments outstanding at June 30, 2003.

Loans under Lamar Media Corp.'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 June 30, 2003, there was \$1,015.0 million of aggregate indebtedness outstanding under the bank credit agreement, or approximately 56.4% of the Company's outstanding long-term debt on that date, bearing interest at variable rates. The aggregate interest expense for 2003 with respect to borrowings under the bank credit agreement was approximately \$17.9 million, and the weighted average interest rate applicable to borrowings under this credit facility during 2003 was 3.5%. Assuming that the weighted average interest rate was 200-basis points higher (that is 5.5% rather than 3.5%), then the Company's 2003 interest expense would have been approximately \$9.9 million higher resulting in a \$6.0 million increase in the Company's 2003 net loss.

The Company has mitigated 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 that, if these actions are taken, that they will be effective.

ITEM 4. CONTROLS AND PROCEDURES.

a) *Evaluation 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 controls.*

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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Company held its annual meeting of stockholders on Thursday, May 22, 2003. Kevin P. Reilly, Jr., Charles W. Lamar, III, Anna Reilly Cullinan, Stephen P. Mumblow, John Maxwell Hamilton and Thomas Reifenhiser were elected as directors of the Company, each to hold office until the next annual meeting of stockholders or until his or her successor has been elected and qualified.

The results of voting at the Company's annual meeting of stockholders were as follows:

Proposal No. 1 (Election of Directors)

<u>Nominee</u>	<u>Votes For</u>	<u>Votes Withheld</u>
Kevin P. Reilly, Jr.	226,091,065	14,830,915
Charles W. Lamar, III	239,622,325	1,299,655
Anna Reilly Cullinan	226,083,555	14,838,425
Stephen P. Mumblow	239,839,815	1,082,165
John Maxwell Hamilton	239,839,815	1,082,165
Thomas Reifenhiser	239,839,815	1,082,165

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) 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.

(b) Reports on Form 8-K

On May 7, 2003, Lamar Advertising Company filed a Current Report on Form 8-K in order to furnish to the Commission its earnings press release for the quarter ended March 31, 2003.

On June 2, 2003 and June 5, 2003. Lamar Media Corp. and Lamar Advertising Company, respectively, each filed a Current Report on Form 8-K regarding the pricing of Lamar Media Corp.'s institutional private placement of \$125,000,000 of senior subordinated notes, which closed on June 12, 2003, and filing the related press releases as exhibits thereto.

On June 16, 2003, Lamar Advertising Company filed a Current Report on Form 8-K relating to the sale of \$287,500,000 of convertible notes through J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated as underwriters and filed certain exhibits for incorporation into its previously filed Registration Statement on Form S-3.

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: August 12, 2003

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

LAMAR MEDIA CORP.

DATED: August 12, 2003

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

INDEX TO EXHIBITS

EXHIBIT

NUMBER

DESCRIPTION

- 2.1 Agreement and Plan of Merger dated as of July 20, 1999 among Lamar Media Corp., Lamar New Holding Co., and Lamar Holdings Merge Co. Previously filed as exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 22, 1999 (File No. 0-30242) and incorporated herein by reference.
- 3.1 Certificate of Incorporation of Lamar New Holding Co. Previously filed as exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
- 3.2 Certificate of Amendment of Certificate of Incorporation of Lamar New Holding Co. (whereby the name of Lamar New Holding Co. was changed to Lamar Advertising Company). Previously filed as exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 0-20833) filed on August 16, 1999 and incorporated herein by reference.
- 3.3 Certificate of Amendment of Certificate of Incorporation of Lamar Advertising Company. Previously filed as Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000 (File No. 0-30242) filed on August 11, 2000 and incorporated herein by reference.
- 3.4 Certificate of Correction of Certificate of Incorporation of Lamar Advertising Company. Previously filed as Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2000 (File No. 0-30242) filed on November 14, 2000 and incorporated herein by reference.
- 3.5 Bylaws of the Lamar Advertising 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.
- 3.6 Amended and Restated Bylaws of Lamar Media Corp. Previously filed as Exhibit 3.1 to Lamar Media's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 1-12407) filed on November 12, 1999 and incorporated herein by reference.
- 4.1 Supplemental Indenture to the Indenture dated December 23, 2002 among Lamar Media Corp., certain of its subsidiaries and Wachovia Bank of Delaware, National Association, as Trustee, dated June 9, 2003. Previously filed as Exhibit 4.31 to Lamar Media's Registration Statement on Form S-4 (File No. 333-107427) filed on July 29, 2003 and incorporated herein by reference.
- 4.2 Supplemental Indenture to the Indenture dated September 25, 1997 among Lamar Media Corp., certain of its subsidiaries and State Street Bank and Trust Company, as Trustee, dated June 9, 2003. Previously filed as Exhibit 4.30 to Lamar Media's Registration Statement on Form S-4 (File No. 333-107427) filed on July 29, 2003 and incorporated herein by reference.
- 4.3 Registration Rights Agreement dated as of June 12, 2003 among Lamar Media Corp., the guarantors listed on Schedule 1 thereto and J.P. Morgan Securities Inc., Wachovia Securities, Inc., Goldman, Sachs & Co. And Morgan Stanley & Co. Incorporated. Previously filed as Exhibit 4.29 to Lamar Media's Registration Statement on Form S-4 (File No. 333-107427) filed on July 29, 2003 and incorporated herein by reference.
- 4.4 Indenture dated June 16, 2003 between Lamar Advertising Company and Wachovia Bank of Delaware, National Association, as Trustee. Filed herewith.
- 4.5 First Supplemental Indenture dated June 16, 2003 between Lamar Advertising Company and Wachovia Bank of Delaware, National Association, as Trustee. Filed herewith.
- 31.1 Certification of the Chief Executive Officer of Lamar Advertising Company and Lamar Media Corp. 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 Corp. 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 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.

**Certification Pursuant to Section 240.13a-14 or 240.15d-14
of the Securities Exchange Act of 1934, as amended**

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)) 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) 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
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrants' most recent fiscal quarter 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' ability 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 registrant's internal control over financial reporting.

DATED: August 12, 2003

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

**Certification Pursuant to Section 240.13a-14 or 240.15d-14
of the Securities Exchange Act of 1934, as amended**

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)) 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) 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
 - c) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter 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 registrant's 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' ability 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.

DATED: August 12, 2003

BY: /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

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 quarter ended June 30, 2003 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: August 12, 2003

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

Dated: August 12, 2003

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