

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, 1999  
or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from

Commission file number 0-20833

LAMAR ADVERTISING COMPANY  
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation)	72-1205791 (I.R.S. Employer Identification No.)
---------------------------------------------------------------	-------------------------------------------------------

5551 Corporate Blvd., Baton Rouge, LA (Address of principal executive officers)	70808 (Zip Code)
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Registrant's telephone number, including area code (225) 926-1000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
-----	-----

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of August 6, 1999
Class A Common Stock, \$ .001 par value	43,568,340
Class B Common Stock, \$ .001 par value	17,699,997

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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)

	June 30, 1999	December 31, 1998
	-----	-----
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,249	\$ 128,597
Receivables		
Trade accounts, net	45,534	39,681
Affiliates, related parties and employees	564	378
Other	495	321
	-----	-----
Net receivables	46,593	40,380
Prepaid expenses	13,321	12,346
Other current assets	2,327	1,736
	-----	-----
Total current assets	66,490	183,059
	-----	-----
Property, plant and equipment	723,828	661,324
Less accumulated depreciation and amortization	(177,700)	(153,972)
	-----	-----
Net property, plant and equipment	546,128	507,352
	-----	-----
Intangible assets	781,217	705,934
Receivables - noncurrent	3,632	1,972
Other assets	13,467	15,060
	-----	-----
Total assets	1,410,934	1,413,377
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 4,325	4,258
Accrued expenses	25,870	25,912
Current maturities of long-term debt	4,078	49,079
Deferred income	8,261	9,589
	-----	-----
Total current liabilities	42,534	88,838
Long-term debt	885,306	827,453
Deferred tax liability	21,848	25,613
Deferred income	1,283	1,293
Other liabilities	4,833	3,401
	-----	-----
Total liabilities	955,804	946,598
	-----	-----

(continued)

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

	June 30, 1999 -----	December 31, 1998 -----
STOCKHOLDERS' EQUITY		
Class A preferred stock, par value \$638, \$63.80 cumulative dividends, authorized 10,000 shares; 5,719.49 shares issued and outstanding at June 30, 1999, and December 31, 1998, respectively	3,649	3,649
Class A common stock, \$.001 par value, authorized 125,000,000 shares; issued and outstanding 43,568,340 shares and 43,392,876 shares at June 30, 1999, and December 31, 1998, respectively	44	43
Class B common stock, \$.001 par value, authorized 37,500,000 shares; issued and outstanding 17,699,997 shares at June 30, 1999, and December 31, 1998	18	18
Additional paid in capital	509,952	505,644
Accumulated deficit	(58,533)	(42,575)
	-----	-----
Stockholders' equity	455,130	466,779
	-----	-----
Total liabilities and stockholders' equity	\$ 1,410,934 =====	1,413,377 =====

See accompanying notes to 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,	
	1999	1998	1999	1998
Net revenues	\$ 97,809	\$ 69,675	\$ 183,575	\$ 128,072
Operating expenses				
Direct advertising expenses	30,481	21,609	60,245	42,439
Selling, general and administrative expenses	20,754	15,008	40,853	28,224
Depreciation and amortization	32,652	19,491	64,213	37,096
	83,887	56,108	165,311	107,759
Operating income	13,922	13,567	18,264	20,313
Other expense (income)				
Interest income	(269)	(129)	(955)	(236)
Interest expense	18,234	13,915	36,379	27,241
(Gain) loss on disposition of assets	(141)	709	(477)	392
	17,824	14,495	34,947	27,397
Loss before income taxes and cumulative effect of a change in accounting principle	(3,902)	(928)	(16,683)	(7,084)
Income tax expense (benefit)	1,076	142	(1,766)	(1,423)
Loss before cumulative effect of a change in accounting principle	(4,978)	(1,070)	(14,917)	(5,661)
Cumulative effect of a change in accounting principle	--	--	(767)	--
Net loss	(4,978)	(1,070)	(15,684)	(5,661)
Preferred stock dividends	183	183	274	274
Net loss applicable to common stock	(5,161)	(1,253)	(15,958)	(5,935)
Loss before cumulative effect of a change in accounting principle per common share - basic and diluted	\$ (.08)	\$ (.02)	\$ (.25)	\$ (.12)
Cumulative effect of a change in accounting principle, net of tax, per common share - basic and diluted	\$ (--)	\$ (--)	\$ (.01)	\$ (--)
Net loss per common share - basic	\$ (.08)	\$ (.02)	\$ (.26)	\$ (.12)
Net loss per common share - diluted	\$ (.08)	\$ (.02)	\$ (.26)	\$ (.12)
Weighted average common shares outstanding	61,227,406	48,802,640	61,185,610	48,080,862
Incremental common shares from dilutive stock options	--	--	--	--
Weighted average common shares assuming dilution	61,227,406	48,802,640	61,185,610	48,080,862

See accompanying notes to consolidated financial statements

LAMAR ADVERTISING COMPANY AND  
SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(UNAUDITED)  
(IN THOUSANDS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	-----	-----	-----	-----
Net loss applicable to common stock	\$ (5,161)	\$ (1,253)	\$(15,958)	\$ (5,935)
Other comprehensive income (loss) unrealized loss on investment securities (net of deferred tax benefit of \$0 and \$84 for the three months ended June 30, 1999 and 1998, respectively and \$0 and \$217 for the six months ended June 30, 1999 and 1998, respectively.)	--	(137)	--	354
	-----	-----	-----	-----
Comprehensive Income (loss)	\$ (5,161)	\$ (1,390)	\$(15,958)	\$ (5,581)
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements

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

	Six Months Ended June 30,	
	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (15,684)	\$ (5,661)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	64,213	37,096
(Gain) loss on disposition of assets	(477)	392
Deferred taxes	(4,469)	(654)
Provision for doubtful accounts	500	703
Changes in operating assets and liabilities:		
Decrease (Increase) in:		
Receivables	(6,945)	(1,042)
Prepaid expenses	(150)	(295)
Income taxes refundable	1,086	(1,854)
Other assets	(63)	(1,214)
Increase (Decrease) in:		
Trade accounts payable	67	200
Accrued expenses	(4,441)	(1,420)
Other liabilities	36	(167)
Deferred income	(1,373)	(853)
	32,300	25,231
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in notes receivable	(1,590)	(280)
Acquisition of new markets	(138,297)	(187,175)
Capital expenditures	(30,274)	(24,260)
Proceeds from disposition of assets	1,602	1,289
	(168,559)	(210,426)

(continued)

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

	Six Months Ended June 30,	
	1999	1998
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from issuance of common stock	2,194	179,929
Principal payments on long-term debt	(47,009)	(2,341)
Proceeds from issuance of notes payable	--	70
Net borrowings under credit agreements	57,000	7,000
Dividends	(274)	(274)
	-----	-----
Net cash provided by financing activities	11,911	184,384
Net decrease in cash and cash equivalents	(124,348)	(811)
Cash and cash equivalents at beginning of period	128,597	7,246
	-----	-----
Cash and cash equivalents at end of period	4,249	6,435
	=====	=====
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 36,196	\$ 27,100
	=====	=====
Cash paid for state and federal income taxes	\$ 1,485	\$ 872
	=====	=====

See accompanying notes to consolidated financial statements



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

1. Significant Accounting Policies

The information included in the foregoing interim 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 Company's Annual Report on Form 10-K.

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, while diluted earnings per share includes the dilutive effect of stock options. Antidilutive shares of 555,558, 611,296, 579,170 and 623,742 for the three month periods ended June 30, 1999 and 1998 and six month periods ended June 30, 1999 and 1998 respectively have been excluded from the calculations of diluted earnings per share.

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

New Accounting Pronouncements

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-5, Reporting on the Costs of Start-Up Activities. SOP 98-5 is effective for financial statements for fiscal years beginning after December 15, 1998, and requires that the costs of start-up activities, including organizational costs, be expensed as incurred. The effect of SOP 98-5 is recorded as a cumulative effect of a change in accounting principle as described in Accounting Principles Board Opinion No. 20 "Accounting Changes".

LAMAR ADVERTISING COMPANY AND  
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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2. Acquisitions

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

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

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

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

During the six months ended June 30, 1999, the company completed 30 additional acquisitions of outdoor advertising and transit assets for an aggregate cash purchase price of approximately \$42,100 and the issuance of 13,023 shares of Class A common stock valued at approximately \$500.

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

	Current Assets	Property Plant & Equipment	Goodwill	Customer Lists	Other Assets	Current Liabilities	Long-term Liabilities
	-----	-----	-----	-----	-----	-----	-----
American Displays	87	899	10,532	3,227	50	(284)	--
KJS, LLC	46	9,468	30,543	4,479	10	(2,079)	(1,921)
Frank Hardie	187	6,595	10,451	3,620	10	(525)	--
Vivid, Inc.	357	8,402	9,830	4,055	30	(593)	
Other	189	11,301	28,713	4,810	165	(1,103)	(1,549)
	-----	-----	-----	-----	-----	-----	-----
	866	36,665	90,069	20,191	265	(4,584)	(3,470)
	=====	=====	=====	=====	=====	=====	=====

LAMAR ADVERTISING COMPANY AND  
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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Summarized below are certain unaudited pro forma statements of operations data for the six months ended June 30, 1999 and June 30, 1998 as if each of the above acquisitions and the acquisitions occurring in 1998, which were fully described in the Company's December 31, 1998 Annual Report on Form 10-K, had been consummated as of January 1, 1998. 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,	
	1999 ----	1998 ----	1999 ----	1998 ----
Revenues, net	\$ 98,541	\$ 91,047	\$ 188,072	\$ 173,915
Net loss applicable to common stock	(5,450)	(7,173)	(17,034)	(18,630)
Net loss per common share - basic	(.09)	(.15)	(.28)	(.39)
Net loss per common share - diluted	(.09)	(.15)	(.28)	(.39)

In addition, on June 1, 1999, the Company agreed to purchase the outdoor advertising business of Chancellor Media Outdoor Corporation for \$700,000 in cash and 26,227,273 shares of the Company's Class A Common Stock. The acquisition is subject to antitrust review by the Department of Justice and the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The completion of the acquisition is also subject to approval by the Company's stockholders of the issuance of the shares of Class A common stock as proposed in the acquisition, lender approvals, and the satisfaction of other customary closing conditions. Accordingly, the Company cannot be sure whether or when the Chancellor Outdoor acquisition will be completed. The Reilly Family Limited Partnership, which is controlled by Kevin P. Reilly, Jr., Chief Executive Officer of the Company and holds more than 80% of the Company stockholder voting power, has agreed to vote in favor of the transaction. Lamar expects to fund the cash portion of the purchase price with bank loans under a new credit facility which it expects to put in place prior to closing.

### 3. New Bank Credit Facility

On June 15, 1999, the Company received a commitment from The Chase Manhattan Bank to replace its existing bank credit facility with a new bank credit facility under which The Chase Manhattan Bank will serve as administrative agent. The new \$1,000,000 bank credit facility consists of (1) a \$350,000 revolving bank credit facility and (2) a \$650,000 term facility with two tranches, a \$450,000 Term A facility and a \$200,000 Term facility. As a result of the holding company reorganization completed on July 20, 1999 and explained in footnote 5, the existing bank credit facility and the new bank credit facility will be obligations of Lamar Media Corp. and not Lamar Advertising Company.

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

4. Summarized Financial Information of Subsidiaries

Separate financial statements of each of the Company's direct or indirect wholly-owned subsidiaries that have guaranteed the Company's obligations with respect to its publicly issued notes (collectively, the "Guarantors") are not included herein because the Guarantors are jointly and severally liable under the guarantees, and the aggregate assets, liabilities, earnings and equity of the Guarantors are substantially equivalent to the assets, liabilities, earnings and equity of the Company on a consolidated basis. Summarized financial information for Missouri Logos, a Partnership, a 66 2/3% owned subsidiary of the Company and the only subsidiary of the Company that is not a Guarantor, is set forth below:

Balance Sheet Information:	June 30, 1999 ----- (Unaudited)	December 31, 1998 -----
Current assets	391	248
Total assets	439	297
Total liabilities	10	7
Venturers' equity	429	290

Income Statement Information:	Three months ended June 30		Six months ended June 30	
	1999	1998	1999	1998
	----- (Unaudited)		----- (Unaudited)	
Revenues	258	237	532	501
Net income	106	137	320	299

5. Subsequent Events

On July 16, 1999, the Board of Directors amended the Preferred Stock of the Corporation by establishing 5,720 shares of the 1,000,000 shares of previously undesignated Preferred Stock, par value .001 to be designated "Series AA Preferred Stock". The previously issued Class A Preferred Stock par value \$638 was exchanged for the new Series AA Preferred Stock.

On July 20, 1999, the Company reorganized into a new holding company structure. As a result of this reorganization (1) the former Lamar Advertising Company became a wholly owned subsidiary of a newly formed holding company, (2) the name of the former Lamar Advertising Company was changed to Lamar Media Corp., (3) the name of the new holding company became Lamar Advertising Company, (4) the outstanding shares of capital stock of the former Lamar Advertising Company, including the Class A common stock, were automatically converted, on a share for share basis, into identical shares of capital stock of the new holding company and (5) the Class A common stock of the new holding company commenced trading on the Nasdaq National Market under the symbol "LAMR" instead of the Class A common stock of the former Lamar Advertising Company. In addition, following the holding company reorganization, substantially all of the former Lamar Advertising Company's debt obligations, including the bank credit facility and other long-term debt remained the

LAMAR ADVERTISING COMPANY AND  
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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obligations of Lamar Media Corp. Under Delaware law, the reorganization did not require the approval of the stockholders of the former Lamar Advertising Company. The purpose of the reorganization was to provide Lamar Advertising Company with a more flexible capital structure and to enhance its financing options. The business operations of the former Lamar Advertising Company and its subsidiaries will not change as a result of the reorganization. Stockholders do not need to take any action since their existing stock certificates represent shares of the new holding company.

On August 10, 1999, the Company completed an offering of \$250,000 5 1/4% convertible notes. The proceeds of approximately \$243,000 of the convertible notes were used to pay down existing bank debt. The convertible notes were issued by the new holding company, Lamar Advertising Company.

## ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the consolidated financial condition and results of operations of the Company for the six month and three month periods ended June 30, 1999 and 1998. This discussion should be read in conjunction with the consolidated financial statements of the Company and the related notes.

The following discussion is a summary of the key factors management considers necessary in reviewing the Company's results of operations, liquidity and capital resources. The future operating results of the Company may differ materially from the results described below. For a discussion of certain factors which may affect the Company's future operating performance, please refer to Exhibit 99.1 hereto entitled "Factors Affecting Future Operating Results".

## RESULTS OF OPERATIONS

## Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998

Net revenues increased \$55.5 million or 43.3% to \$183.6 million for the six months ended June 30, 1999 as compared to the same period in 1998. This increase was attributable to the Company's acquisitions during 1998 and 1999 and internal growth within the Company's existing markets.

Operating expenses, exclusive of depreciation and amortization, increased \$30.4 million or 43.1% for the six months ended June 30, 1999 as compared to the same period in 1998. This was primarily the result of the additional operating expenses related to acquired outdoor advertising assets and the newly developed logo sign contracts.

Depreciation and amortization expense increased \$27.1 million or 73.1% from \$37.1 million for the six months ended June 30, 1998 to \$64.2 million for the six months ended June 30, 1999 as a result of an increase in capitalized assets resulting from the Company's recent acquisition activity.

Due to the above factors, operating income decreased \$2.0 million or 10.1% to \$18.3 million for six months ended June 30, 1999 from \$20.3 million for the same period in 1998.

Interest income increased \$.7 million as a result of earnings on excess cash investments made during the six months ended June 30, 1999 as compared to the same period in 1998 due to proceeds from a public offering of the Company's securities in December 1998. Interest expense increased \$9.2 million from \$27.2 million for the six months ended June 30, 1998 to \$36.4 million for the same period in 1999 as a result of additional borrowings under the Company's bank credit facility.

Income tax benefit increased \$.4 million creating a tax benefit of \$1.8 million for the six months ended June 30, 1999 as compared to \$1.4 million for the same period in 1998. The effective tax rate for the six months ended June 30, 1999 is 10.6 % which is less than the statutory rate due to permanent differences resulting from non-deductible amortization of goodwill.

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

As a result of the above factors, the Company recognized a net loss for the six months ended June 30, 1999 of \$15.7 million, as compared to a net loss of \$5.7 million for the same period in 1998.

#### Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998

Revenues for the three months ended June 30, 1999 increased \$28.1 million or 40.4% to \$97.8 million from \$69.7 million for the same period in 1998.

Operating expenses, exclusive of depreciation and amortization, for the three months ended June 30, 1999 increased \$14.6 million or 39.9% over the same period in 1998.

Depreciation and amortization expense increased \$13.2 million or 67.5% from \$19.5 million for three months ended June 30, 1998 to \$32.7 million for the three months ended June 30, 1999.

Operating income increased \$.3 million or 2.6% to \$13.9 million for the three months ended June 30, 1999 as compared to \$13.6 million for the same period in 1998.

Interest expense increased \$4.3 million from \$13.9 million for the three months ended June 30, 1998 to \$18.2 million for the same period in 1999.

The Company recognized a net loss for the three months ended June 30, 1999 of \$5.0 million.

The results for the three months ended June 30, 1999 were affected by the same factors as the six months ended June 30, 1999. Reference is made to the discussion of the six month results.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company has historically satisfied its working capital requirements with cash from operations and revolving credit borrowings. Its acquisitions have been financed primarily with borrowed funds and the issuance of debt and equity securities.

During the six months ended June 30, 1999, the Company financed its acquisition activity of approximately \$138.3 million with remaining proceeds from the December, 1998 equity offering and borrowings under the Company's revolving bank credit facility. At June 30, 1999, following these acquisitions, the Company had \$192 million available under the revolving bank credit facility. In July 1999, the Company financed the Action Outdoor acquisition with a draw of \$9 million under the revolving bank credit facility.

The Company's net cash provided by operating activities increased \$7.1 million from \$25.2 million for the six months ended June 30, 1998 to \$32.3 million for the six months ended June 30, 1999 due primarily to an increase in noncash items of \$22.2 million, which includes an increase in depreciation and amortization of \$27.1 million offset by a decrease in deferred taxes of \$3.8 million and a decrease in gain or loss on disposition of assets of \$.9 million. The increase in noncash items was offset by a decrease in net earnings of \$10.0 million, a decrease in accrued expenses of \$3.0 million and an increase in receivables of \$5.9 million. Net cash used in investing activities decreased \$41.8 million from \$210.4 million for the six months ended June 30, 1998 to \$168.6 million for the same period in 1999. This decrease was due to a \$48.9 million decrease in acquisition of outdoor advertising assets offset by a \$6.0 million increase in capital expenditures and a \$1.3 million increase in notes receivable. Net cash used

in financing activities for the six months ended June 30, 1999 is \$11.9 million due to \$47.0 million in principal payments on long-term debt which primarily consists of the payment of approximately \$45.0 million in notes to the three principal shareholders of OCI which was purchased by the Company in October, 1998. The principal payments were offset by \$57.0 million in net borrowings under credit agreements which was used primarily to finance acquisitions and \$2.2 million in net proceeds from issuance of common stock under the Company's 1996 Equity Incentive Plan.

On June 15, 1999, the Company received a commitment from The Chase Manhattan Bank to replace its existing bank credit facility with a new bank credit facility for which The Chase Manhattan Bank would serve as administrative agent. The new \$1 billion bank credit facility would consist of (1) a \$350 million revolving bank credit facility, (2) a \$650 million term facility with two tranches, a \$450 million Term A facility and a \$200 million Term B facility. In addition, the new bank credit facility will provide for an uncommitted \$400 million incremental facility available at the discretion of the lenders. As a result of the holding company reorganization completed on July 20, 1999 and explained in footnote 5, the existing bank credit facility and the new bank credit facility will be obligations of Lamar Media Corporation and not Lamar Advertising Company.

On August 10, 1999 the Company completed an offering of \$250 million of 5 1/4% convertible notes. The proceeds of approximately \$243 million of the convertible notes were used to pay existing bank debt. The convertible notes are convertible into Lamar Advertising Company Class A Common Stock at an initial conversion price of \$46.25 per share.

#### Elimination of Tobacco Advertising

By the end of April, 1999, the Company had removed all of its outdoor advertising of tobacco products in connection with settlements the states had reached with the U.S. tobacco companies. Because of these settlements, the Company's tobacco revenues as a percentage of consolidated net revenue have declined from 7% for the 12 months ended December 31, 1998 to 4% for the six months ended June 30, 1999. When displays formerly occupied by tobacco advertisers have become available in the recent past, the Company has been able to attract substitute advertising for the unoccupied space on comparable or more favorable terms. While both of these trends are positive, the Company cannot guarantee that it will be able to attract substitute advertising to occupy the displays which will become unoccupied, or that substitute advertisers will pay rates as favorable to the Company as those paid by tobacco advertisers. If the Company is unable to continue to replace tobacco advertising, the resulting increase in available inventory could cause the Company to reduce its rates or limit the Company's ability to raise rates. In addition, the Company cannot guarantee that substitute advertisers will pay rates as favorable to the Company as those paid by tobacco advertisers.

#### Impact of Year 2000

The year 2000 issue is the result of the development of computer programs and systems using two digits rather than four digits to define the applicable year. Computer programs and equipment with time-sensitive software may recognize the date using "00" as the year 1900 rather than the year 2000.

The year 2000 date recognition problem could cause the Company's computer systems to fail, resulting in miscalculations and incorrect data. Computer systems which may be affected by this year 2000 problem include computer systems embedded in production equipment; displays containing computer systems; business data processing systems;



production, management and planning systems; and personal computers. Consequently, the year 2000 problem could disrupt the Company's daily commercial activities if the Company does not take the steps necessary to address it effectively. In addition, the Company cannot assure you that the Company's customers, suppliers and other third parties that the Company deals with are or will be year 2000 compliant in a timely manner. Interruptions in services provided to the Company or in the purchases made by these third parties could also disrupt the Company's operations. Parties affected by a disruption in the Company's operations and services could make claims or bring lawsuits against the Company. Depending upon the extent and duration of any disruptions caused by the year 2000 problem and the specific services affected, these disruptions could have an adverse affect on the Company's business.

## ITEM 3.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The Company is exposed to interest rate risk in connection with variable rate debt instruments issued by the Company. The Company does not enter into market risk sensitive instruments for trading purposes. The information below summarizes the Company's interest rate risk associated with its principal variable rate debt instruments outstanding at June 30, 1999.

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

At June 30, 1999, there was approximately \$307 million of aggregate indebtedness outstanding under the bank credit facility, or approximately 34.7% of the Company's outstanding long-term debt on that date, bearing interest at variable rates. The aggregate interest expense for the six months ended June 30, 1999 with respect to borrowings under the bank credit facility was \$9.1 million, and the weighted average interest rate applicable to borrowings under these credit facilities during the six months ended June 30, 1999 was 6.8%. Assuming that the weighted average interest rate was 200-basis points higher (that is 8.8% rather than 6.8%), then the Company's 1999 interest expense would have been approximately \$2.7 million higher resulting in a \$1.6 million decrease in the Company's six months ended June 30, 1999 net income and after tax cash flow.

The Company attempts to mitigate the interest rate risk resulting from its variable interest rate long-term debt instruments by also issuing fixed rate long-term debt instruments and maintaining a balance over time between the amount of the Company's variable rate and fixed rate indebtedness. In addition, the Company has the capability under the bank credit facility 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.

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

The Company held its annual meeting of stockholders on Thursday, May 27, 1999. The following represents the results of the proposals submitted to a vote of security holders:

## Proposal to Elect Directors

The following persons were elected to the Company's Board of Directors for a term of office expiring at the Company's 2000 Annual Meeting of Stockholders:

	Votes Cast For -----	Votes Withheld -----
Kevin P. Reilly, Jr	217,684,867	145,991
Sean E. Reilly	217,684,867	145,991
Keith A. Istre	217,684,117	146,741
Charles W. Lamar, III	217,684,867	145,991
Gerald H. Marchand	217,684,867	145,991
Jack S. Rome, Jr	217,684,867	145,991
T. Everett Stewart Jr	217,684,867	145,991
Stephen P. Mumblow	217,679,717	151,141

There were no abstentions or broker non-votes.

## Approval of Amendment to the Company's 1996 Equity Incentive Plan

FOR ---	AGAINST -----	ABSTAIN -----
177,000,000	--	--
27,170,524	13,611,562	13,972
34,800	--	--
-----		
204,205,324		

## Approval of Amendment to the Company's Restated Certificate of Incorporation

FOR ---	AGAINST -----	ABSTAIN -----
177,000,000	--	--
40,266,145	517,919	11,994
34,800	--	--
-----		
217,300,945		

The Company's 2000 annual meeting of stockholders has been scheduled for May 25, 2000.

## PART II - OTHER INFORMATION

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

## (a) Exhibits

Exhibit 3.1 Certificate of Incorporation of Lamar New Holding Co. Filed herewith.

Exhibit 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.) Filed herewith.

Exhibit 3.3 Amended and Restated Bylaws. Filed herewith.

- Exhibit 4.1 Indenture dated as of August 10, 1999 between the Company and State Street Bank and Trust Company, as Trustee. Filed herewith.
- Exhibit 4.2 First Supplemental Indenture dated as of August 10, 1999 between the Company and State Street Bank and Trust Company, as Trustee. Filed herewith.
- Exhibit 10.1 Second Amended and Restated Stock Purchase Agreement dated as of August 11, 1999 among the Company, Lamar Media Corp., Chancellor Media Corporation of Los Angeles and Chancellor Mezzanine Holdings Corporation. Previously filed as Appendix A to the Company's Schedule 14C Information Statement filed on August 13, 1999 and incorporated herein by reference. Pursuant to Item 601(b)(2) of Regulation 5-K, the Schedules and Annexes A and B referred to in the Second Amended and Restated Stock Purchase Agreement are omitted. The Company hereby undertakes to furnish supplementary a copy of any omitted Schedule or Annex to the Commission upon request.
- Exhibit 27.1 Financial Data Schedule.
- Exhibit 99.1 Factors Affecting Future Operating Results.
- (b) Reports on Form 8-K

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

On May 7, 1999, the Company filed an 8-K in order to furnish an exhibit for incorporation by reference into the Registration Statements on Form S-3 of Lamar Advertising Company previously filed with Securities and Exchange Commission (File Nos. 333- 50559 and 333-71929), which Registration Statements were declared effective by the Commission on April 28, 1998 and February 12, 1999, respectively, the Company filed as Exhibit 1.1 to such Registration Statements a form of Underwriting Agreement for use in connection with underwritten sales of securities pursuant to such Registration Statements.

On June 8, 1999, the Company filed an 8-K/A amending the previously filed 8-K on October 15, 1998 and 8-K/A on October 19, 1998 in order to provide updated historical financial statements and related notes for Outdoor Communications, Inc., which the Company acquired as of October 1, 1998, as well as to include updated pro forma financial information of the Company giving effect to the acquisition. The Company filed as exhibits the unaudited condensed consolidated balance sheets of OCI as of September 30, 1998 and June 30, 1998 and unaudited condensed consolidated statements of operations, and cash flow for the three-month periods ended September 30, 1998 and 1997, and the unaudited pro forma condensed consolidated balance sheet as of September 30, 1998 and statements of loss of the Company giving effect to the OCI acquisition for the year ended December 31, 1998 and the nine months ended September 30, 1998.

On June 10, 1999, the Company filed an 8-K announcing that the Company entered into a definitive agreement pursuant to which Lamar Media Corporation will acquire Chancellor's outdoor advertising business for approximately \$1.6 billion in stock and cash. Filed as Exhibit 99.1 was a copy of the press release issued on June 1, 1999.

SIGNATURES

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

LAMAR ADVERTISING COMPANY

DATED: August 13, 1999

BY: /s/ Keith Istre

-----  
Keith A. Istre  
Chief Financial and Accounting  
Officer and Director

## INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
Exhibit 3.1	Certificate of Incorporation of Lamar New Holding Co. Filed herewith.
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Exhibit 4.1	Indenture dated as of August 10, 1999 between the Company and State Street Bank and Trust Company, as Trustee. Filed herewith.
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Exhibit 27.1	Financial Data Schedule.
Exhibit 99.1	Factors Affecting Future Operating Results.

## CERTIFICATE OF INCORPORATION

OF

LAMAR NEW HOLDING CO.

The undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, hereby certifies as follows::

FIRST. The name of the Corporation is Lamar New Holding Co.

SECOND. The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

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

FOURTH. The total number of shares of all classes of stock which the Corporation shall have authority to issue is one hundred sixty three million five hundred ten thousand (163,510,000) shares, and shall consist of:

- (1) One hundred twenty five million (125,000,000) shares of Class A Common Stock, \$0.001 par value per share;
- (2) Thirty-seven million five hundred thousand (37,500,000) shares of Class B Common Stock, \$0.001 par value per share;
- (3) Ten thousand (10,000) shares of Class A Preferred Stock, \$638 par value per share; and
- (4) One million (1,000,000) shares of Preferred Stock, \$0.001 par value per share, of which 5,720 shares shall be designated Series AA Preferred Stock.

The Class A Common Stock and the Class B Common Stock are hereinafter collectively referred to as "Common Stock."

#### 4.1 Common Stock

The powers, preferences, rights, qualifications, limitations and restrictions relating to the Common Stock are as follows:

##### 4.1.1. Rank

The Common Stock is junior to the Series AA Preferred Stock and the Class A Preferred Stock and is subject to all the powers, preferences, rights and priorities of Preferred

Stock designated herein or in any resolution or resolutions adopted by the Board of Directors pursuant to authority expressly vested in it by the provisions of Section 4.3 of this Article FOURTH (the "Designated Preferred Stock").

#### 4.1.2. Voting

Holder of Class A Common Stock are entitled to one (1) vote for each share of such stock held, and holders of Class B Common Stock are entitled to ten (10) votes for each share of such stock held, with respect to all matters properly submitted for the vote of holders of Common Stock. Except as otherwise provided by law, the holders of Common Stock will vote together as a single class on all matters properly submitted for their vote, including without limitation any amendment to this Certificate of Incorporation which would increase or decrease the number of authorized shares of Class A Common Stock or Class B Common Stock.

#### 4.1.3. Dividends and Other Distributions

(a) Except as provided herein, each share of Common Stock issued and outstanding shall be identical in all respects, and no dividend shall be paid on any share of Common Stock unless the same dividend is paid on all shares of Common Stock outstanding at the time of such payment. Except for and subject to those special voting rights expressly granted herein to the holders of the Class B Common Stock and subject to the powers, rights, privileges, preferences and priorities of the Series AA Preferred Stock, the Class A Preferred Stock and any Designated Preferred Stock, the holders of Common Stock shall have exclusively all other rights of stockholders, including without limitation (i) the right to receive dividends, when, as and if declared by the Board of Directors out of funds legally available therefor, and (ii) in the event of any distribution of assets upon liquidation, dissolution or winding up of the Corporation or otherwise, the right to receive ratably all of the assets and funds of the Corporation remaining after the payment to the creditors of the Corporation.

(b) Dividends and distributions payable in shares of Class A Common Stock may not be made on or to shares of Class B Common Stock and dividends and distributions payable in shares of Class B Common Stock may not be made on or to shares of any class of the Corporation's capital stock other than the Class B Common Stock. If a dividend or distribution payable in shares of Class A Common Stock shall be made on the shares of Class A Common Stock, a dividend or distribution payable in shares of Class B Common Stock shall be made simultaneously on the shares of Class B Common Stock, and the number of shares of Class B Common Stock payable on each share of Class B Common Stock pursuant to such dividend or distribution shall be equal to the number of shares of Class A Common Stock payable on each share of Class A Common Stock pursuant to such dividend or distribution. If a dividend or distribution payable in shares of Class B Common Stock shall be made on the shares of Class B Common Stock, a dividend or distribution payable in shares of Class A Common Stock shall be made simultaneously on the shares of Class A Common Stock, and the number of shares of Class A Common stock pursuant to such dividend or distribution shall be equal to the number of shares of Class B Common Stock payable on each share of Class B Common Stock pursuant to such dividend or distribution.

(c) If the Corporation shall in any manner subdivide (by stock split, reclassification, stock dividend, recapitalization, or otherwise) or combine (by reverse stock split or otherwise) the outstanding shares of Class A Common Stock or Class B Common Stock, then the outstanding shares of each other class of Common Stock shall be subdivided or combined, as the case may be, to the same extent, on an equal share basis.

#### 4.1.4. Conversion of Class B Common Stock

(a) In the event that the number of outstanding shares of Class B Common Stock falls below ten percent (10%) of the total number of shares of Common Stock outstanding, each share of Class B Common Stock shall at that time be converted automatically to one (1) fully paid and non-assessable share of Class A Common Stock.

(b) Upon the sale or other transfer by a holder of Class B Common Stock to a person or entity other than a Permitted Transferee (as such term is defined below), such shares of Class B Common Stock shall be converted automatically into an equal number of shares of Class A Common Stock. Promptly upon such sale or other transfer, the holder of Class B Common Stock shall surrender the certificate or certificates therefor, duly endorsed in blank or accompanied by proper instruments of transfer, at the office of the Corporation or of any transfer agent for the Class A Common Stock, and shall give written notice to the Corporation at such office: (i) stating that the shares are being converted pursuant to this paragraph, (ii) identifying the number of shares of Class B Common Stock being converted and (iii) setting forth the name or names (with addresses) and denominations in which the certificate or certificates for Class A Common Stock shall be issued and shall include instructions for delivery thereof. Delivery of such notice together with the certificates representing the Class B Common Stock shall obligate the Corporation or its transfer agent to issue and deliver at such stated address to such stated transferee a certificate or certificates for the number of shares of Class A Common Stock to which such transferee is entitled, registered in the name of such transferee. In the event of a sale or other transfer of less than all of the Class B Common Stock evidenced by a certificate surrendered to the Corporation in accordance with the above procedures, subject to paragraph (a) above, the Corporation shall execute and deliver to the transferor, without charge, a new certificate evidencing the number of shares of Class B Common Stock not sold or otherwise transferred.

For the purpose of paragraph (b) above, a "Permitted Transferee" is defined as :

(i) (A) any Controlling Stockholder (which shall mean the Reilly Family Limited Partnership or any successor entity thereto, Kevin P. Reilly, Sr., Kevin P. Reilly, Jr., Wendell S. Reilly, Sean E. Reilly, and Anna R. Cullinan; (B) the estate of a Controlling Stockholder; (C) the spouse or former spouse of a Controlling Stockholder; (D) any lineal descendent of a Controlling Stockholder, any spouse of such lineal descendent, a Controlling Stockholder's grandparent, parent, brother or sister or a Controlling Stockholder's spouse's brother or sister; (E) any guardian or custodian (including a custodian for purposes of the Uniform Gift to Minors Act or Uniform Transfers to Minors Act) for, or any conservator or other legal representative of, one or more Permitted Transferees; or (F) any trust or savings or retirement account, including an individual retirement account for purposes of federal income tax laws, whether or not involving a trust, principally for the benefit of one or more Permitted



Transferees, including any trust in respect of which a Permitted Transferee has any general or special testamentary power of appointment which is limited to any other Permitted Transferee;

(ii) the Corporation;

(iii) any employee benefit plan or trust thereunder sponsored by the Corporation or any of its subsidiaries;

(iv) any trust principally for the benefit of one or more of the individuals, persons, firms or entities ("Persons") referred to in (i) through (iii) above;

(v) any corporation, partnership, or other entity if all of the beneficial ownership is held solely by one or more of the Persons referred to in (i) through (iv) above;

(vi) any voting trust for the benefit of one or more of the Persons referred to in (i) through (v) above; and

(vii) any broker or dealer in securities, clearing house, bank, trust company, savings and loan association or other financial institution which holds the Class B Common Stock as nominee for the benefit of a Permitted Transferee thereof.

(c) Notwithstanding anything to the contrary set forth herein, any holder of Class B Common Stock may pledge his shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee without causing an automatic conversion of such shares into Class A Common Stock, provided, however, that such shares may not be transferred to or registered in the name of the pledgee unless such pledgee is a Permitted Transferee. In the event of foreclosure or other similar action by a pledgee who is not a Permitted Transferee, such pledged shares of Class B Common Stock shall be converted automatically, without any act or deed on the part of the Corporation or any other person, into shares of Class A Common Stock as provided above.

(d) Each share of Class B Common Stock shall be convertible, at the option of its holder, into one fully paid and non-assessable share of Class A Common Stock at any time. In the event of such voluntary conversion, the procedures set forth in paragraph (b) above shall be followed.

(e) The Corporation hereby reserves and shall at all times reserve and keep available, out of its authorized and unissued Class A Common Stock, for the purpose of effecting the conversions provided for herein, a sufficient number of shares of Class A Common Stock to effect the conversion of all outstanding Class B Common Stock. All of the Class A Common Stock so issuable shall, when issued, be duly and validly issued, fully paid and non-assessable, and free from liens and charges with respect to the issue. The Corporation will take such action as may be necessary to ensure that all such Class A Common Stock may be so issued without violation of any applicable law or regulation, or of any requirements of any stock exchange or market on which any shares of the Class A Common Stock are listed or quoted.

(f) In any merger, consolidation or business combination, the consideration to be received per share by the holders of Class A Common Stock and Class B Common Stock must be identical for each class of stock, except that in any such transaction in which shares of Common Stock are to be distributed, such shares may differ as to voting rights to the extent that voting rights differ among Class A Common Stock and Class B Common Stock as provided herein.

#### 4.1.5. Preemptive Rights

No holder of shares of Common Stock shall be entitled to preemptive or subscription rights.

#### 4.2 Series AA and Class A Preferred Stock

The powers, preferences, rights, qualifications, limitations and restrictions relating to the Series AA Preferred Stock and the Class A Preferred Stock are as follows:

##### 4.2.1. Rank

The Series AA Preferred Stock and the Class A Preferred Stock, with respect to dividends and upon liquidation, rank senior to the Common Stock and are subject to all the powers, preferences, rights and priorities of any Designated Preferred Stock.

##### 4.2.2. Dividends

Holders of Series AA Preferred Stock and Class A Preferred Stock, on a pari passu basis, in priority to the Common Stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, dividends at the rate of fifteen and 95/100 dollars (\$15.95) per share per quarter, payable to the stockholders of record at the close of business on such date before the payment thereof as is fixed by the Board of Directors on declaring any such dividend. Dividends shall be cumulative and the holders of Series AA Preferred Stock or Class A Preferred Stock shall have no right to such dividend even though the Corporation has funds available for the payment therefor, unless payment has been declared by the Board of Directors. Dividends on the Series AA Preferred Stock and Class A Preferred Stock shall be paid or declared and set apart for payment before dividends are declared and paid on the Common Stock.

##### 4.2.3. Dissolution or Liquidation

In the case of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series AA Preferred Stock and Class A Preferred Stock, on a pari passu basis, shall be entitled to receive out of the assets of the Corporation, whether such assets are capital or surplus, the sum of \$638 plus a further amount equal to any dividend thereon accrued and unpaid to the date of such distribution before any payment shall be made or any assets distributed to the Common Stock. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, if the assets distributed among the holders of the Series AA Preferred Stock and Class A Preferred Stock are insufficient to permit the payment to such holders of the full preferential amounts to which they are entitled,

the entire assets of the Corporation to be distributed shall be distributed among the holders of the Series AA Preferred Stock and Class A Preferred Stock on a pari passu basis. After payment to the holders of the Series AA Preferred Stock and Class A Preferred Stock of the full preferential amounts to which they are entitled, the holders of the Common Stock shall be entitled to receive ratably all the remaining assets. A merger or consolidation of the Corporation with or into any other corporation or entity, shall not be deemed to be a dissolution or liquidation within the meaning of this provision.

#### 4.2.4. Voting

Holders of Series AA Preferred Stock are entitled to one (1) vote for each share of such stock held with respect to all matters properly submitted for the vote of holders of Series AA Preferred Stock. Except as otherwise provided by law, the holders of Series AA Preferred Stock and of Common Stock shall be entitled to vote together as a class on all matters. Except as otherwise provided by law, the holders of the Class A Preferred Stock shall not be entitled to vote.

#### 4.2.5. Preemptive Rights

No holder of shares of Series AA Preferred Stock or Class A Preferred Stock shall be entitled to preemptive or subscription rights.

#### 4.3. Designated Preferred Stock

The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article FOURTH, to provide by resolution for the issuance of the shares of undesignated Preferred Stock in one or more series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences and rights of the shares of each such series and qualifications, limitations or restrictions thereof.

The authority of the Board with respect to each series, which shall be Designated Preferred Stock, shall include, but shall not be limited to, determination of the following:

- (a) The number of shares constituting that series and the distinctive designation of that series;
- (b) The dividend rate, if any, on the shares of that series, whether dividends shall be cumulative, and if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of the series;
- (c) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
- (d) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(e) Whether or not the shares of that series shall be redeemable, and if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(f) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and if so, the terms and amount of such sinking fund;

(g) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

(h) Any other relative rights, preferences and limitations of that series.

FIFTH. The Corporation is to have perpetual existence.

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

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

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

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

Signed this 16th day of July, 1999.

/s/ KEVIN P. REILLY, JR.

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

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
LAMAR NEW HOLDING CO.

Pursuant to Section 242  
of the General Corporation Law of  
the State of Delaware

\* EFFECTIVE FROM AND AFTER 4:00 P.M. ON JULY 20, 1999.

Lamar New Holding Co. (hereinafter called the "Corporation"), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

By unanimous written consent of the Board of Directors of the Corporation, a resolution was duly adopted, pursuant to Section 242 of the General Corporation Law of the State of Delaware, setting forth an amendment to the Certificate of Incorporation of the Corporation and declaring said amendment to be advisable. The sole stockholder of the Corporation duly approved said proposed amendment pursuant to a written consent in accordance with Sections 228 and 242 of the General Corporation Law of the State of Delaware. The resolution setting forth the amendment is as follows:

RESOLVED: That the name of the Corporation be changed from "Lamar New Holding Co." to "Lamar Advertising Company"; said name change to be effective from and after 4:00 P.M. on July 20, 1999.

RESOLVED: To authorize the proper officers of the Corporation, and each of them, on behalf of the Corporation, to file a Certificate of Amendment of the Corporation's Certificate of Incorporation with the Secretary of State of the State of Delaware and to execute and deliver all such other agreements, instruments, certificates and other documents and to take all such further action as any of them may deem necessary or desirable to carry out the full intention of the foregoing resolution.

The Corporation's Certificate of Incorporation shall be amended by amending Article FIRST so as to change the name of the Corporation from "Lamar New Holding Co." to "Lamar

Advertising Company", such that Article FIRST of the Certificate of Incorporation, as so amended, shall read as follows:

FIRST. THE NAME OF THE CORPORATION IS LAMAR ADVERTISING COMPANY.

Such amendment shall be effective from and after 4:00 P.M. on July 20, 1999.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its President and Chief Executive Officer this 20th day of July 1999.

LAMAR NEW HOLDING CO.

By: /s/ KEVIN P. REILLY, JR.

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



BYLAWS  
OF  
LAMAR ADVERTISING COMPANY

ARTICLE I  
STOCKHOLDERS

SECTION 1. Place of Meetings. All meetings of stockholders shall be held at the principal office of the corporation or at such other place as may be named in the notice.

SECTION 2. Annual Meeting. The annual meeting of stockholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on such date and at such hour and place as the directors or an officer designated by the directors may determine. If the annual meeting is not held on the date designated therefor, the directors shall cause the meeting to be held as soon thereafter as convenient.

SECTION 3. Special Meetings. Special meetings of the stockholders may be called at any time by the chief executive officer or a majority of the Board of Directors.

SECTION 4. Notice of Meetings. Except where some other notice is required by law, written notice of each meeting of stockholders, stating the place, date and hour thereof and the purposes for which the meeting is called, shall be given by the Secretary under the direction of the Board of Directors or the chief executive officer, not less than ten nor more than sixty days before the date fixed for such meeting, to each stockholder of record entitled to vote at such meeting. Notice shall be given personally to each stockholder or left at his or her residence or usual place of business or mailed postage prepaid and addressed to the stockholder at his or her address as it appears upon the records of the corporation. In case of the death, absence, incapacity or refusal of the Secretary, such notice may be given by a person designated either by the Secretary or by the person or persons calling the meeting or by the Board of Directors. A waiver of such notice in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to such notice. Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice. Except as required by statute, notice of any adjourned meeting of the stockholders shall not be required.

SECTION 5. Record Date. The Board of Directors may fix in advance a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days before any other action to which such record date relates. If no record date is fixed, the record date for

determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held, and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 6. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors at any annual or special meeting of stockholders. Nominations of persons for election as directors may be made only by or at the direction of the Board of Directors, or by any stockholder entitled to vote for the election of directors at the meeting in compliance with the notice procedures set forth in this Section 6. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Chairman of the Board, if any, the President or the Secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation the earlier of: (a) in the case of an annual meeting only, not less than 75 days before the anniversary of the prior year's meeting; provided, however, that this subsection (a) shall not apply if (i) there was no annual meeting in the prior year or (ii) the date of the current year's annual meeting is more than 30 days from the date of the prior year's annual meeting; or (b) 45 days prior to the current year's annual meeting or a special meeting; provided, however, that if less than 60 days' notice or prior public disclosure of the date of the annual meeting or the special meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the annual meeting or the special meeting was mailed or such public disclosure was made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the corporation that are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, or any successor provision thereto; and (b) as to the stockholder giving the notice, (i) the name and record address of such stockholder and (ii) the class and number of shares of capital stock of the corporation that are beneficially owned by such stockholder.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if the chairman should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 7. Advance Notice of Business at Annual Meetings and Special Meetings. At any annual meeting or special meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be brought properly before an annual meeting or a special meeting, business must be either (a) specified in

the notice of meeting (or any supplement thereto) given by or at the direction of the chief executive officer or the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be brought properly before an annual meeting or a special meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Chairman of the Board, if any, the President or the Secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation the earlier of: (a) in the case of an annual meeting only, not less than 75 days before the anniversary of the prior year's meeting; provided, however, that this subsection (a) shall not apply if (i) there was no annual meeting in the prior year or (ii) the date of the current year's annual meeting is more than 30 days from the date of the prior year's annual meeting; or (b) 45 days prior to the current year's annual meeting or a special meeting; provided, however, that if less than 60 days' notice or prior public disclosure of the date of the annual meeting or the special meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the annual meeting or the special meeting was mailed or such public disclosure was made.

A stockholder's notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting or the special meeting (a) a brief description of the business desired to be brought before the annual meeting or the special meeting and the reasons for conducting such business at the annual meeting or the special meeting, (b) the name and record address of the stockholder proposing such business, (c) the class and number of shares of the corporation that are beneficially owned by the stockholder and (d) any material interest of the stockholder in such business.

Notwithstanding anything in these by-laws to the contrary, no business shall be conducted at the annual meeting or a special meeting except in accordance with the procedures set forth in this Section 7, provided, however, that nothing in this Section 7 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting or a special meeting in accordance with said procedure.

The chairman of an annual meeting or a special meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the foregoing procedure, and if the chairman should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

SECTION 8. Voting List. The officer who has charge of the stock ledger of the corporation shall make or have made, at least 10 days before every meeting of stockholders, a complete list of the stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days before the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may

be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the corporation, or to vote at any meeting of stockholders.

SECTION 9. Quorum of Stockholders. At any meeting of the stockholders, the holders of one-third of all issued and outstanding shares of stock entitled to vote at any meeting of stockholders, present in person or represented by proxy, shall constitute a quorum for the transaction of any business at such meeting, but in the absence of a quorum a smaller group may adjourn any meeting from time to time. When a quorum is present at any meeting, a majority of the votes properly cast shall, except where a different vote is required by law, by the Certificate of Incorporation or by these by-laws, decide any question brought before such meeting. Any election by stockholders shall be determined by a plurality of the vote cast by the stockholders entitled to vote at the election.

SECTION 10. Proxies and Voting. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock held of record by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless said proxy provides for a longer period. Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held, and persons whose stock is pledged shall be entitled to vote unless in the transfer by the pledgor on the books of the corporation the pledgee shall have been expressly empowered to vote thereon, in which case only the pledgee or the pledgee's proxy may represent said stock and vote thereon. Shares of the capital stock of the corporation belonging to the corporation or to another corporation, a majority of whose shares entitled to vote in the election of directors is owned by the corporation, shall neither be entitled to vote nor be counted for quorum purposes.

SECTION 11. Conduct of Meeting. Meetings of the stockholders shall be presided over by one of the following officers in the order specified and if present and acting: the Chairman of the Board, if any, the Vice-Chairman of the Board, if any, the President, a Vice-President (and, in the event there be more than one person in any such office, in the order of their seniority), or, if none of the foregoing is in office and present and acting, a chairman designated by the Board of Directors or, in the absence of such designation, a chairman chosen by the stockholders at the meeting. The Secretary of the corporation, if present, or an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present the chairman of the meeting shall appoint a secretary of the meeting.

The Board of Directors may adopt such rules, regulations and procedures for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, (i) the establishment of an agenda or order of business for the meeting, (ii) rules and procedures for maintaining order at the meeting and the safety of those present, (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted

proxies or such other persons as the chairman of the meeting shall determine, (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof, and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 12. Action Without Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders or by proxy for the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on such action were present and voted. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

## ARTICLE II

### DIRECTORS

SECTION 1. General Powers. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation that are not by law required to be exercised by the stockholders. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

SECTION 2. Number; Election; Tenure and Qualification. Subject to any restrictions contained in the Certificate of Incorporation, the number of directors that shall constitute the whole Board shall be fixed by resolution of the Board of Directors but in no event shall be less than one. The directors shall be elected in the manner provided in the Certificate of Incorporation, by such stockholders as have the right to vote thereon. The number of directors may be increased or decreased by action of the Board of Directors. Directors need not be stockholders of the corporation.

SECTION 3. Enlargement of the Board. Subject to any restrictions contained in the Certificate of Incorporation, the number of the Board of Directors may be increased at any time, such increase to be effective immediately unless otherwise specified in the resolution, by vote of a majority of the directors then in office.

SECTION 4. Vacancies. Unless and until filled by the stockholders and except as otherwise determined by the Board of Directors in establishing a series of Preferred Stock as to directors elected by the holders of such series, any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board and an unfilled vacancy resulting from the removal of any director, may be filled by vote of a majority of the directors then in office although less than a quorum, or by the sole remaining director. Each director so chosen to fill a vacancy shall serve for a term determined in the manner provided in the Certificate of Incorporation. When one or more directors shall resign from the Board,

effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective. If at any time there are no directors in office, then an election of directors may be held in accordance with the General Corporation Law of the State of Delaware.

SECTION 5. Resignation. Any director may resign at any time upon written notice to the corporation. Such resignation shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the Chairman of the Board, if any, the President or the Secretary.

SECTION 6. Removal. Directors may be removed from office only as provided in the Certificate of Incorporation. The vacancy or vacancies created by the removal of a director may be filled by the stockholders at the meeting held for the purpose of removal or, if not so filled, by the directors in the manner provided in Section 4 of this Article II.

SECTION 7. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee to replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any such committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of such absent or disqualified member. The Board of Directors shall have the power to change the members of any such committee at any time, to fill vacancies therein and to discharge any such committee, either with or without cause, at any time.

Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors or in these by-laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers that may require it.

A majority of all the members of any such committee may fix its rules of procedure, determine its action and fix the time and place, whether within or without the State of Delaware, of its meetings and specify what notice thereof, if any, shall be given, unless the Board of Directors shall otherwise by resolution provide. Each committee shall keep regular minutes of its meetings and make such reports as the Board of Directors may from time to time request.

SECTION 8. Meetings of the Board of Directors. Regular meetings of the Board of Directors may be held without call or formal notice at such places either within or without the State of Delaware and at such times as the Board may by vote from time to time determine. A regular meeting of the Board of Directors may be held without call or formal notice immediately after and at the same place as the annual meeting of the stockholders, or any special meeting of the stockholders at which a Board of Directors is elected.

Special meetings of the Board of Directors may be held at any place either within or without the State of Delaware at any time when called by the Chairman of the Board, if any, the President, the Secretary or two or more directors. Reasonable notice of the time and place of a special meeting shall be given to each director unless such notice is waived by attendance or by written waiver in the manner provided in these by-laws for waiver of notice by stockholders. Notice may be given by, or by a person designated by, the Secretary, the person or persons calling the meeting, or the Board of Directors. No notice of any adjourned meeting of the Board of Directors shall be required. In any case it shall be deemed sufficient notice to a director to send notice by mail at least seventy-two hours, or by telegram or fax at least forty-eight hours, before the meeting, addressed to such director at his or her usual or last known business or home address.

Directors or members of any committee may participate in a meeting of the Board of Directors or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

SECTION 9. Quorum and Voting. A majority of the total number of directors shall constitute a quorum, except that when a vacancy or vacancies exist in the Board, a majority of the directors then in office (but not less than one-third of the total number of the directors) shall constitute a quorum. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting from time to time. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except where a different vote is required by law, by the Certificate of Incorporation or by these by-laws.

SECTION 10. Compensation. The Board of Directors may fix fees for their services and for their membership on committees, and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity, as an officer, agent or otherwise, and receiving compensation therefor.

SECTION 11. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting and without notice if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or of such committee.

### ARTICLE III

#### OFFICERS

SECTION 1. Titles. The officers of the corporation shall consist of a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, who may include without limitation a Chairman of the Board, a Vice-Chairman of the Board and one or more Vice-Presidents, Assistant Treasurers or Assistant Secretaries.

SECTION 2. Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors at its first meeting following the annual meeting of the stockholders. Each officer shall hold office until his or her successor is elected and qualified, unless a different term is specified in the vote electing such officer, or until his or her earlier death, resignation or removal.

SECTION 3. Qualification. Unless otherwise provided by resolution of the Board of Directors, no officer, other than the Chairman or Vice-Chairman of the Board, need be a director. No officer need be a stockholder. Any number of offices may be held by the same person, as the directors shall determine.

SECTION 4. Removal. Any officer may be removed, with or without cause, at any time, by resolution adopted by the Board of Directors.

SECTION 5. Resignation. Any officer may resign by delivering a written resignation to the corporation at its principal office or to the Chairman of the Board, if any, the President or the Secretary. Such resignation shall be effective upon receipt or at such later time as may be specified therein.

SECTION 6. Vacancies. The Board of Directors may at any time fill any vacancy occurring in any office for the unexpired portion of the term and may leave unfilled for such period as it may determine any office other than those of President, Treasurer and Secretary.

SECTION 7. Powers and Duties. The officers of the corporation shall have such powers and perform such duties as are specified herein and as may be conferred upon or assigned to them by the Board of Directors and shall have such additional powers and duties as are incident to their office except to the extent that resolutions of the Board of Directors are inconsistent therewith.

SECTION 8. President and Vice-Presidents. Except to the extent that such duties are assigned by the Board of Directors to the Chairman of the Board, or in the absence of the Chairman or in the event of his or her inability or refusal to act, the President shall be the chief executive officer of the corporation and shall have general and active management of the business of the corporation and general supervision of its officers, agents and employees, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall preside at each meeting of the stockholders and the Board of Directors unless a Chairman or Vice-Chairman of the Board is elected by the Board and is present at such meeting.

The Board of Directors may assign to any Vice-President the title of Executive Vice-President, Senior Vice-President or any other title selected by the Board of Directors. In the absence of the President or in the event of his or her inability or refusal to act, the duties of the President shall be performed by the Executive Vice-President, if any, Senior Vice President, if any, or Vice President, if any, in that order (and, in the event there be more than one person in any such office, in the order of their seniority), and when so acting, such officer shall have all the powers of and be subject to all the restrictions upon the President.



SECTION 9. Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors and of the stockholders and record all the proceedings of such meetings in a book to be kept for that purpose, shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, shall maintain a stock ledger and prepare lists of stockholders and their addresses as required and shall have custody of the corporate seal, which the Secretary or any Assistant Secretary shall have authority to affix to any instrument requiring it and attest by any of their signatures. The Board of Directors may give general authority to any other officer to affix and attest the seal of the corporation.

Any Assistant Secretary may, in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, perform the duties and exercise the powers of the Secretary.

SECTION 10. Treasurer and Assistant Treasurers. The Treasurer shall have the custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by or pursuant to resolution of the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, the Chairman of the Board, if any, or the President, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board, the President and the Board of Directors, at its regular meetings or whenever they may require it, an account of all transactions and of the financial condition of the corporation.

Any Assistant Treasurer may, in the absence of the Treasurer or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Treasurer.

SECTION 11. Bonded Officers. The Board of Directors may require any officer to give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors upon such terms and conditions as the Board of Directors may specify, including without limitation a bond for the faithful performance of the duties of such officer and for the restoration to the corporation of all property in his or her possession or control belonging to the corporation.

SECTION 12. Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors or any committee thereof appointed for the purpose.

#### ARTICLE IV

##### STOCK

SECTION 1. Certificates of Stock. One or more stock certificates, signed by the Chairman or Vice-Chairman of the Board of Directors or by the President or a Vice-President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, shall be issued to each stockholder certifying the number of shares owned by the stockholder in the

corporation. Any or all signatures on any such certificate may be facsimiles. In case any officer, transfer agent or registrar who shall have signed or whose facsimile signature shall have been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Each certificate for shares of stock that are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the by-laws, applicable securities laws, or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

SECTION 2. Transfers of Shares of Stock. Subject to the restrictions, if any, stated or noted on the stock certificates, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. The corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to that stock, regardless of any transfer, pledge or other disposition of that stock, until the shares have been transferred on the books of the corporation in accordance with the requirements of these by-laws.

SECTION 3. Lost Certificates. A new stock certificate may be issued in the place of any certificate theretofore issued by the corporation and alleged to have been lost, stolen, destroyed or mutilated, upon such terms in conformity with law as the Board of Directors shall prescribe. The directors may, in their discretion, require the owner of the lost, stolen, destroyed or mutilated certificate, or the owner's legal representatives, to give the corporation a bond, in such sum as they may direct, to indemnify the corporation against any claim that may be made against it on account of the alleged loss, theft, destruction or mutilation of any such certificate, or the issuance of any such new certificate.

SECTION 4. Fractional Share Interests. The corporation may, but shall not be required to, issue fractions of a share. If the corporation does not issue fractions of a share, it shall (i) arrange for the disposition of fractional interests by those entitled thereto, (ii) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (iii) issue scrip or warrants in registered or bearer form, which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any of the assets of the corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions that the Board of Directors may impose.

SECTION 5. Dividends. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor, at any regular or special meeting, declare dividends upon the capital stock of the corporation as and when they deem expedient.

#### ARTICLE V

##### INDEMNIFICATION AND INSURANCE

SECTION 1. Indemnification. The corporation shall, to the fullest extent permitted by the General Corporation Law of the State of Delaware, as amended from time to time, indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was, or has agreed to become, a director or officer of the corporation, or is or was serving, or has agreed to serve, at the request of the corporation, as a director, officer, trustee, employee or agent of, or in a similar capacity with, another corporation, partnership, joint venture, trust, other enterprise or employee benefit plan, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or on his or her behalf in connection with such action, suit or proceeding and any appeal therefrom, provided that in the case of a settlement the payment and indemnification thereof have been approved by the corporation, which approval shall not unreasonably be withheld, or by a court of competent jurisdiction. Such indemnification shall, subject to the conditions imposed by law, include payment by the corporation of expenses in defending an action or proceeding in advance of the final disposition of such action or proceeding upon receipt of any undertaking by the person indemnified to repay such payment if it is ultimately determined that such person is not entitled to indemnification under this Section, which undertaking may be accepted without reference to the financial ability of such person to make such repayments.

The corporation shall not indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person unless the initiation thereof was approved by the Board of Directors of the corporation.

The indemnification rights provided in this Section (i) shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any law, agreement or vote of stockholders or disinterested directors or otherwise, (ii) shall be a contract right inuring to the benefit of the directors, officers and other persons entitled to be indemnified hereunder and no amendment or repeal of this Section shall adversely affect any right of such director, officer or other person existing at the time of such amendment or repeal, and (iii) shall inure to the benefit of the heirs, executors and administrators of such persons. Nothing contained in this Section shall affect any rights to indemnification to which corporation employees or agents other than directors and officers and other persons entitled to indemnification hereunder may be entitled by contract or otherwise under law.

SECTION 2. Insurance. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent

of the corporation or is or was serving at the request of the corporation as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust, other enterprise or employee benefit plan against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the General Corporation Law of the State of Delaware.

## ARTICLE VI

## GENERAL PROVISIONS

SECTION 1. Fiscal Year. Except as otherwise designated from time to time by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January and end on the last day of December.

SECTION 2. Corporate Seal. The corporate seal shall be in such form as shall be approved by the Board of Directors. The Secretary shall be the custodian of the seal, and a duplicate seal may be kept and used by each Assistant Secretary and by any other officer the Board of Directors may authorize.

SECTION 3. Certificate of Incorporation. All references in these by-laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as in effect from time to time.

SECTION 4. Execution of Instruments. The Chairman and Vice-Chairman of the Board of Directors, if any, the President and the Treasurer shall have power to execute and deliver on behalf and in the name of the corporation any instrument requiring the signature of an officer of the corporation, including deeds, contracts, mortgages, bonds, notes, debentures, checks, drafts and other orders for the payment of money. In addition, the Board of Directors, the Chairman and Vice Chairman of the Board of Directors, if any, the President and the Treasurer may expressly delegate such powers to any other officer or agent of the corporation.

SECTION 5. Voting of Securities. The Chairman and Vice-Chairman of the Board of Directors, if any, the President, the Treasurer, and each other person authorized by the Board of Directors, each acting singly, may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at any meeting of stockholders or owners of other interests of any other corporation or organization the securities of which may be held by this corporation. In addition, the Board of Directors, the Chairman and Vice Chairman of the Board of Directors, if any, the President and the Treasurer may expressly delegate such powers to any other officer or agent of the corporation.

SECTION 6. Evidence of Authority. A certificate by the Secretary, an Assistant Secretary or a temporary secretary as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall, as to all persons who rely on the certificate in good faith, be conclusive evidence of that action.

SECTION 7. Transactions with Interested Parties. No contract or transaction between the corporation and one or more of the directors or officers, or between the corporation and any other corporation, partnership, association or other organization in which one or more of the directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for that reason or solely because the director or officer is present at or participates in the meeting of the Board of Directors or a committee of the Board of Directors that authorizes the contract or transaction or solely because the vote of any such director is counted for such purpose, if:

(1) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or such committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(2) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair to the corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee of the Board of Directors or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

SECTION 8. Books and Records. The books and records of the corporation shall be kept at such places within or without the State of Delaware as the Board of Directors may from time to time determine.

## ARTICLE VII

### AMENDMENTS

SECTION 1. By the Board of Directors. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present.

SECTION 2. By the Stockholders. These by-laws may be altered, amended or repealed or new by-laws may be adopted by vote of the stockholders, at any regular meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new by-laws shall have been stated in the notice of such special meeting.

-----  
LAMAR ADVERTISING COMPANY

and

STATE STREET BANK AND TRUST COMPANY, as Trustee

-----  
INDENTURE

Dated as of August 10, 1999  
-----

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## CROSS-REFERENCE TABLE

TIA SECTION -----	INDENTURE SECTION -----
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N/A
(a)(4)	N/A
(a)(5)	7.10
(b)	7.8; 7.10; 10.2
(b)(1)	7.10
(b)(9)	7.10
(c)	N/A
311(a)	7.11
(b)	7.11
(c)	N/A
312(a)	2.6
(b)	10.3
(c)	10.3
313(a)	7.6
(b)(1)	7.6
(b)(2)	7.6
(c)	7.6; 10.2
(d)	7.6
314(a)	4.2; 4.4; 10.2
(b)	N/A
(c)(1)	10.4; 10.5
(c)(2)	10.4; 10.5
(c)(3)	N/A
(d)	N/A
(e)	10.5
(f)	N/A
315(a)	7.1, 7.2
(b)	7.5; 10.2
(c)	7.1
(d)	6.5; 7.1; 7.2
(e)	6.11
316(a)(last sentence)	2.10
(a)(1)(A)	6.5
(a)(1)(B)	6.4
(a)(2)	8.2
(b)	6.7

(c)	8.4
317(a)(1)	6.8
(a)(2)	6.9
(b)	2.5; 7.12
318(a)	10.1

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N/A means not applicable

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

INDENTURE, dated as of August 10, 1999, by and between LAMAR ADVERTISING COMPANY, a Delaware corporation, as Issuer (the "Company"), and STATE STREET BANK AND TRUST COMPANY, a trust company organized under the laws of the Commonwealth of Massachusetts, as Trustee (the "Trustee").

#### RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Securities"), as herein provided, up to such principal amount as may from time to time be authorized in or pursuant to one or more resolutions of the Board of Directors or by supplemental indenture.

All things necessary to make this Indenture a valid agreement of the Company in accordance with its terms have been done, and the execution and delivery thereof have been in all respects duly authorized by the parties hereto.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities of a Series thereof, as follows:

#### ARTICLE 1

##### DEFINITIONS AND INCORPORATION BY REFERENCE

###### 1.1 DEFINITIONS.

"Affiliate" of any specified Person means any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by," and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Agent" means any Registrar, Paying Agent, co-registrar or agent for service of notices and demands.

"Board of Directors" means the Board of Directors of the Company or any committee duly authorized to act therefor.

"Board Resolution" means a copy of a resolution certified pursuant to an Officers' Certificate to have been duly adopted by the Board of Directors of the Company and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Capital Stock" means, with respect to any Person, any and all shares or other equivalents (however designated) of capital stock, partnership interests or any other participation, right or other interest in the nature of an equity interest in such Person or any option, warrant or other security convertible into any of the foregoing.

"Company" means the party named as such in the first paragraph of this Indenture until a successor replaces such party pursuant to Article 5 of this Indenture, and thereafter means the successor and any other primary obligor on the Securities.

"Company Order" means a written order signed in the name of the Company by two Officers, one of whom must be its Chief Executive Officer or its Chief Financial Officer.

"Company Request" means any written request signed in the name of the Company by its Chief Executive Officer, its President, any Vice President, its Chief Financial Officer or its Treasurer and attested to by the Secretary or any Assistant Secretary of the Company.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered.

"Default" means any event that is, or with the passing of time or giving of notice or both would be, an Event of Default.

"Depositary" means, with respect to the Securities of any Series issuable or issued in whole or in part in the form of one or more Global Securities, the Person designated as Depositary for such Series by the Company, which Depositary shall be a clearing agency registered under the Exchange Act, until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean each Person who is then a Depositary hereunder, and if at any time there is more than one such Person, such Persons.

"Dollars" means the currency of the United States of America.

"Euro" means the single currency to be introduced at the start of the third stage of economic and monetary union pursuant to the treaty establishing the European Economic Community, as amended by the Treaty on European Union signed at Maastricht on February 7, 1992.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Foreign Currency" means any currency or currency unit issued by a government other than the government of the United States of America.

"Foreign Government Obligations" means with respect to Securities of any Series that are denominated in a Foreign Currency, (i) direct obligations of the government that issued or caused to be issued such currency for the payment of which obligations its full faith and credit is pledged or (ii) obligations of a person controlled or supervised by or acting as an agency or instrumentality of such government the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof.

"GAAP" means generally accepted accounting principles consistently applied as in effect in the United States from time to time.

"Global Security" or "Global Securities" means a Security or Securities, as the case may be, in the form established pursuant to Section 2.2, evidencing all or part of a Series of Securities issued to the Depositary for such Series or its nominee, registered in the name of such Depositary or nominee, and bearing the legend set forth in Section 2.15(c) (or such legend as may be specified as contemplated by Section 2.2 for such Securities).

"Holder" or "Securityholder" means the Person in whose name a Security is registered on the Registrar's books.

"Indebtedness" means (without duplication), with respect to any Person, any indebtedness at any time outstanding, secured or unsecured, contingent or otherwise, which is for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof), or evidenced by bonds, notes, debentures or similar instruments or representing the balance deferred and unpaid of the purchase price of any property (excluding any balances that constitute accounts payable or trade payables, and other accrued liabilities arising in the ordinary course of business) if and to the extent any of the foregoing indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP.

"Indenture" means this Indenture as amended, restated or supplemented from time to time.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Lien" means, with respect to any property or assets of any Person, any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement, encumbrance, preference, priority, or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets

(including, without limitation, any capitalized lease obligation, conditional sales, or other title retention agreement having substantially the same economic effect as any of the foregoing).

"Maturity" when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption, notice of option to elect payment or otherwise.

"Officer" means the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer or the Secretary of the Company or any other officer designated by the Board of Directors, as the case may be.

"Officers' Certificate" means, with respect to any Person, a certificate signed by the Chief Executive Officer, the President or any Vice President, and the Chief Financial Officer or any Treasurer of such Person that shall comply with applicable provisions of this Indenture.

"Opinion of Counsel" means a written opinion from legal counsel which counsel is reasonably acceptable to the Trustee.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government (including any agency or political subdivision thereof).

"Redemption Date," when used with respect to any Security of a Series to be redeemed, means the date fixed for such redemption pursuant to this Indenture.

"Responsible Officer" when used with respect to the Trustee, means any officer within the corporate trust division of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"SEC" means the United States Securities and Exchange Commission as constituted from time to time or any successor performing substantially the same functions.

"Securities" means the securities that are issued under this Indenture, as amended or supplemented from time to time pursuant to this Indenture.

"Securities Act" means the Securities Act of 1933, as amended.



"Series" or "Series of Securities" means each series of debentures, notes or other debt instruments of the Company created pursuant to Sections 2.1 or 2.2 hereof.

"Significant Subsidiary" means (i) any direct or indirect Subsidiary of the Company that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the date hereof, or (ii) any group of direct or indirect Subsidiaries of the Company that, taken together as a group, would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the date hereof.

"Stated Maturity" when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable and, when used with respect to any other Indebtedness, means the date specified in the instrument governing such Indebtedness as the fixed date on which the principal of such Indebtedness, or any installment of interest thereon, is due and payable.

"Subsidiary" of any specified Person means any corporation, partnership, joint venture, association or other business entity, whether now existing or hereafter organized or acquired, (i) in the case of a corporation, of which more than 50% of the total voting power of the Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors thereof is held, directly or indirectly by such Person or any of its Subsidiaries; or (ii) in the case of a partnership, joint venture, association or other business entity, with respect to which such Person or any of its Subsidiaries has the power to direct or cause the direction of the management and policies of such entity by contract or otherwise or if in accordance with GAAP such entity is consolidated with such Person for financial statement purposes.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Section 77aaa-77bbb) as in effect on the date of this Indenture (except as provided in Section 8.3 hereof).

"Trustee" means the party named as such in this Indenture until a successor replaces it pursuant to this Indenture and thereafter means the successor, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any Series shall mean the Trustee with respect to Securities of that Series.

"U.S. Government Obligations" means direct non-callable obligations of, or non-callable obligations guaranteed by, the United States of America for the payment of which obligation or guarantee the full faith and credit of the United States of America is pledged.

#### 1.2 OTHER DEFINITIONS.

The definitions of the following terms may be found in the sections indicated as follows:

Term -----	Defined in Section -----
"Bankruptcy Law"	6.1
"Business Day"	10.8
"Covenant Defeasance"	9.3
"Custodian"	6.1
"Event of Default"	6.1
"Journal"	10.16
"Judgment Currency"	10.17
"Legal Defeasance"	9.2
"Legal Holiday"	10.8
"Market Exchange Rate"	10.16
"New York Banking Day"	10.17
"New York Paying Agent"	2.4
"Paying Agent"	2.4
"Place of Payment"	10.8
"Registrar"	2.4
"Required Currency"	10.17
"Service Agent"	2.4

### 1.3 INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT.

Whenever this Indenture refers to a provision of the TIA, the portion of such provision required to be incorporated herein in order for this Indenture to be qualified under the TIA is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Securities.

"indenture security holder" means a Holder or Securityholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor on the indenture securities" means the Company.

All other terms used in this Indenture that are defined by the TIA, defined in the TIA by reference to another statute or defined by SEC rule have the meanings therein assigned to them.

#### 1.4 RULES OF CONSTRUCTION.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it herein, whether defined expressly or by reference;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) "or" is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular;
- (5) words used herein implying any gender shall apply to each gender; and
- (6) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

### ARTICLE 2

#### THE SECURITIES

##### 2.1 ISSUABLE IN SERIES.

The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more Series. All Securities of a Series shall be identical except as may be set forth in a Board Resolution, a supplemental indenture or an Officers' Certificate detailing the adoption of the terms thereof pursuant to the authority granted under a Board Resolution. In the case of Securities of a Series to be issued from time to time, the Board Resolution, Officers' Certificate or supplemental indenture may provide for the method by which specified terms (such as interest rate, Stated Maturity, record date or date from which interest shall accrue) are to be determined. Securities may differ between Series in respect of any matters, provided that all Series of Securities shall be equally and ratably entitled to the benefits of the Indenture.

## 2.2 ESTABLISHMENT OF TERMS OF SERIES OF SECURITIES.

At or prior to the issuance of any Securities within a Series, the following shall be established (as to the Series generally, in the case of Subsection 2.2(1) and either as to such Securities within the Series or as to the Series generally in the case of Subsections 2.2(2) through 2.2(24)) by a Board Resolution, a supplemental indenture or an Officers' Certificate, in each case, pursuant to authority granted under a Board Resolution:

- (1) the title of the Series (which shall distinguish the Securities of that particular Series from the Securities of any other Series);
- (2) the price or prices (expressed as a percentage of the principal amount thereof) at which the Securities of the Series will be issued;
- (3) any limit upon the aggregate principal amount of the Securities of the Series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the Series pursuant to Section 2.7, 2.8, 2.11, 3.6 or 8.5);
- (4) the date or dates on which the principal of the Securities of the Series is payable;
- (5) the rate or rates (which may be fixed or variable) per annum or, if applicable, the method used to determine such rate or rates (including, but not limited to, any commodity, commodity index, stock exchange index or financial index) at which the Securities of the Series shall bear interest, if any, the date or dates from which such interest, if any, shall accrue, the date or dates on which such interest, if any, shall commence and be payable and any regular record date for the interest payable on any Interest Payment Date;
- (6) the place or places where the principal of and interest and premium, if any, on the Securities of the Series shall be payable, or the method of such payment, if by wire transfer, mail or other means;
- (7) if applicable, the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of the Series may be redeemed, in whole or in part, at the option of the Company;
- (8) the obligation, if any, of the Company to redeem or purchase the Securities of the Series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the

price or prices at which and the terms and conditions upon which Securities of the Series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) the dates, if any, on which and the price or prices at which the Securities of the Series will be repurchased by the Company at the option of the Holders thereof and other detailed terms and provisions of such repurchase obligations;

(10) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the Securities of the Series shall be issuable;

(11) the forms of the Securities of the Series in bearer (if to be issued outside of the United States) or fully registered form (and, if in fully registered form, whether the Securities will be issuable as Global Securities);

(12) if other than the principal amount thereof, the portion of the principal amount of the Securities of the Series that shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 6.2;

(13) the currency of denomination of the Securities of the Series, which may be Dollars or any Foreign Currency, including, but not limited to, the Euro, and if such currency of denomination is a composite currency other than the Euro, the agency or organization, if any, responsible for overseeing such composite currency;

(14) the designation of the currency, currencies or currency units in which payment of the principal of and interest and premium, if any, on the Securities of the Series will be made;

(15) if payments of principal of or interest or premium, if any, on the Securities of the Series are to be made in one or more currencies or currency units other than that or those in which such Securities are denominated, the manner in which the exchange rate with respect to such payments will be determined;

(16) the manner in which the amounts of payment of principal of and interest and premium, if any, on the Securities of the Series will be determined, if such amounts may be determined by reference to an index based on a currency or currencies or by reference to a commodity, commodity index, stock exchange index or financial index;

(17) the provisions, if any, relating to any security provided for the Securities of the Series;

(18) any addition to or change in the Events of Default which applies to any Securities of the Series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 6.2;

(19) any addition to or change in the covenants set forth in Articles 4 or 5 which applies to Securities of the Series;

(20) any depositories, interest rate calculation agents, exchange rate calculation agents or other agents with respect to Securities of such Series if other than those appointed herein;

(21) the terms and conditions, if any, upon which the Securities and any guarantees thereof shall be subordinated in right of payment to other indebtedness of the Company or any guarantor;

(22) the form and terms of any guarantee of the Securities;

(23) if applicable, that the Securities of the Series, in whole or any specified part, shall be defeasible pursuant to Article 9; and

(24) any other terms of the Securities of the Series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 8.1, but which may modify or delete any provision of this Indenture insofar as it applies to such Series).

All Securities of any one Series need not be issued at the same time and may be issued from time to time, consistent with the terms of this Indenture, if so provided by or pursuant to the Board Resolution, supplemental indenture or Officers' Certificate referred to above, and the authorized principal amount of any Series may not be increased to provide for issuances of additional Securities of such Series, unless otherwise provided in such Board Resolution, supplemental indenture or Officers' Certificate.

### 2.3 EXECUTION AND AUTHENTICATION.

The Securities shall be executed on behalf of the Company by two Officers of the Company or an Officer and an Assistant Secretary of the Company. Each such signature may be either manual or facsimile. The Company's seal may be impressed, affixed, imprinted or reproduced on the Securities and may be in facsimile form.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid. A Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall at any time, and from time to time, authenticate Securities for original issue in the principal amount provided in the Board Resolution, supplemental indenture hereto or Officers' Certificate, upon receipt by the Trustee of a Company Order. Such Company Order may authorize authentication and delivery pursuant to oral or electronic instructions from the Company or its duly authorized agent or agents, which oral instructions shall be promptly confirmed in writing. Each Security shall be dated the date of its authentication.

The aggregate principal amount of Securities of any Series outstanding at any time may not exceed any limit upon the maximum principal amount for such Series set forth in the Board Resolution, supplemental indenture hereto or Officers' Certificate delivered pursuant to Section 2.2, except as provided in Section 2.8.

Prior to the issuance of Securities of any Series, the Trustee shall have received and (subject to Section 7.2) shall be fully protected in relying on: (a) the Board Resolution, supplemental indenture hereto or Officers' Certificate establishing the form of the Securities of that Series or of Securities within that Series and the terms of the Securities of that Series or of Securities within that Series, (b) an Officers' Certificate complying with Section 10.4, and (c) an Opinion of Counsel complying with Section 10.4.

The Trustee shall have the right to decline to authenticate and deliver any Securities of such Series: (a) if the Trustee, being advised in writing by outside counsel, determines that such action may not lawfully be taken; or (b) if the Trustee in good faith by its board of directors or trustees, executive committee or a trust committee of directors and/or vice-presidents shall reasonably determine that such action would expose the Trustee to personal liability, or cause it to have a conflict of interest with respect to Holders of any then outstanding Series of Securities.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Any appointment shall be evidenced by instrument signed by an authorized officer of the Trustee, a copy of which shall be furnished to the Company. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

## 2.4 REGISTRAR AND PAYING AGENT.

The Company shall maintain in each Place of Payment for any Series of Securities (i) an office or agency where such Securities may be presented for registration of transfer or for exchange ("Registrar"), (ii) an office or agency where such Securities may be presented for payment ("Paying Agent") (provided that the Company shall at all times maintain a Paying Agent in the Borough of Manhattan, The City of New York, State of New York (the "New York Paying Agent"), and provided, further, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the register for the Notes maintained by the Registrar, and (iii) an office or agency where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served ("Service Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars and one or more additional paying agents. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee as set forth in Section 10.2. Neither the Company nor any Affiliate of the Company may act as Paying Agent. The Company may change any Paying Agent, Registrar or co-registrar without notice to any Securityholder.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company shall give prompt written notice to the Trustee of such designation or rescission and of any change in the location of any such other office or agency.

The Company shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or agent for service of notices and demands, or fails to give the foregoing notice, the Trustee shall act as such. The Company hereby appoints the Trustee as the initial Registrar, Paying Agent and Service Agent for each Series unless another Registrar, Paying Agent or Service Agent, as the case may be, is appointed prior to the time Securities of that Series are first issued. The Company hereby initially designates the Corporate Trust Office of the Trustee as such office of the Company. The Company further designates State Street Bank and Trust Company, NA, as the New York Paying Agent, with offices at 61 Broadway, Corporate Trust-Window/Concourse Level, New York, New York 10006.



## 2.5 PAYING AGENT TO HOLD ASSETS IN TRUST.

The Trustee as Paying Agent shall, and the Company shall require each Paying Agent other than the Trustee to agree in writing that each Paying Agent shall hold in trust for the benefit of the Holders of any Series of Securities or the Trustee all assets held by the Paying Agent for the payment of principal of, or interest or premium (if any) on, such Series of Securities (whether such assets have been distributed to it by the Company or any other obligor on such Series of Securities), and the Company and the Paying Agent shall notify the Trustee in writing of any Default by the Company (or any other obligor on such Series of Securities) in making any such payment. The Company at any time may require a Paying Agent to distribute all assets held by it to the Trustee and account for any assets disbursed and the Trustee may at any time during the continuance of any payment default with respect to any Series of Securities, upon written request to a Paying Agent, require such Paying Agent to distribute all assets held by it to the Trustee and to account for any assets distributed. Upon distribution to the Trustee of all assets that shall have been delivered by the Company to the Paying Agent, the Paying Agent shall have no further liability for such assets.

## 2.6 SECURITYHOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders of each Series of Securities. If the Trustee is not the Registrar, the Company shall furnish to the Trustee as of each regular record date for the payment of interest on the Securities of a Series and before each related Interest Payment Date, and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders of each Series of Securities.

## 2.7 TRANSFER AND EXCHANGE.

When Securities of a Series are presented to the Registrar with a request to register the transfer thereof, the Registrar shall register the transfer as requested, and when such Securities of a Series are presented to the Registrar with a request to exchange them for an equal principal amount of other authorized denominations of Securities of the same Series, the Registrar shall make the exchange as requested. To permit transfers and exchanges, upon surrender of any Security for registration of transfer at the office or agency maintained pursuant to Section 2.4 hereof, the Company shall execute and the Trustee shall authenticate Securities at the Registrar's request.

If Securities are issued as Global Securities, the provisions of Section 2.15 shall apply.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration or transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Registrar or a co-Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Registrar or a co-Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

Any exchange or transfer shall be without charge, except that the Company may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to a transfer or exchange, but this provision shall not apply to any exchange pursuant to Section 2.11, 3.6 or 8.5 hereof. The Trustee shall not be required to register transfers of Securities of any Series or to exchange Securities of any Series for a period of 15 days before selection for redemption of such Securities. The Trustee shall not be required to exchange or register transfers of Securities of any Series called or being called for redemption in whole or in part, except the unredeemed portion of such Security being redeemed in part.

#### 2.8 REPLACEMENT SECURITIES.

If a mutilated Security is surrendered to the Trustee or if the Holder of a Security presents evidence to the satisfaction of the Company and the Trustee that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security of the same Series and of like tenor and principal amount and bearing a number not contemporaneously outstanding. An indemnity bond may be required by the Company or the Trustee that is sufficient in the reasonable judgment of the Company or the Trustee, as the case may be, to protect the Company, the Trustee or any Agent from any loss which any of them may suffer if a Security is replaced. The Company may charge such Holder for its reasonable, out-of-pocket expenses in replacing a Security, including the fees and expenses of the Trustee. Every replacement Security shall constitute an original additional obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that Series duly issued hereunder.

#### 2.9 OUTSTANDING SECURITIES.

Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, and those described in this Section 2.9 as not outstanding.

If a Security is replaced pursuant to Section 2.8 (other than a mutilated Security surrendered for replacement), it ceases to be outstanding until the Company and the Trustee receive proof satisfactory to each of them that the replaced Security is held by a bona fide purchaser. A mutilated Security ceases to be outstanding upon surrender of such Security and replacement thereof pursuant to Section 2.8.

If a Paying Agent holds on a Redemption Date or the Stated Maturity money sufficient to pay the principal of, premium, if any, and accrued interest on Securities payable on that date and is not prohibited from paying such money to the Holders thereof pursuant to the terms of this Indenture (provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made), then on and after that date such Securities cease to be outstanding and interest on them ceases to accrue.

Subject to Section 2.10, a Security does not cease to be outstanding solely because the Company or an Affiliate holds the Security.

2.10 WHEN TREASURY SECURITIES DISREGARDED; DETERMINATION OF HOLDERS' ACTION.

In determining whether the Holders of the required aggregate principal amount of the Securities of any Series have concurred in any direction, waiver or consent, the Securities of any Series owned by the Company or any other obligor on such Securities or by any Affiliate of any of them shall be disregarded, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities of such Series which the Trustee actually knows are so owned shall be so disregarded. Securities of such Series so owned which have been pledged in good faith shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to the Securities of such Series and that the pledgee is not the Company or any other obligor upon the Securities of such Series or any Affiliate of any of them.

2.11 TEMPORARY SECURITIES.

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form, and shall carry all rights, of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities in exchange for temporary Securities presented to it, without charge to the Holder.

## 2.12 CANCELLATION.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee for cancellation. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for transfer, exchange or payment. The Trustee or, at the direction of the Trustee, the Registrar or the Paying Agent, and no one else, shall cancel and at the written request of the Company, shall dispose of all Securities surrendered for transfer, exchange, payment or cancellation. If the Company shall acquire any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.12. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section 2.12, except as expressly permitted by this Indenture.

## 2.13 PAYMENT OF INTEREST; DEFAULTED INTEREST; COMPUTATION OF INTEREST.

Except as otherwise provided as contemplated by Section 2.2 with respect to any Series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security is registered at the close of business on the regular record date for such interest, as provided in the Board Resolution, supplemental indenture hereto or Officers' Certificate establishing the terms of such Series.

If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted amounts, plus any interest payable on defaulted amounts pursuant to Section 4.1 hereof, to the persons who are Securityholders on a subsequent special record date, which date shall be the fifteenth day next preceding the date fixed by the Company for the payment of defaulted interest or the next succeeding Business Day if such date is not a Business Day. At least 15 days before the special record date, the Company shall mail or cause to be mailed to each Securityholder, with a copy to the Trustee, a notice that states the special record date, the payment date, and the amount of defaulted interest, and interest payable on such defaulted interest, if any, to be paid.

Except as otherwise specified as contemplated by Section 2.2 for Securities of any Series, interest on the Securities of each Series shall be computed on the basis of a 360-day year of twelve 30-day months.

## 2.14 CUSIP NUMBER.

The Company in issuing the Securities may use one or more "CUSIP" numbers, and if so, the Trustee shall use the CUSIP number(s) in notices of redemption or exchange as a convenience to Holders, provided that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number(s) printed in the notice or on the Securities, and that reliance may be placed only on the other identification numbers printed on the Securities.

## 2.15 PROVISIONS FOR GLOBAL SECURITIES.

(a) A Board Resolution, a supplemental indenture hereto or an Officers' Certificate shall establish whether the Securities of a Series shall be issued in whole or in part in the form of one or more Global Securities and the Depositary for such Global Securities or Securities.

(b) Notwithstanding any provisions to the contrary contained in Section 2.7 of the Indenture and in addition thereto, if, and only if (A) the Depositary (i) at any time is unwilling or unable to continue as Depositary for such Global Security or ceases to be a clearing agency registered under the Exchange Act and (ii) a successor Depositary is not appointed by the Company within 90 days of the date the Company is so informed in writing or becomes aware of the same, or (B) a Default or an Event of Default has occurred and is continuing with respect to the Securities represented by such Global Security, the Company promptly will execute and deliver to the Trustee definitive Securities, and the Trustee, upon receipt of a Company Request for the authentication and delivery of such definitive Securities (which the Company will promptly execute and deliver to the Trustee) and an Officers' Certificate to the effect that such Global Security shall be so exchangeable, will authenticate and deliver definitive Securities, without charge, registered in such names and in such authorized denominations as the Depositary shall direct in writing (pursuant to instructions from its direct and indirect participants or otherwise) in an aggregate principal amount equal to the principal amount of the Global Security with like tenor and terms. Upon the exchange of a Global Security for definitive Securities, such Global Security shall be canceled by the Trustee. Unless and until it is exchanged in whole or in part for definitive Securities, as provided in this Section 2.15(b), a Global Security may not be transferred except as a whole by the Depositary with respect to such Global Security to a nominee of such Depositary, by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such a successor Depositary.

(c) Any Global Security issued hereunder shall bear a legend in substantially the following form:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(d) The Depository, as a Holder, may appoint agents and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder is entitled to give or take under the Indenture.

(e) Notwithstanding the other provisions of this Indenture, unless otherwise specified as contemplated by Section 2.2, payment of the principal of and interest and premium, if any, on any Global Security shall be made to the Depository or its nominee in its capacity as the Holder thereof.

(f) Except as provided in Section 2.15(e), the Company, the Trustee and any Agent shall treat a person as the Holder of such principal amount of outstanding Securities of any Series represented by a Global Security as shall be specified in a written statement of the Depository (which may be in the form of a participants' list for such Series) with respect to such Global Security, for purposes of obtaining any consents, declarations, waivers or directions required to be given by the Holders pursuant to this Indenture, provided that until the Trustee is so provided with a written statement, it may treat the Depository or any other Person in whose name a Global Security is registered as the owner of such Global Security for the purpose of receiving payment of principal of and any premium and (subject to Section 2.13) any interest on such Global Security and for all other purposes whatsoever, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

#### 2.16 PERSONS DEEMED OWNERS.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee, the Registrar and any agent of the Company, the Registrar or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 2.13) any interest on such Security and for all other purposes whatsoever, and neither the Company, the Trustee, the Registrar nor any agent of the Company, the Registrar or the Trustee shall be affected by notice to the contrary.

## ARTICLE 3

## REDEMPTION

## 3.1 NOTICES TO TRUSTEE.

The Company may, with respect to any Series of Securities, reserve the right to redeem and pay the Series of Securities or may covenant to redeem and pay the Series of Securities or any part thereof prior to the Stated Maturity thereof at such time and on such terms as provided for in such Securities or the related Board Resolution, supplemental indenture or Officers' Certificate. If a Series of Securities is redeemable and the Company elects to redeem such Securities of a Series, it shall notify the Trustee of the Redemption Date and the principal amount of Securities to be redeemed at least 45 days (unless a shorter notice shall be satisfactory to the Trustee) but not more than 60 days before the Redemption Date. Any such notice may be canceled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

## 3.2 SELECTION BY TRUSTEE OF SECURITIES TO BE REDEEMED.

Unless otherwise indicated for a particular Series of Securities by a Board Resolution, a supplemental indenture or an Officers' Certificate, if fewer than all of the Securities of a Series are to be redeemed, the Trustee shall select the Securities of a Series to be redeemed pro rata, by lot or by any other method that the Trustee considers fair and appropriate and, if such Securities are listed on any securities exchange, by a method that complies with the requirements of such exchange.

The Trustee shall make the selection from Securities of a Series outstanding and not previously called for redemption and shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the principal amount thereof to be redeemed. Securities of a Series in denominations of \$1,000 may be redeemed only in whole. The Trustee may select for redemption portions of the principal of Securities of a Series that have denominations larger than \$1,000. Securities of a Series and portions of them it selects shall be in amounts of \$1,000 or, with respect to Securities of any Series issuable in other denominations pursuant to Section 2.2(10), the minimum principal denomination for each Series and integral multiples thereof. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

## 3.3 NOTICE OF REDEMPTION.

Unless otherwise indicated for a particular Series by Board Resolution, a supplemental indenture hereto or an Officers' Certificate, at least 30 days, and no more than 60 days, before a Redemption Date, the Company shall mail, or cause to be mailed, a notice of redemption by first-

class mail to each Holder of Securities to be redeemed at his or her last address as the same appears on the registry books maintained by the Registrar.

The notice shall identify the Securities to be redeemed (including the CUSIP number(s) thereof, if any) and shall state:

- (1) the Redemption Date;
- (2) the redemption price, and that such redemption price shall become due and payable on the Redemption Date;
- (3) if any Security of a Series is being redeemed in part, the portion of the principal amount of such Security of a Series to be redeemed and that, after the Redemption Date and upon surrender of such Security of a Series, a new Security or Securities in principal amount equal to the unredeemed portion will be issued;
- (4) the name and address of the Paying Agent;
- (5) that Securities of a Series called for redemption must be surrendered to the Paying Agent to collect the redemption price, and the place or places where each such Security is to be surrendered for such payment;
- (6) that, unless the Company defaults in making the redemption payment, interest on the Securities of a Series called for redemption ceases to accrue on the Redemption Date, and the only remaining right of the Holders of such Securities is to receive payment of the redemption price upon surrender to the Paying Agent of the Securities redeemed; and
- (7) if fewer than all the Securities of a Series are to be redeemed, the identification of the particular Securities of a Series (or portion thereof) to be redeemed, as well as the aggregate principal amount of Securities of a Series to be redeemed and the aggregate principal amount of Securities of a Series to be outstanding after such partial redemption.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's sole expense, and such notice shall be irrevocable.



#### 3.4 EFFECT OF NOTICE OF REDEMPTION.

Once the notice of redemption described in Section 3.3 is mailed, Securities of a Series called for redemption become due and payable on the Redemption Date and at the redemption price, plus interest, if any, accrued to the Redemption Date. Upon surrender to the Trustee or Paying Agent, such Securities of a Series shall be paid at the redemption price, plus accrued interest, if any, to the Redemption Date, provided that if the Redemption Date is after a regular interest payment record date and on or prior to the next Interest Payment Date, the accrued interest shall be payable to the Holder of the redeemed Securities registered on the relevant record date, as specified by the Company in the notice to the Trustee pursuant to Section 3.1 hereof.

#### 3.5 DEPOSIT OF REDEMPTION PRICE.

On or prior to the Redemption Date (but no later than 10:00 A.M. EST on such date), the Company shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued interest, if any, on all Securities to be redeemed on that date other than Securities or portions thereof called for redemption on that date which have been delivered by the Company to the Trustee for cancellation.

On and after any Redemption Date, if money sufficient to pay the redemption price of and accrued interest on Securities called for redemption shall have been made available in accordance with the preceding paragraph and the Company and the Paying Agent are not prohibited from paying such moneys to Holders, the Securities called for redemption will cease to accrue interest and the only right of the Holders of such Securities will be to receive payment of the redemption price of and, subject to the proviso in Section 3.4, accrued and unpaid interest on such Securities to the Redemption Date. If any Security called for redemption shall not be so paid, interest will be paid, from the Redemption Date until such redemption payment is made, on the unpaid principal of the Security and any interest or premium (if any) not paid on such unpaid principal, in each case, at the rate and in the manner provided in the Securities.

#### 3.6 SECURITIES REDEEMED IN PART.

Upon surrender of a Security of a Series that is redeemed in part, the Company shall execute and the Trustee shall authenticate for a Holder a new Security of the same Series equal in principal amount to the unredeemed portion of the Security surrendered.

## ARTICLE 4

## COVENANTS

## 4.1 PAYMENT OF SECURITIES.

The Company shall pay the principal of and interest and premium, if any, on each Series of Securities on the dates and in the manner provided in such Securities and this Indenture.

An installment of principal or interest shall be considered paid on the date it is due if the Trustee or Paying Agent holds on that date money designated for and sufficient to pay such installment and is not prohibited from paying such money to the Holders pursuant to the terms of this Indenture or otherwise.

The Company shall pay interest on overdue principal, and overdue interest, to the extent lawful, at the rate specified in the Series of Securities.

## 4.2 SEC REPORTS.

The Company will deliver to the Trustee within 15 days after the filing of the same with the SEC, copies of the quarterly and annual report and of the information documents and other reports, if any, which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will file with the SEC, to the extent permitted, and provide the Trustee with such quarterly and annual reports and such information, documents and other reports specified in Section 13 and 15(d) of the Exchange Act. The Company will also comply with the other provisions of TIA Section 314(a).

## 4.3 WAIVER OF STAY, EXTENSION OR USURY LAWS.

The Company covenants (to the extent that it may lawfully do so) that they will not at any time insist upon, or plead (as a defense or otherwise) or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension, usury or other law which would prohibit or forgive the Company from paying all or any portion of the principal of, premium, if any, and/or interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and (to the extent that they may lawfully do so) the Company hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

## 4.4 COMPLIANCE CERTIFICATE.

(a) The Company shall deliver to the Trustee, within 90 days after the end of each fiscal year of the Company (ending December 31), an Officers' Certificate which complies with TIA Section 314(a)(4) stating that a review of the activities of the Company and its Subsidiaries during such fiscal year has been made under the supervision of the signing Officers with a view to determining whether each has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action each is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest or premium, if any, on the Securities is prohibited or if such event has occurred, a description of the event and what action each is taking or proposes to take with respect thereto.

(b) (i) If any Default or Event of Default has occurred and is continuing or (ii) if any Holder seeks to exercise any remedy hereunder with respect to a claimed Default under this Indenture or the Securities, the Company shall deliver to the Trustee an Officers' Certificate specifying such event, notice or other action within five Business Days of its becoming aware of such occurrence and what action the Company is taking or proposes to take with respect thereto.

## 4.5 PAYMENT OF TAXES AND OTHER CLAIMS.

The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges (including withholding taxes and any penalties, interest and additions to taxes) levied or imposed upon it or any of its Significant Subsidiaries or properties of it or any of its Significant Subsidiaries and (ii) all lawful claims for labor, materials and supplies that, if unpaid, might by law become a Lien upon the property of it or any of its Significant Subsidiaries; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim if the amount, applicability or validity thereof is being contested in good faith by appropriate proceedings and an adequate reserve has been established therefor to the extent required by GAAP.

## 4.6 CORPORATE EXISTENCE.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, and the corporate, partnership or other existence of each Significant Subsidiary, in accordance with the respective organizational

documents (as the same may be amended from time to time) of the Company and of each Significant Subsidiary, and the rights (charter and statutory), licenses and franchises of the Company and its Significant Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Significant Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Significant Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders.

#### 4.7 MAINTENANCE OF PROPERTIES.

The Company will cause all properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section 4.7 shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Holders.

### ARTICLE 5

#### SUCCESSOR CORPORATION

#### 5.1 LIMITATION ON CONSOLIDATION, MERGER AND SALE OF ASSETS.

(a) The Company will not, in any transaction or series of transactions, merge or consolidate with or into, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (as an entirety or substantially as an entirety in one transaction or a series of related transactions), to any Person or Persons, unless at the time of and after giving effect thereto (i) either (A) if the transaction or series of transactions is a merger or consolidation, the Company shall be the surviving Person of such merger or consolidation, or (B) the Person formed by such consolidation or into which the Company is merged or to which the properties and assets of the Company are transferred (any such surviving person or transferee Person being the "Surviving Entity") shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and shall expressly assume by a supplemental indenture executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company (including, without limitation, the obligation to pay the principal of, and premium and interest, if any, on the Securities and the performance of the other covenants) under the Securities of each Series and this Indenture, and in

each case, this Indenture shall remain in full force and effect; and (ii) immediately before and immediately after giving effect to such transaction or series of transactions on a pro forma basis (including, without limitation, any Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing

(b) In connection with any consolidation, merger or transfer of assets contemplated by this Section 5.1, the Company shall deliver, or cause to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and the supplemental indenture in respect thereto comply with this Section 5.1 and that all conditions precedent herein provided for relating to such transaction or transactions have been complied with.

#### 5.2 SUCCESSOR PERSON SUBSTITUTED.

Upon any consolidation or merger, or any transfer of all or substantially all of the assets of the Company in accordance with Section 5.1 above, the successor corporation formed by such consolidation or into which the Company is merged or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein, and thereafter (except with respect to any such transfer which is a lease) the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Securities.

### ARTICLE 6

#### DEFAULTS AND REMEDIES

#### 6.1 EVENTS OF DEFAULT.

"Events of Default," wherever used herein with respect to Securities of any Series, means any one of the following events, unless in the establishing Board Resolution, supplemental indenture or Officers' Certificate, it is provided that such Series shall not have the benefit of said Event of Default:

- (1) there is a default in the payment of any principal of, or premium, if any, on the Securities when the same becomes due and payable at Maturity, upon acceleration, redemption or otherwise;

(2) there is a default in the payment of any interest on any Security of a Series when the same becomes due and payable and the Default continues for a period of 30 days;

(3) the Company defaults in the observance or performance of any other covenant in the Securities of a Series or this Indenture for 45 days after written notice from the Trustee or the Holders of not less than 25% in the aggregate principal amount of the Securities of such Series then outstanding;

(4) there is a default or are defaults under one or more agreements, instruments, mortgages, bonds, debentures or other evidences of Indebtedness under which the Company or any Significant Subsidiary of the Company then has outstanding Indebtedness in excess of \$10 million, individually or in the aggregate, and either (a) such Indebtedness is already due and payable in full or (b) such default or defaults have resulted in the acceleration of the Maturity of such Indebtedness;

(5) a court of competent jurisdiction enters a final judgment or judgments which can no longer be appealed for the payment of money in excess of \$10 million (not covered by insurance) against the Company or any Significant Subsidiary and such judgment remains undischarged for a period of 60 consecutive days during which a stay of enforcement of such judgment shall not be in effect;

(6) the Company or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due;

(7) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any Significant Subsidiary in an involuntary case;

(B) appoints a Custodian of the Company or any Significant Subsidiary or for all or substantially all of the property of the Company or any Significant Subsidiary; or

(C) orders the liquidation of the Company or any Significant Subsidiary, and the order or decree remains unstayed and in effect for 60 days; or

(8) any other Event of Default provided with respect to Securities of that Series, which is specified in a Board Resolution, a supplemental indenture hereto or an Officers' Certificate, in accordance with Section 2.2(18).

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

The Trustee may withhold notice of any Default (except in payment of principal or premium, if any, or interest on the Securities) to the Holders of the Securities of any Series in accordance with Section 7.5.

## 6.2 ACCELERATION.

If an Event of Default with respect to Securities of any Series at the time outstanding (other than an Event of Default arising under Section 6.1(6) or (7)) occurs and is continuing, the Trustee by written notice to the Company, or the Holders of not less than 25% in aggregate principal amount of the Securities of that Series then outstanding may by written notice to the Company and the Trustee declare that the entire principal amount of all the Securities of that Series then outstanding plus accrued and unpaid interest to the date of acceleration are immediately due and payable, in which case such amounts shall become immediately due and payable; provided, however, that after such acceleration but before a judgment or decree based on such acceleration is obtained by the Trustee, the Holders of a majority in aggregate principal amount of the outstanding Securities of that Series may rescind and annul such acceleration and its consequences if (i) all existing Events of Default, other than the nonpayment of accelerated principal, premium, if any, or interest that has become due solely because of the acceleration, have been cured or waived, (ii) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid and (iii) if the rescission would not conflict with any judgment or decree. No such rescission shall affect any subsequent Default or impair any right consequent thereto. In case an Event of Default specified in Section 6.1(6) or (7) with respect to

the Company occurs, such principal, premium, if any, and interest amount with respect to all of the Securities of that Series shall be due and payable immediately without any declaration or other act on the part of the Trustee or the Holders of the Securities of that Series.

#### 6.3 REMEDIES.

If an Event of Default with respect to Securities of any Series at the time outstanding occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of, or premium, if any, and interest on the Securities of that Series or to enforce the performance of any provision of the Securities of that Series or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities of that Series or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

#### 6.4 WAIVER OF PAST DEFAULTS AND EVENTS OF DEFAULT.

Subject to Sections 6.2, 6.7 and 8.2 hereof, the Holders of a majority in principal amount of the Securities of any Series then outstanding have the right to waive any existing Default or Event of Default with respect to such Series or compliance with any provision of this Indenture (with respect to such Series) or the Securities of such Series. Upon any such waiver, such Default with respect to such Series shall cease to exist, and any Event of Default with respect to such Series arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

#### 6.5 CONTROL BY MAJORITY.

The Holders of a majority in principal amount of the Securities of any Series then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee by this Indenture with respect to such Series. The Trustee, however, may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines may be unduly prejudicial to the rights of another Securityholder or that may involve the Trustee in personal liability; provided that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.



## 6.6 LIMITATION ON SUITS.

Subject to Section 6.7 below, a Securityholder may not institute any proceeding or pursue any remedy with respect to this Indenture or the Securities of a Series unless:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default with respect to the Securities of that Series;

(2) the Holders of at least 25% in aggregate principal amount of the Securities of such Series then outstanding make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Trustee indemnity reasonably satisfactory to the Trustee against any loss, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Securities of such Series then outstanding.

A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

## 6.7 RIGHTS OF HOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Security of a Series to receive payment of principal of, or premium, if any, and interest of the Security of such Series on or after the respective due dates expressed in the Security of such Series, or to bring suit for the enforcement of any such payment on or after such respective dates, is absolute and unconditional and shall not be impaired or affected without the consent of the Holder.

## 6.8 COLLECTION SUIT BY TRUSTEE.

If an Event of Default in payment of principal, premium or interest specified in Section 6.1(1) or (2) hereof with respect to Securities of any Series at the time outstanding occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company (or any other obligor on the Securities of that Series) for the whole amount of unpaid principal and accrued interest remaining unpaid, together with interest on overdue principal and, to the extent that payment of such interest is lawful, interest on overdue installments of interest, in each case at the rate then borne by the Securities of that Series, and

such further amounts as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, as set forth in Section 7.7.

6.9 TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee may file such proofs of claim and other papers or documents, and take other actions (including sitting on a committee of creditors) as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Securityholders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Securities), any of their respective creditors or any of their respective property and shall be entitled and empowered to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same after deduction of its charges and expenses to the extent that any such charges and expenses are not paid out of the estate in any such proceedings and any custodian in any such judicial proceeding is hereby authorized by each Securityholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Securityholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7 hereof.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan or reorganization, arrangement, adjustment or composition affecting the Securities of a Series or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceedings.

6.10 PRIORITIES.

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

FIRST: to the Trustee for amounts due under Section 7.7 hereof;

SECOND: to Securityholders for amounts then due and unpaid for principal, premium, if any, and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively; and

THIRD: to the Company.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section 6.10. At least 15 days before such record date, the Trustee shall mail to each Securityholder a notice that states the record date, the payment date and amount to be paid.

6.11 UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.7 hereof or a suit by Holders of more than 10% in principal amount of the Securities of a Series then outstanding.

ARTICLE 7

TRUSTEE

7.1 DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the same circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(1) The Trustee need perform only those duties that are specifically set forth in this Indenture and no covenants or obligations shall be implied in this Indenture against the Trustee.

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture but, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this Section 7.1.

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Sections 6.2 and 6.5 hereof.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, paragraphs (a), (b), (c) and (d) of this Section 7.1 shall govern every provision of this Indenture that in any way relates to the Trustee.

(f) The Trustee and Paying Agent shall not be liable for interest on any money received by it except as the Trustee and Paying Agent may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by the law.

(g) The Paying Agent, the Registrar and any authenticating agent shall be entitled to the protections, immunities and standard of care set forth in paragraphs (a), (b), (c), (d) and (f) of this Section 7.1 and in Section 7.2 with respect to the Trustee.

## 7.2 RIGHTS OF TRUSTEE.

(a) Subject to Section 7.1 hereof:

(1) The Trustee may rely on and shall be protected in acting or refraining from acting upon any document reasonably believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(2) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel, or both, which shall conform to the provisions of Section 10.5 hereof. The Trustee shall be protected and shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(3) The Trustee may act through agents and attorneys and shall not be responsible for the misconduct or negligence of any agent appointed by it with due care.

(4) The Trustee shall not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers.

(5) The Trustee may consult with counsel of its selection, and the advice or opinion of such counsel as to matters of law shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(6) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(7) The Trustee shall not be deemed to have knowledge of any fact or matter (including, without limitation, a Default or Event of Default) unless such fact or matter is known to a Responsible Officer of the Trustee.

(8) Unless otherwise expressly provided herein or in the Securities of a Series or the related Board Resolution, supplemental indenture or Officers' Certificate, the Trustee shall not have any responsibility with respect to reports, notices, certificates or other documents filed with it hereunder, except to make them available for inspection, at reasonable times, by Securityholders, it being understood that delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (except as set forth in Section 4.4).

## 7.3 INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may make loans to, accept deposits from, perform services for or otherwise deal with the Company, or any Affiliate thereof, with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. The Trustee, however, shall be subject to Sections 7.10 and 7.11 hereof.

## 7.4 TRUSTEE'S DISCLAIMER.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities (except that the Trustee represents that it is duly authorized to execute and deliver this Indenture and authenticate the Securities and perform its obligations hereunder), it shall not be accountable for the Company's use of the proceeds from the sale of Securities or any money paid to the Company pursuant to the terms of this Indenture and it shall not be responsible for any statement in the Securities other than its certificates of authentication.

## 7.5 NOTICE OF DEFAULT.

If a Default or an Event of Default occurs and is continuing with respect to the Securities of any Series and if it is known to the Trustee, the Trustee shall mail to each Securityholder of the Securities of that Series notice of the Default or the Event of Default, as the case may be, within 30 days after it occurs or, if later, after a Responsible Officer of the Trustee has knowledge of such Default or Event of Default (except if such Default or Event of Default has been validly cured or waived before the giving of such notice). Except in the case of a Default or an Event of Default in payment of the principal of, or premium, if any, or interest on any Security of any Series, the Trustee may withhold the notice if and so long as the Board of Directors of the Trustee, the executive committee or any trust committee of such board and/or its Responsible Officers in good faith determine(s) that withholding the notice is in the interests of the Securityholders of that Series.

## 7.6 REPORTS BY TRUSTEE TO HOLDERS.

If and to the extent required by the TIA, within 60 days after May 15 of each year, commencing the May 15 following the date of this Indenture, the Trustee shall mail to each Securityholder a brief report dated as of such May 15 that complies with TIA Section 313(a). The Trustee also shall comply with TIA Sections 313(b) and 313(c).

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and any stock exchange on which the Securities of that Series are listed. The Company shall promptly notify the Trustee when the Securities of any Series are listed on any stock exchange, and the Trustee shall comply with TIA Section 313(d).

## 7.7 COMPENSATION AND INDEMNITY.

The Company shall pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any provision of law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable disbursements, expenses and advances incurred or made by it in connection with its duties under this Indenture, including the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee for, and hold it harmless against, any and all loss or liability incurred by it in connection with the acceptance or performance of its duties under this Indenture including the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Trustee shall notify the Company promptly of any claim asserted against the Trustee for which it may seek indemnity. However, the failure by the Trustee to so notify the Company shall not relieve the Company of its obligations. Notwithstanding the foregoing, the Company need not reimburse the Trustee for any expense or indemnify it against any loss or liability incurred by the Trustee through its negligence or bad faith.

To secure the payment obligations of the Company in this Section 7.7, the Trustee shall have a lien prior to the Securities of any Series on all money or property held or collected by the Trustee, except such money or property held in trust to pay principal of and interest and premium (if any) on particular Securities of that Series.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.1(6) or (7) hereof occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

For purposes of this Section 7.7, the term "Trustee" shall include any trustee appointed pursuant to Article 9.

## 7.8 REPLACEMENT OF TRUSTEE.

The Trustee may resign with respect to the Securities of one or more Series by so notifying the Company in writing at least 90 days in advance of such resignation.

The Holders of a majority in principal amount of the outstanding Securities of any Series may remove the Trustee with respect to that Series by notifying the removed Trustee in writing and may appoint a successor Trustee with respect to that Series with the consent of the Company, which consent shall not be unreasonably withheld. The Company may remove the Trustee with respect to that Series at its election if:

(1) the Trustee fails to comply with, or ceases to be eligible under, Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a Custodian or other public officer takes charge of the Trustee or its property; or

(4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee with respect to any Series of Securities for any reason, the Company shall promptly notify each Holder of such event and shall promptly appoint, by Board Resolution, a successor Trustee.

If a successor Trustee with respect to the Securities of one or more Series does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the outstanding Securities of the applicable Series may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee with respect to the Securities of one or more Series fails to comply with Section 7.10 hereof, any Securityholder of the applicable Series may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately following such delivery (i) the retiring Trustee with respect to one or more Series shall, subject to its rights under Section 7.7 hereof, transfer all property held by it as Trustee with respect to such Series to the successor Trustee, (ii) the resignation or removal of the retiring Trustee shall become effective, and (iii) the successor Trustee with respect to such Series shall have all the rights, powers and duties of the Trustee under this Indenture. A successor Trustee with respect to the Securities of one or more Series shall mail notice of its succession to each Securityholder of such Series.

#### 7.9 SUCCESSOR TRUSTEE BY CONSOLIDATION, MERGER OR CONVERSION.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust assets to, another corporation, subject to Section 7.10 hereof, the successor corporation without any further act shall be the successor Trustee.

#### 7.10 ELIGIBILITY; DISQUALIFICATION.



This Indenture shall always have a Trustee who satisfies the requirements of TIA Sections 310(a)(1), (2) and (5) in every respect. The Trustee shall have a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA Section 310(b), including the provision in Section 310(b)(1). If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.10, it shall resign immediately in the manner and with the effect specified in this Article 7.

7.11 PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

7.12 PAYING AGENTS.

The Company shall cause each Paying Agent other than the Trustee to execute and deliver to it and the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 7.12:

(1) that it will hold all sums held by it as agent for the payment of principal of, or premium, if any, or interest on, the Securities (whether such sums have been paid to it by the Company or by any obligor on the Securities) in trust for the benefit of Holders of the Securities or the Trustee;

(2) that it will at any time during the continuance of any Event of Default, upon written request from the Trustee, deliver to the Trustee all sums so held in trust by it together with a full accounting thereof; and

(3) that it will give the Trustee written notice within three (3) Business Days of any failure of the Company (or by any obligor on the Securities) in the payment of any installment of the principal of, premium, if any, or interest on, the Securities when the same shall be due and payable.

## ARTICLE 8

## AMENDMENTS, SUPPLEMENTS AND WAIVERS

## 8.1 WITHOUT CONSENT OF HOLDERS.

The Company, when authorized by a Board Resolution, and the Trustee may amend or supplement this Indenture or the Securities of one or more Series without notice to or consent of any Securityholder:

- (1) to comply with Section 5.1 hereof;
- (2) to provide for uncertificated Securities in addition to certificated Securities;
- (3) to comply with any requirements of the SEC under the TIA;
- (4) to cure any ambiguity, defect or inconsistency, or to make any other change that does not adversely affect the rights of any Securityholder;
- (5) to provide for the issuance of and establish the form and terms and conditions of Securities of any Series as permitted by this Indenture; or
- (6) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more Series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee.

The Trustee is hereby authorized to join with the Company in the execution of any supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations which may be therein contained, but the Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects its own rights, duties or immunities under this Indenture.

## 8.2 WITH CONSENT OF HOLDERS.

(a) The Company, when authorized by a Board Resolution, and the Trustee may amend or supplement this Indenture or the Securities of one or more Series with the written consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Securities of such Series affected by such amendment or supplement without notice to any Securityholder. The Holders of not less than a majority in aggregate principal amount of the outstanding Securities of each such Series affected by such amendment or supplement may waive compliance in a particular instance by the Company with any provision of this Indenture or the Securities of such Series without notice to any Securityholder. Subject to Section 8.4, without the consent of each Securityholder affected, however, an amendment, supplement or waiver, including a waiver pursuant to Section 6.4, may not:

(1) reduce the amount of Securities whose Holders must consent to an amendment, supplement or waiver to this Indenture or the Securities;

(2) reduce the rate of or change the time for payment of interest on any Security;

(3) reduce the principal or change the Stated Maturity of any Security or reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous obligation;

(4) make any Security payable in money other than that stated in the Security;

(5) change the amount or time of any payment required by the Securities or reduce the premium payable upon any redemption of the Securities, or change the time before which no such redemption may be made;

(6) waive a Default or Event of Default in the payment of the principal of or interest or premium, if any, on any Security (except a rescission of acceleration of the Securities of any Series by the Holders of at least a majority in principal amount of the outstanding Securities of such Series and a waiver of the payment default that resulted from such acceleration);

(7) waive a redemption payment with respect to any Security or change any of the provisions with respect to the redemption of any Securities;

(8) make any changes in Sections 6.4 or 6.7 hereof or this Section 8.2, except to increase any percentage of Securities the Holders of which must consent to any matter; or

(9) take any other action otherwise prohibited by this Indenture to be taken without the consent of each holder affected thereby.

(b) Upon the request of the Company, accompanied by a Board Resolution authorizing the execution of any such supplemental indenture, and upon the receipt by the Trustee of evidence reasonably satisfactory to the Trustee of the consent of the Securityholders as aforesaid and upon receipt by the Trustee of the documents described in Section 8.6 hereof, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

(c) It shall not be necessary for the consent of the Holders under this section to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

#### 8.3 COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment to or supplement of this Indenture or the Securities shall comply with the TIA as then in effect.

#### 8.4 REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, supplement, waiver or other action becomes effective, a consent to it by a Holder of a Security is a continuing consent conclusive and binding upon such Holder and every subsequent Holder of the same Security or portion thereof, and of any Security issued upon the transfer thereof or in exchange therefor or in place thereof, even if notation of the consent is not made on any such Security. Any such Holder or subsequent Holder, however, may revoke the consent as to his Security or portion of a Security, if the Trustee receives the notice of revocation before the date the amendment, supplement, waiver or other action becomes effective.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement, or waiver which record date shall be at least 30 days prior to the first solicitation of such consent. If a record date is fixed, then, notwithstanding the preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only such Persons, shall be entitled to consent to such amendment, supplement, or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date without the applicable amendment, supplement or waiver becoming effective.

After an amendment, supplement, waiver or other action becomes effective, it shall bind every Securityholder, unless it makes a change described in any of clauses (1) through (9) of Section 8.2 hereof. In that case the amendment, supplement, waiver or other action shall bind each Holder of a Security who has consented to it and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security; provided that any such waiver shall not impair or affect the right of any Holder to receive payment of principal of and interest and premium (if any) on a Security, on or after the respective due dates expressed in such Security, or to bring suit for the enforcement of any such payment on or after such respective dates without the consent of such Holder.

## 8.5 NOTATION ON OR EXCHANGE OF SECURITIES.

If an amendment, supplement, or waiver changes the terms of a Security of any Series, the Trustee may request the Holder of such Security to deliver it to the Trustee. In such case, the Trustee shall place an appropriate notation on such Security about the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for such Security shall issue and the Trustee shall authenticate a new security that reflects the changed terms. Failure to make the appropriate notation or issue a new Security shall not affect the validity and effect of such amendment, supplement or waiver.

## 8.6 TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amendment, supplement or waiver authorized pursuant to this Article 8 if the amendment, supplement or waiver does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing or refusing to sign such amendment, supplement or waiver the Trustee shall be entitled to receive and, subject to Section 7.1 hereof, shall be fully protected in relying upon an Officers' Certificate and an Opinion of Counsel stating that such amendment, supplement or waiver is authorized or permitted by this Indenture. The Company may not sign an amendment or supplement until the Board of Directors of the Company approves it.

## ARTICLE 9

## DISCHARGE OF INDENTURE; DEFEASANCE

## 9.1 DISCHARGE OF INDENTURE.

The Company may terminate its obligations under the Securities of any Series and this Indenture with respect to such Series, except the obligations referred to in the last paragraph of this Section 9.1, if there shall have been canceled by the Trustee or delivered to the Trustee for cancellation all Securities of such Series theretofore authenticated and delivered (other than any Securities of such Series that are asserted to have been destroyed, lost or stolen and that shall have been replaced as provided in Section 2.8 hereof) and the Company has paid all sums payable by it hereunder or deposited all required sums with the Trustee.

After such delivery the Trustee upon request shall acknowledge in a writing prepared by or on behalf of the Company the discharge of the Company's obligations under the Securities of such Series and this Indenture except for those surviving obligations specified below.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company in Sections 7.7, 9.5 and 9.6 hereof shall survive.

## 9.2 LEGAL DEFEASANCE.

The Company may at its option, by Board Resolution, be discharged from its obligations with respect to the Securities of any Series on the date the conditions set forth in Section 9.4 below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the Securities of such Series and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall, subject to Section 9.6 hereof, execute proper instruments acknowledging the same, as are delivered to it by the Company), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of outstanding Securities of such Series to receive solely from the trust funds described in Section 9.4 hereof and as more fully set forth in such section, payments in respect of the principal of, premium, if any, and interest on the Securities of such Series when such payments are due, (B) the Company's obligations with respect to the Securities of such Series under Sections 2.4, 2.5, 2.6, 2.7, 2.8 and 2.9 hereof, (C) the rights, powers, trusts, duties, and immunities of the Trustee hereunder (including claims of, or payments to, the Trustee under or pursuant to Section 7.7 hereof) and (D) this Article 9. Subject to compliance with this Article 9, the Company may exercise its option under this Section 9.2 with respect to the Securities of any Series notwithstanding the prior exercise of its option under Section 9.3 below with respect to the Securities of such Series.

## 9.3 COVENANT DEFEASANCE.

At the option of the Company, pursuant to a Board Resolution, the Company shall be released from its obligations with respect to the outstanding Securities of any Series under Sections 4.2 through 4.7 hereof, inclusive, and Section 5.1 hereof, with respect to the outstanding Securities of such Series, on and after the date the conditions set forth in Section 9.4 hereof are satisfied (hereinafter, "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified section or portion thereof, whether directly or indirectly by reason of any reference elsewhere herein to any such specified Section or portion thereof or by reason of any reference in any such specified section or portion thereof to any other provision herein or in any other document, but the remainder of this Indenture and the Securities of any Series shall be unaffected thereby.

## 9.4 CONDITIONS TO LEGAL DEFEASANCE OR COVENANT DEFEASANCE.

The following shall be the conditions to application of Section 9.2 or Section 9.3 hereof to the outstanding Securities of a Series:

- (1) the Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 7.10 hereof who shall agree to comply with the provisions of this Article

9 applicable to it) as funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Securities, (A) money in an amount, or (B) U.S. Government Obligations or Foreign Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, the principal of, premium, if any, and accrued interest on the outstanding Securities of such Series at the Stated Maturity of such principal, premium, if any, or interest, or on dates for payment and redemption of such principal, premium, if any, and interest selected in accordance with the terms of this Indenture and of the Securities of such Series;

(2) no Event of Default or Default with respect to the Securities of such Series shall have occurred and be continuing on the date of such deposit, or shall have occurred and be continuing at any time during the period ending on the 91st day after the date of such deposit or, if longer, ending on the day following the expiration of the longest preference period under any Bankruptcy Law applicable to the Company in respect of such deposit as specified in the Opinion of Counsel identified in paragraph (8) below (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(3) such Legal Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest for purposes of the TIA with respect to any securities of the Company;

(4) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute default under any other agreement or instrument to which the Company is a party or by which it is bound;

(5) the Company shall have delivered to the Trustee an Opinion of Counsel stating that, as a result of such Legal Defeasance or Covenant Defeasance, neither the trust nor the Trustee will be required to register as an investment company under the Investment Company Act of 1940, as amended;

(6) in the case of an election under Section 9.2 above, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling to the effect that or (ii) there has been a change in any

applicable Federal income tax law with the effect that, and such opinion shall confirm that, the Holders of the outstanding Securities of such Series or persons in their positions will not recognize income, gain or loss for Federal income tax purposes solely as a result of such Legal Defeasance and will be subject to Federal income tax on the same amounts, in the same manner, including as a result of prepayment, and at the same times as would have been the case if such Legal Defeasance had not occurred;

(7) in the case of an election under Section 9.3 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the outstanding Securities of such Series will not recognize income, gain or loss for Federal income tax purposes as a result of such Covenant Defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(8) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in this Article 9 relating to either the Legal Defeasance under Section 9.2 above or the Covenant Defeasance under Section 9.3 hereof (as the case may be) have been complied with;

(9) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit under clause (1) was not made by the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(10) the Company shall have paid or duly provided for payment under terms mutually satisfactory to the Company and the Trustee all amounts then due to the Trustee pursuant to Section 7.7 hereof.

9.5 DEPOSITED MONEY AND U.S. AND FOREIGN GOVERNMENT OBLIGATIONS TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS.

All money, U.S. Government Obligations and Foreign Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to Section 9.4 hereof in respect of the outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal, premium, if any, and accrued interest, but such money need not be segregated from other funds except to the extent required by law.



The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations and Foreign Government Obligations deposited pursuant to Section 9.4 hereof or the principal, premium, if any, and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities.

Anything in this Article 9 to the contrary notwithstanding, but subject to payment of any of its outstanding fees and expenses, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money, U.S. Government Obligations or Foreign Government Obligations held by it as provided in Section 9.4 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

#### 9.6 REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any money, U.S. Government Obligations or Foreign Government Obligations in accordance with Section 9.1, 9.2, 9.3 or 9.4 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article 9 until such time as the Trustee or Paying Agent is permitted to apply all such money, U.S. Government Obligations or Foreign Government Obligations, as the case may be, in accordance with Section 9.1, 9.2, 9.3 or 9.4 hereof; provided, however, that if the Company has made any payment of principal of, premium, if any, or accrued interest on any Securities because of the reinstatement of their obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money, U.S. Government Obligations or Foreign Government Obligations held by the Trustee or Paying Agent.

#### 9.7 MONEYS HELD BY PAYING AGENT.

In connection with the satisfaction and discharge of this Indenture, all moneys then held by any Paying Agent under the provisions of this Indenture shall, upon demand of the Company, be paid to the Trustee, or if sufficient moneys have been deposited pursuant to Section 9.1 hereof, to the Company, and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

## 9.8 MONEYS HELD BY TRUSTEE.

Any moneys deposited with the Trustee or any Paying Agent or then held by the Company in trust for the payment of the principal of, or premium, if any, or interest on any Security that are not applied but remain unclaimed by the Holder of such Security for two years after the date upon which the principal of, or premium, if any, or interest on such Security shall have respectively become due and payable shall be repaid to the Company upon Company Request, or if such moneys are then held by the Company in trust, such moneys shall be released from such trust; and the Holder of such Security entitled to receive such payment shall thereafter, as an unsecured general creditor, look only to the Company for the payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or any such Paying Agent, before being required to make any such repayment, may, at the expense of the Company, either mail to each Securityholder affected, at the address shown in the register of the Securities maintained by the Registrar or cause to be published once a week for two successive weeks, in a newspaper published in the English language, customarily published each Business Day and of general circulation in the City of New York, New York, a notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such mailing or publication, any unclaimed balance of such moneys then remaining will be repaid to the Company. After payment to the Company or the release of any money held in trust by the Company, Securityholders entitled to the money must look only to the Company for payment as general creditors unless applicable abandoned property law designates another person.

## ARTICLE 10

## MISCELLANEOUS

## 10.1 TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control. If any provision of this Indenture modifies or excludes any provision of the TIA which may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

## 10.2 NOTICES.

Any notice or communication shall be given in writing and delivered in person, sent by facsimile, delivered by commercial courier service or mailed by first-class mail, postage prepaid, addressed as follows:

If to the Company:

Lamar Advertising Company  
5551 Corporate Boulevard  
Baton Rouge, Louisiana 70808  
Attention: Chief Financial Officer

Copy to:

Palmer & Dodge LLP  
One Beacon Street  
Boston, Massachusetts 02108  
Attention: George Ticknor, Esq.

If to the Trustee:

General Mailing Address:

State Street Bank and Trust Company  
Global Investor Services Group  
P.O. Box 778  
Boston, Massachusetts 02102-0778  
Attention: Corporate Trust Office/Lamar Advertising

Overnight Courier Address:

State Street Bank and Trust Company  
Global Investor Services Group  
2 Avenue de Lafayette - 6th Floor  
Boston, Massachusetts 02111-1724  
Attention: Corporate Trust Office/Lamar Advertising

The Company or the Trustee by written notice to the other may designate additional or different addresses for subsequent notices or communications. Any notice or communication to the Company or the Trustee shall be deemed to have been given or made as of the date so delivered if personally delivered; when answered back, if telexed; when receipt is confirmed, if telecopied; and three (3) Business Days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

Any notice or communication mailed to a Securityholder shall be mailed to such Securityholder by first-class mail, postage prepaid, at such Securityholder's address shown on the register kept by the Registrar.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication to a Securityholder is mailed in the manner provided above, it shall be deemed duly given three Business Days after such mailing, whether or not the addressee receives it.

In case by reason of the suspension of regular mail service, or by reason of any other cause, it shall be impossible to mail any notice as required by this Indenture, then such method of notification as shall be made with the approval of the Trustee shall constitute a sufficient mailing of such notice.

In the case of Global Securities, notices or communications to be given to Securityholders shall be given to the Depository, in accordance with its applicable policies as in effect from time to time.

In addition to the manner provided for in the foregoing provisions, notices or communications to Securityholders shall be given by the Company by release made to Reuters Economic Services and Bloomberg Business News.

#### 10.3 COMMUNICATIONS BY HOLDERS WITH OTHER HOLDERS.

Securityholders of any Series may communicate pursuant to TIA Section 312(b) with other Securityholders of that Series or any other Series with respect to their rights under this Indenture or the Securities of that Series or any other Series. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

#### 10.4 CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate (which shall include the statements set forth in Section 10.5 below) stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel (which shall include the statements set forth in Section 10.5 below) stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

## 10.5 STATEMENT REQUIRED IN CERTIFICATE AND OPINION.

Each certificate and opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, it or he has made such examination or investigation as is necessary to enable it or him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such Person, such covenant or condition has been complied with.

## 10.6 [Reserved].

## 10.7 RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at meetings of Securityholders. The Registrar and Paying Agent may make reasonable rules for their functions.

## 10.8 BUSINESS DAYS; LEGAL HOLIDAYS; PLACE OF PAYMENT.

A "Business Day" is a day that is not a Legal Holiday. A "Legal Holiday" is a Saturday, a Sunday, a federally recognized holiday or a day on which banking institutions are not authorized or required by law or executive order to be open in the State of New York or the Commonwealth of Massachusetts.

If a payment date is a Legal Holiday at a Place of Payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. "Place of Payment" means the place or places where the principal of and any premium and interest on the Securities of a Series are payable as specified as contemplated by Section 2.2.

## 10.9 GOVERNING LAW.

THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE OR THE SECURITIES.

## 10.10 NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan, security or debt agreement of the Company or any Subsidiary thereof. No such indenture, loan, security or debt agreement may be used to interpret this Indenture.

## 10.11 NO RECOURSE AGAINST OTHERS.

A director, officer, employee, stockholder or incorporator, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture. Each Securityholder by accepting a Security waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Securities.

## 10.12 SUCCESSORS AND ASSIGNS.

All covenants and agreements of the Company in this Indenture and the Securities shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee, any additional trustee and any Paying Agents in this Indenture shall bind their respective successors and assigns.

## 10.13 MULTIPLE COUNTERPARTS.

The parties may sign multiple counterparts of this Indenture. Each signed counterpart shall be deemed an original, but all of them together represent one and the same agreement.

## 10.14 TABLE OF CONTENTS, HEADINGS, ETC.

The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

## 10.15 SEPARABILITY.

Each provision of this Indenture shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purpose of this Indenture or the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

## 10.16 SECURITIES IN A FOREIGN CURRENCY OR IN EURO.

Unless otherwise specified in a Board Resolution, a supplemental indenture hereto or an Officers' Certificate delivered pursuant to Section 2.2 of this Indenture with respect to a particular Series of Securities, whenever for purposes of this Indenture any action may be taken by the Holders of a specified percentage in aggregate principal amount of Securities of all Series or all Series affected by a particular action at the time outstanding and, at such time, there are outstanding Securities of any Series which are denominated in a coin or currency other than Dollars (including Euro), then the principal amount of Securities of such Series which shall be deemed to be outstanding for the purpose of taking such action shall be that amount of Dollars that could be obtained for such amount at the Market Exchange Rate at such time. For purposes of this Section 10.16, "Market Exchange Rate" shall mean the noon Dollar buying rate in New York City for cable transfers of that currency as published by the Federal Reserve Bank of New York; provided, however, in the case of Euros, Market Exchange Rate shall mean the rate of exchange determined by the Commission of the European Union (or any successor thereto) as published in the Official Journal of the European Union (such publication or any successor publication, the "Journal"). If such Market Exchange Rate is not available for any reason with respect to such currency, the Trustee shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York or, in the case of Euros, the rate of exchange as published in the Journal, as of the most recent available date, or quotations or, in the case of Euros, rates of exchange from one or more major banks in The City of New York or in the country of issue of the currency in question or, in the case of Euros, in Luxembourg or such other quotations or, in the case of Euros, rates of exchange as the Trustee, upon consultation with the Company, shall deem appropriate. The provisions of this paragraph shall apply in determining the equivalent principal amount in respect of Securities of a Series denominated in currency other than Dollars in connection with any action taken by Holders of Securities pursuant to the terms of this Indenture.

All decisions and determinations of the Trustee regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and irrevocably binding upon the Company and all Holders.

## 10.17 JUDGMENT CURRENCY.

The Company agrees, to the fullest extent that it may effectively do so under applicable law, that (a) if for the purpose of obtaining judgment in any court it is necessary to convert the sum due in respect of the principal of or interest or premium (if any) or other amount on the Securities of any Series (the "Required Currency") into a currency in which a judgment will be rendered (the "Judgment Currency"), the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Trustee could purchase in The City of New York the Required Currency with the Judgment Currency on the day on which final unappealable judgment is entered, unless such day is not a New York Banking Day, then, the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Trustee could purchase in The City of New York the Required Currency with the Judgment Currency on the New York Banking Day preceding the day on which final unappealable judgment is entered and (b) its obligations under this Indenture to make payments in the Required Currency (i) shall not be discharged or satisfied by any tender, any recovery pursuant to any judgment (whether or not entered in accordance with subsection (a)), in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the actual receipt, by the payee, of the full amount of the Required Currency expressed to be payable in respect of such payments, (ii) shall be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required Currency the amount, if any, by which such actual receipt shall fall short of the full amount of the Required Currency so expressed to be payable, and (iii) shall not be affected by judgment being obtained for any other sum due under this Indenture. For purposes of the foregoing, "New York Banking Day" means any day except a Saturday, Sunday or a legal holiday in The City of New York on which banking institutions are authorized or required by law, regulation or executive order to close.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

LAMAR ADVERTISING COMPANY

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

-----  
Name: Kevin P. Reilly, Jr.  
Title: CEO

LAMAR ADVERTISING COMPANY

By: /s/ Keith A. Istre

-----  
Name: Keith A. Istre  
Title: CFO

STATE STREET BANK AND TRUST  
COMPANY

By: /s/ Jacqueline Bonhomme

-----  
Name: Jacqueline A. Bonhomme  
Title: Assistant Vice President

STATE OF LOUISIANA )  
 ) ss.:  
PARISH OF EAST BATON ROUGE )

On the 10th day of August, 1999, before me personally came Kevin P. Reilly, Jr., to me known, who, being by me duly sworn, did depose and say that he is CEO of Lamar Advertising Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ Jodie A. Moscana  
-----  
Jodie A. Moscana, Notary  
My Commission expires at  
Death

STATE OF LOUISIANA )  
 ) ss.:  
PARISH OF EAST BATON ROUGE )

On the 10th day of August, 1999, before me personally came Keith A. Istre, to me known, who, being by me duly sworn, did depose and say that he is CFO of Lamar Advertising Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ Jodie A. Moscana  
-----  
Jodie A. Moscana, Notary  
My Commission expires at  
Death

STATE OF NEW YORK

)

COUNTY OF NEW YORK

) ss.:  
)

On the 10th day of August, 1999, before me personally came Jacqueline Bonhomme to me known, who, being by me duly sworn, did depose and say that he is an Assistant Vice President of State Street, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ KARA KROWLIKOWSKI

-----  
Kara Krowlikowski  
Notary Public, State of New York  
No. 01KR601311  
Qualified in New York County  
Commission Expires Sept. 8, 2000

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LAMAR ADVERTISING COMPANY  
and  
STATE STREET BANK AND TRUST COMPANY, as Trustee

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FIRST SUPPLEMENTAL INDENTURE  
Dated as of August 10, 1999

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Supplement to Indenture dated as of August 10, 1999

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FIRST SUPPLEMENTAL INDENTURE, dated as of August 10, 1999 by and between LAMAR ADVERTISING COMPANY, a Delaware corporation, as issuer (the "Company"), and STATE STREET BANK AND TRUST COMPANY, a trust company organized under the laws of the Commonwealth of Massachusetts, as Trustee under the Indenture (as hereinafter defined) (the "Trustee").

#### RECITALS

WHEREAS, the Company and the Trustee have as of August 10, 1999 entered into an Indenture (the "Indenture", all capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Indenture) providing for the issuance by the Company of Securities from time to time;

WHEREAS, no Securities have been issued under the Indenture and there do not currently exist any Holders;

WHEREAS, the Company desires to issue one Series of Securities under the Indenture, and has duly authorized the creation and issuance of such securities and the execution and delivery of this First Supplemental Indenture to modify the Indenture and provide certain additional provisions as hereinafter described;

WHEREAS, the Company and the Trustee deem it advisable to enter into this First Supplemental Indenture for the purposes of establishing the terms of such Series of Securities;

WHEREAS, the execution and delivery of this First Supplemental Indenture has been authorized by a Board Resolution;

WHEREAS, concurrent with the execution hereof, the Company has delivered a Board Resolution and an Officers' Certificate and has caused its counsel to deliver to the Trustee an Opinion of Counsel or a reliance letter upon an Opinion of Counsel; and

WHEREAS, all things necessary to make this First Supplemental Indenture a valid agreement of the Company in accordance with its terms have been done, and the execution and delivery thereof have been in all respects duly authorized by the parties hereto.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Notes (as hereinafter defined), as follows:

ARTICLE 1  
CREATION OF THE NOTES

1.1 DESIGNATION OF SERIES.

Pursuant to the terms hereof and Sections 2.1 and 2.2 of the Indenture, the Company hereby creates a Series of Securities designated as the "5.25% Convertible Notes due 2006" (the "Notes"), which Notes shall be deemed "Securities" for all purposes under the Indenture.

1.2 FORM OF NOTES.

The definitive form of the Notes shall be substantially in the form set forth in Exhibit A attached hereto, which is incorporated herein and made part hereof. The Stated Maturity of the Notes shall be September 15, 2006.

1.3 LIMIT ON AMOUNT OF SERIES.

The Notes shall not exceed U.S.\$287,500,000 in aggregate principal amount, and may, upon the execution and delivery of this First Supplemental Indenture or from time to time thereafter, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes upon a Company Order and delivery of an Officers' Certificate and Opinion of Counsel as contemplated by Section 2.3 of the Indenture.

1.4 INTEREST.

The Notes shall bear interest at a rate of 5.25% per annum, payable semi-annually. The Interest Payment Dates for the Notes shall be March 15 and September 15 of each year, commencing September 15, 1999, with interest payable in Dollars to Holders in whose names the Notes are registered at the close of business on March 1 or September 1 of each year (each, a "Record Date"), or, if such Record Date is not a Business Day, at the close of business of the immediately succeeding Business Day.

1.5 CERTIFICATE OF AUTHENTICATION.

The Trustee's certificate of authentication to be borne on the Notes shall be substantially as provided in the Form of Note attached hereto as Exhibit A.

1.6 NO SINKING FUND.

No sinking fund will be provided with respect to the Notes.



1.7 ISSUANCE IN GLOBAL FORM.

The Notes shall be issued as one or more Global Securities, representing the aggregate principal amount of the Notes, and shall be deposited with the Trustee as custodian for the Depository. The Notes shall be registered in the name of Cede & Co., or other nominee of the Depository.

1.8 DISCHARGE OF INDENTURE; DEFEASANCE.

The Notes shall not be subject to the provisions of Article 9 of the Indenture.

1.9 OTHER TERMS OF NOTES.

The other terms of the Notes shall be as expressly set forth in Articles 2, 3, 4, 5, 6 and 7 hereof and Exhibit A hereto.

The words "herein", "hereof" and "hereunder" and other words of similar import refer to this First Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

ARTICLE 2

CONVERSION OF NOTES

2.1 CONVERSION PRIVILEGE.

Subject to and upon compliance with the provisions of this Article 2, at the option of the Holder thereof, any Note or any portion of the principal amount thereof which is \$1,000 or an integral multiple of \$1,000, and which has not previously been redeemed pursuant to Article 3 hereof or repurchased pursuant to Article 4 hereof, may be converted into fully paid and nonassessable shares of Class A common stock of the Company, \$0.001 par value per share (the "Common Stock"), at the Conversion Rate, determined as hereinafter provided, in effect at the time of conversion. Such conversion right shall commence on the date of original issuance of the Notes, and shall expire at the close of business on the Business Day immediately preceding the Stated Maturity. In case a Note or portion thereof is called for redemption, such conversion right in respect of the Note or portion so called shall expire at the close of business on the Business Day immediately preceding the Redemption Date, unless the Company defaults in making the payment due upon redemption. A Note in respect of which a Holder has delivered a Repurchase Notice pursuant to Section 4.1 hereof may be converted only if such notice is withdrawn in accordance with the terms of such section, unless the Company defaults in the payment of the Change of Control Repurchase Price.

## 2.2 CONVERSION RATE.

The rate at which shares of Common Stock shall be delivered upon conversion (the "Conversion Rate") shall be initially 21.6216 shares of Common Stock for each \$1,000 principal amount of Notes. The Conversion Rate shall be adjusted in certain instances as provided in Section 2.5 hereof. All calculations under this Article 2 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be.

## 2.3 EXERCISE OF CONVERSION PRIVILEGE.

In order to exercise the conversion privilege, the Holder of any Note to be converted shall surrender such Note, duly endorsed or assigned to the Company or in blank, at the Corporate Trust Office of the Trustee, located at 225 Franklin St., Boston, MA 02110, Attn: Corporate Trust/Global Investors Services, or the offices of an Affiliate of the Trustee located at 61 Broadway, New York, NY 10005, Attn: Corporate Trust Window/Concourse Level, in the Borough of Manhattan, The City of New York, accompanied by a duly signed and completed written notice to the Company that the Holder elects to convert such Note (each a "Conversion Notice"). Notes surrendered for conversion during the period from the close of business on any Record Date immediately preceding any Interest Payment Date to the opening of business on such Interest Payment Date shall (except in the case of Notes or portions thereof which have been called for redemption or in respect of which a Repurchase Notice delivered by the Holder has not been withdrawn, the conversion rights of which would terminate during the period between such Record Date and the close of business on such Interest Payment Date) be accompanied by payment in immediately available funds or other funds acceptable to the Company of an amount equal to the interest payable on such Interest Payment Date on the principal amount of Notes being surrendered for conversion. No payment or adjustment shall be made upon any conversion on account of any interest accrued on the Notes surrendered for conversion from the Interest Payment Date preceding the day of conversion, or on account of any dividends on the Common Stock issued upon conversion. In addition, Holders shall not be entitled to receive any dividends payable to holders of Common Stock as of any record date before the close of business on the conversion date. Notes shall be deemed to have been converted immediately prior to the close of business on the day of surrender of such Notes for conversion in accordance with the foregoing provisions, and at such time the rights of the Holders of such Notes as Holders shall cease, and the Person or Persons entitled to receive the Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Stock at such time. As promptly as practicable on or after the conversion date, the Company shall issue and shall deliver to the Trustee at its Corporate Trust Office a certificate or certificates for the number of full shares of Common Stock issuable upon conversion, together with payment in lieu of any fraction of a share thereof, as provided in Section 2.4 hereof, and the Trustee shall forward such certificate or certificates at the addresses set forth in the applicable Conversion Notice.

#### 2.4 FRACTIONS OF COMMON STOCK SHARES.

No fractional shares of Common Stock shall be issued upon conversion of the Notes. If more than one Note shall be surrendered for conversion at one time by the same Holder, the number of full shares which shall be issuable upon conversion thereof shall be computed on the basis of the principal amount of the Notes so surrendered. Instead of any fractional share of Common Stock which would otherwise be issuable upon conversion of any Note or Notes, the Company shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the Market Price (determined by the Company in accordance with the following paragraph) per share of Common Stock.

For purposes of this Section 2.4, "Market Price" means the Sale Price (as defined below) of the Common Stock on the date of conversion of the Notes or, if such date is not a Trading Day (as defined below), then on the last Trading Day prior to such date. The "Sale Price" of the Common Stock on any date means the closing per share sale price (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date as reported in the composite transactions for the principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional stock exchange, as reported by the Nasdaq National Market. "Trading Day" means, in respect of any securities exchange or securities market, each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are not traded on the applicable securities exchange or in the applicable securities market.

#### 2.5 ADJUSTMENT OF CONVERSION RATE.

(1) In case at any time after the date of the issuance of the Notes, the Company shall pay or make a dividend or other distribution to the Common Stock payable in shares of its Common Stock, the Conversion Rate in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by dividing such Conversion Rate by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this paragraph (1), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(2) Subject to paragraph 9 of this Section 2.5, in case at any time after the date of the issuance of the Notes, the Company shall issue rights, options or warrants to all holders of its

Common Stock (other than any rights, options or warrants that by their terms will also be issued to any Holder upon conversion of a Note into Common Stock without any action required by the Company or any other person) entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the then current market price per share (determined as provided in paragraph (9) of this Section 2.5) of the Common Stock on the date fixed for the determination of stockholders entitled to receive such rights, options or warrants (other than pursuant to a dividend reinvestment plan), the Conversion Rate in effect at the opening of business on the day following the date fixed for such determination shall be increased by dividing such Conversion Rate by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such current market price and the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase, such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this paragraph (2), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not issue any rights, options or warrants in respect of shares of Common Stock held in the treasury of the Company.

(3) In case at any time after the date of the issuance of the Notes, outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(4) In case at any time after the date of the issuance of the Notes, the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, shares of any class of its capital stock, evidences of its indebtedness or other assets (including securities, but excluding any rights, options or warrants referred to in paragraph (2) of this Section 2.5, any dividend or distribution paid exclusively in cash, any dividend or distribution referred to in paragraph (1) of this Section 2.5 and distributions upon a merger or consolidation to which Section 2.12 applies), the Conversion Rate shall be adjusted so that the same shall equal the price determined by dividing the Conversion Rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction of which the numerator shall be the current market price per share (determined as provided in

paragraph (9) of this Section 2.5) of the Common Stock on the date fixed for such determination less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution filed with the Trustee) of the portion of the assets, shares of capital stock or evidences of indebtedness so distributed applicable to one share of Common Stock and the denominator shall be such current market price per share of the Common Stock, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution. If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph (4) by reference to the actual or when issued trading market for any securities comprising such distribution, it must in doing so consider the prices in such market over the same period used in computing the current market price per share pursuant to paragraph (9) of this Section 2.5.

(5) In case at any time after the date of the issuance of the Notes, the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash (excluding any cash that is distributed upon a merger or consolidation to which Section 2.12 applies or as part of a distribution referred to in paragraph (4) of this Section 2.5) in an aggregate amount that, combined together with:

(A) the aggregate amount of any other distributions to all holders of its Common Stock made exclusively in cash within the 12 months preceding the date of payment of such distribution and in respect of which no adjustment pursuant to this paragraph (5) has been made, and

(B) the aggregate of any cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution filed with the Trustee) of consideration payable in respect of any tender offer by the Company or any of its subsidiaries for all or any portion of the Common Stock concluded within the 12 months preceding the date of payment of such distribution and in respect of which no adjustment pursuant to paragraph (6) of this Section 2.5 has been made,

(the amount of such cash distribution together with the amounts described in clauses (A) and (B) above being referred to herein as the "Aggregate Cash Distribution Amount") exceeds 10% of the product of (I) the current market price per share (determined as provided in paragraph (9) of this Section 2.5) of the Common Stock on the date for the determination of holders of shares of Common Stock entitled to receive such distribution, times (II) the number of shares of Common Stock outstanding on such date (the amount by which the Aggregate Cash Distribution Amount exceeds 10% of the product of the amounts described in clauses (I) and (II) above being referred to herein as the "Excess Amount"), then, and in each such case, immediately after the close of business on such date for determination, the Conversion Rate shall be increased in accordance with the following formula:

$$AC = CR / \frac{M - (EA/O)}{M}$$

Where:

AC = the adjusted Conversion Rate.

CR = the Conversion Rate in effect immediately prior to the close of business on the date fixed for determination of the stockholders entitled to receive the distribution.

M = the current market price per share (determined as provided in paragraph (9) of this Section 2.5) of the Common Stock on the date fixed for determination of the stockholders entitled to receive the distribution.

EA = the Excess Amount.

O = the number of shares of Common Stock outstanding on the date fixed for determination of the stockholders entitled to receive the distribution.

(6) In case at any time after the date of the issuance of the Notes, a tender offer made by the Company or any Subsidiary for all or any portion of the Common Stock shall expire and such tender offer (as amended upon the expiration thereof) shall require the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below)) of an aggregate consideration having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution filed with the Trustee) that combined together with:

(A) the aggregate of the cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution filed with the Trustee), as of the expiration of such tender offer, of consideration payable in respect of any other tender offer, by the Company or any Subsidiary for all or any portion of the Common Stock expiring within the 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this paragraph (6) has been made, and

(B) the aggregate amount of any distributions to all holders of the Company's Common Stock made exclusively in cash within 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to paragraph (5) of this Section 2.5 has been made,

exceeds 10% of the product of (I) the current market price per share of the Common Stock (determined as provided in paragraph (9) of this Section 2.5) as of the last time (the "Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended), times (II) the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Expiration Time, the Conversion Rate shall be reduced in accordance with the following formula:

$$AC = CR / \frac{(M \times O) - C}{M \times (O - TS)}$$

Where:

AC = the adjusted Conversion Rate.

CR = the Conversion Rate immediately prior to close of business on the date of the Expiration Time.

M = the current market price per share of the Common Stock (determined as provided in paragraph (9) of this Section 2.5) on the date of the Expiration Time.

O = the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time.

C = the amount of cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution filed with the Trustee) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below).

TS = the number of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares").

(7) The reclassification of Common Stock into securities other than Common Stock (other than any reclassification upon a consolidation or merger to which Section 2.12 applies) shall be deemed to involve (a) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of stockholders entitled to receive such distribution" and "the date fixed for such determination" within the meaning of paragraph (4) of this Section 2.5), and (b) a subdivision or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision becomes effective"

or "the day upon which such combination becomes effective", as the case may be, and "the day upon which such subdivision or combination becomes effective" within the meaning of paragraph (3) of this Section 2.5).

(8) In case at any time after the date of the issuance of the Notes, the Company shall issue rights or warrants to all holders of the Common Stock entitling the holders thereof to subscribe for or purchase shares of Common Stock (either initially or under certain circumstances), which rights or warrants (i) are deemed to be transferred with such shares of Common Stock, (ii) are not exercisable and (iii) are also issued in respect of future issuances of Common Stock, in each case in clauses (i) through (iii) until the occurrence of a specified event or events ("Trigger Event"), such rights or warrants shall for purposes of this Section 2.5 not be deemed issued or distributed until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 2.5. If any such rights or warrants, including any such existing rights or warrants distributed prior to the date of this Indenture are subject to subsequent events, upon the occurrence of each of which such rights or warrants shall become exercisable to purchase different securities, evidences of indebtedness or other assets, then the occurrence of each such event shall be deemed to be such date of issuance and record date with respect to new rights or warrants (and a termination or expiration of the existing rights or warrants without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event with respect thereto, that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 2.5 was made, (1) in the case of any such rights or warrant which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants which shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights and warrants had not been issued.

(9) For the purpose of any computation under paragraphs (2), (4), (5) or (6) of this Section 2.5, the current market price per share of Common Stock on any date shall be deemed to be the average of the daily Sale Prices (as defined in Section 2.4 hereof) of the Common Stock for the five consecutive Trading Days (as defined in Section 2.4 hereof) selected by the Company commencing not more than ten Trading Days before, and ending not later than the earlier of, the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. For purposes of this paragraph, the term "ex" date, when used with respect to any issuance or distribution, means the first date on which the Common Stock trades regular way in the applicable securities market or on the applicable securities exchange without the right to receive such issuance or distribution.



(10) No adjustment in the Conversion Rate shall be required unless such adjustment (plus any adjustments not previously made by reason of this paragraph (10)) would require an increase or decrease of at least 1.0% in such rate; provided, however, that any adjustments which by reason of this paragraph (10) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(11) The Company may make such increases in the Conversion Rate, in addition to those required by this Section 2.5, as it considers to be advisable in order to avoid or diminish any income tax to any holders of shares of Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes or for any other reasons. The Company shall have the power to resolve any ambiguity or correct any error in this paragraph (11) and its actions in so doing shall be final and conclusive.

(12) To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 days, the increase is irrevocable during such period, and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall give notice of the increase to the Holders in the manner provided for in Section 10.2 of the Indenture at least 15 days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(13) In the event that this Article 2 requires adjustments to the Conversion Rate under more than one of Sections 2.5(1), 2.5(2), 2.5(4) or 2.5(5) hereof, and the record dates for the distributions giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying, first, the provisions of Section 2.5(4), second, the provisions of Section 2.5(5), third, the provisions of Section 2.5(1) and, fourth, the provisions of Section 2.5(2). After an adjustment to the Conversion Rate under this Article 2, any subsequent event requiring an adjustment under this Article 2 shall cause an adjustment to the Conversion Rate as so adjusted. Whenever successive adjustments to the Conversion Rate are called for pursuant to this Article 2, such adjustments shall be made to the provisions of Section 2.5(9) hereof as may be necessary or appropriate to effectuate the intent of this Article 2 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

#### 2.6 NOTICE OF ADJUSTMENTS OF CONVERSION RATE.

Whenever the Conversion Rate is adjusted as herein provided: (a) the Company shall compute the adjusted Conversion Rate in accordance with Section 2.5 hereof and shall prepare an Officers' Certificate, one of the signatories of which shall be the Treasurer or Chief Financial Officer of the Company, setting forth the adjusted Conversion Rate (certified by the Company's

independent public accountants or other certified public accountant) and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed with the Trustee at each office or agency maintained for the purpose of conversion of Securities pursuant to Section 2.3 hereof; and (b) a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate shall forthwith be required, and as soon as practicable after it is required, such notice shall be given by the Company to the Trustee and all Holders in the manner provided for in Section 10.2 of the Indenture. The Trustee shall not be deemed to have notice of any change in the Conversion Rate unless and until it receives the Officers' Certificate provided for in the foregoing clause (a) setting forth such change.

#### 2.7 NOTICE OF CERTAIN CORPORATE ACTION.

In case: (a) the Company shall declare a dividend or make any other distribution that would require any adjustment pursuant to Section 2.5 hereof; or (b) the Company shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any other rights; or (c) of any reclassification of the Common Stock of the Company, or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required or that is otherwise subject to Section 2.12 hereof, or of the conveyance, lease, sale or transfer of all or substantially all of the assets of the Company; or (d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company; then the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of Securities pursuant to Section 2.4 hereof, and shall cause to be mailed to all Holders at their last addresses as they shall appear in the register for the Securities, at least 20 days prior to the applicable record or effective date hereinafter specified, a notice (which notice shall also be sent by release to Reuters Economic Services and Bloomberg Business News as set forth in Section 10.2 of the Indenture) stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, share exchange, conveyance, lease, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, share exchange, conveyance, lease, sale, transfer, dissolution, liquidation or winding up. Neither the failure to give such notice nor any defect therein shall affect the legality or validity of the proceedings described in clauses (a) through (d) of this Section 2.7. If at the time the Trustee shall not be the conversion agent, a copy of such notice shall also forthwith be filed by the Company with the Trustee. The Company shall cause to be filed at the Corporate Trust Office and each office or agency maintained for the purpose of conversion of Notes pursuant to Section 2.4 of the Indenture, and shall cause to be provided to all Holders in accordance with Section 10.2 of the Indenture, notice of any tender offer by the Company or any Subsidiary for all or any portion of the Common Stock at or about the time that such notice of tender offer is provided to the public generally.

## 2.8 COMPANY TO RESERVE COMMON STOCK.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Stock, for the purpose of effecting the conversion of Notes, the full number of shares of Common Stock then issuable upon the conversion of all outstanding Notes.

## 2.9 TAXES ON CONVERSIONS.

The Company will pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of Notes pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that of the Holder of the Note or Notes to be converted, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid.

## 2.10 COVENANT AS TO COMMON STOCK.

The Company covenants that all shares of Common Stock which may be issued upon conversion of Notes will upon issue be fully paid and nonassessable and, except as provided in Section 2.9 hereof, the Company will pay all taxes, liens and charges with respect to the issue thereof.

The Company will endeavor promptly to comply with all Federal and state securities laws regulating the issuance and delivery of shares of Common Stock upon conversion of Notes, if any, and will use its best efforts to list or cause to have quoted all such shares of Common Stock on each United States national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

## 2.11 CANCELLATION OF CONVERTED SECURITIES.

All Notes delivered for conversion shall be delivered to the Trustee to be canceled by or at the direction of the Trustee, which shall dispose of the same as provided in Section 2.12 of the Indenture.

## 2.12 PROVISIONS IN CASE OF CONSOLIDATION, MERGER OR SALE OF ASSETS.

In case of any merger, amalgamation, arrangement or consolidation of the Company with or into any other Person, any merger of another Person into the Company (other than a merger, amalgamation, arrangement or consolidation which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock of the Company) or any conveyance, lease, sale or transfer of all or substantially all of the assets of the Company,

the Person formed by or resulting from such merger, amalgamation, arrangement or consolidation or which acquires such assets, as the case may be, shall execute and deliver to the Trustee a supplemental indenture providing (in addition to matters, if any, required by Section 5.1 of the Indenture) that the Holder of each Note then outstanding shall have the right thereafter, during the period such Note shall be convertible as specified in Section 2.1 hereof, to convert such Note only into the kind and amount of securities, cash and other property receivable upon such merger, amalgamation, arrangement, consolidation, conveyance, lease, sale or transfer by a holder of the number of shares of Common Stock of the Company into which such Note might have been converted immediately prior to such merger, amalgamation, arrangement, consolidation, conveyance, lease, sale or transfer, assuming such holder of Common Stock of the Company (i) is not a Person with which the Company consolidated or into which the Company merged or which merged into the Company or to which such sale or transfer was made, as the case may be ("Constituent Person"), or an Affiliate of a Constituent Person and (ii) failed to exercise its rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such merger, amalgamation, arrangement, consolidation, conveyance, lease, sale or transfer (provided that if the kind or amount of securities, cash and other property receivable upon such merger, amalgamation, arrangement, consolidation, conveyance, lease, sale or transfer is not the same for each share of Common Stock of the Company held immediately prior to such merger, amalgamation, arrangement, consolidation, conveyance, lease, sale or transfer by other than a Constituent Person or an Affiliate thereof and in respect of which such rights of election shall not have been exercised ("Non-Electing Share"), then for the purpose of this Section 2.12 the kind and amount of securities, cash and other property receivable upon such merger, amalgamation, arrangement, consolidation, conveyance, lease, sale or transfer by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which, for events subsequent to the effective date of such supplemental indenture, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2. The foregoing provisions of this Section 2.12 shall similarly apply to successive mergers, amalgamations, arrangements, consolidations, conveyances, leases, sales or transfers. The Company shall cause notice of the execution of such supplemental indenture to be given to each Holder in the manner provided for in Section 10.2 of the Indenture.

#### 2.13 RIGHT OF HOLDERS TO CONVERT.

The limitations set forth in Section 6.6 of the Indenture shall not apply to the right of a Holder to bring a suit for the enforcement of such Holder's right to convert Notes pursuant to this Article 2.

## ARTICLE 3

## REDEMPTION OF NOTES

Pursuant to Section 2.2(7) of the Indenture, so long as any of the Notes are outstanding, the following provisions shall be applicable to the Notes:

## 3.1 OPTIONAL REDEMPTION BY THE COMPANY.

At any time on or after September 18, 2002, and prior to the Stated Maturity, the Notes may be redeemed at the option of the Company, in whole or in part, upon notice as set forth in Section 3.3 of the Indenture, at the redemption prices set forth in the Form of Note attached hereto as Exhibit A, in each case, together with accrued interest to the Redemption Date.

## 3.2 APPLICABILITY OF ARTICLE.

Redemption of the Notes at the election of the Company or otherwise, as permitted or required by any provision of the Notes or this First Supplemental Indenture, shall be made in accordance with such provision, Article 3 of the Indenture and this Article 3.

## ARTICLE 4

REPURCHASE OF NOTES AT THE OPTION  
OF THE HOLDERS UPON A CHANGE OF CONTROL

Pursuant to Section 2.2(8) of the Indenture, so long as any of the Notes are outstanding, the following provisions shall be applicable to the Notes:

## 4.1 REPURCHASE AT OPTION OF HOLDERS UPON CHANGE OF CONTROL.

(a) Upon the occurrence of a Change of Control (the date of such occurrence, the "Change of Control Date"), the Company shall notify the Holders of the Notes in writing of such occurrence in accordance with paragraph (b) below, and shall make an offer to purchase (a "Change of Control Offer"), and shall purchase, on a Business Day (a "Change of Control Purchase Date") not more than 60 nor less than 30 days following the Change of Control Date all of the then outstanding Notes validly tendered at a purchase price in cash equal to 100% of the principal amount thereof plus accrued interest, if any, to the Change of Control Purchase Date (the "Change of Control Purchase Price").

(b) Notice of a Change of Control Offer (a "Change of Control Notice") shall be sent, by first-class mail, postage prepaid, by the Company not later than the 30th day after the Change of Control Date to the Holders of the Notes at their last registered addresses with a copy

to the Trustee and the Paying Agent (and shall also be given by release made to Reuters Economic Services and Bloomberg Business News as provided in Section 10.2 of the Indenture). The Change of Control Offer shall remain open from the time of delivery of the Change of Control Notice for at least 20 Business Days and until 5:00 p.m., New York City time, on the Business Day prior to the Change of Control Purchase Date. The Change of Control Notice, which shall govern the terms of the Change of Control Offer, shall include such disclosures as are required by law and shall state:

(i) that the Change of Control Offer is being made pursuant to this Section 4.1 and that any portion of the principal amount of Notes that is equal to \$1,000 or an integral multiple thereof, validly tendered into the Change of Control Offer and not withdrawn, will be accepted for payment;

(ii) the cash purchase price (including the amount of accrued interest, if any) for each Note, the Change of Control Purchase Date and the date on which the Change of Control Offer expires;

(iii) that any Note not tendered for payment will continue to accrue interest in accordance with the terms thereof;

(iv) that, unless the Company shall default in the payment of the Change of Control Purchase Price, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date;

(v) that Holders electing to have Notes purchased pursuant to a Change of Control Offer will be required to surrender their Notes to the Paying Agent at the address (in the Borough of Manhattan, The City of New York) specified in the Change of Control Notice prior to 5:00 p.m., New York City time, on the Business Day prior to the Change of Control Purchase Date and must complete any form of letter of transmittal proposed by the Company and reasonably acceptable to the Trustee and the Paying Agent;

(vi) that Holders of Notes will be entitled to withdraw their election if the Paying Agent receives, not later than 5:00 p.m., New York City time, on the Business Day prior to the Change of Control Purchase Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes the Holder delivered for purchase, the Note certificate number (if any) and a statement that such Holder is withdrawing its election to have such Notes purchased;

(vii) that Holders whose Notes are purchased only in part will be issued Notes equal in principal amount to the unpurchased portion of the Notes surrendered;

(viii) the instructions that Holders must follow in order to tender their Notes; and

(ix) information concerning the business of the Company, the most recent annual and quarterly reports of the Company filed with the SEC pursuant to the Exchange Act (or, if the Company is not then permitted to file any such reports with the SEC, the comparable reports prepared pursuant to Section 4.2 of the Indenture), a description of material developments in the Company's business, information with respect to pro forma historical financial information after giving effect to such Change of Control and such other information concerning the circumstances and relevant facts regarding such Change of Control Offer as would be material to a Holder of Notes in connection with the decision of such Holder as to whether or not it should tender Notes pursuant to the Change of Control Offer.

(c) To exercise a repurchase right pursuant to this Section 4.1, a Holder shall deliver to the Trustee a written notice (a "Repurchase Notice") of such Holder's exercise of such right, in accordance with the terms and conditions set forth in the Change of Control Notice. Upon receipt by the Trustee of a Repurchase Notice, the Holder of the Note in respect of which such Repurchase Notice was given shall (unless such Repurchase Notice is withdrawn) thereafter be entitled to receive solely the Change of Control Purchase Price with respect to such Note. Notes in respect of which a Repurchase Notice has been given by the Holder thereof may not be converted into shares of Common Stock on or after the date of the delivery of such Repurchase Notice, unless such Repurchase Notice has first been validly withdrawn as set forth in the foregoing paragraph (b)(vi), unless the Company has defaulted in the payment of the Change of Control Purchase Price.

(d) On the Change of Control Purchase Date, the Company shall (i) accept for payment Notes or portions thereof validly tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent (no later than 10:00 A.M. EST on the Change of Control Purchase Date) money, in immediately available funds, sufficient to pay the purchase price of all Notes or portions thereof so tendered and accepted and (iii) deliver to the Trustee the Notes so accepted together with an Officers' Certificate setting forth the Notes or portions thereof tendered to and accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail or deliver to such Holders a new Note equal in principal amount to any unpurchased portion to the Notes surrendered; provided that each such new Note shall be issued in an original principal amount in denominations of \$1,000 and integral multiples thereof. Any Notes not validly tendered and not accepted by the Company shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce

the results of the Change of Control Offer not later than the first Business Day following the Change of Control Purchase Date.

(e) In the event that a Change of Control occurs and the holders of Notes exercise their right to require the Company to purchase Notes, if such purchase constitutes a "tender offer" for purposes of Rule 14e-1 under the Exchange Act at that time, the Company will comply with the requirements of Rule 14e-1 as then in effect with respect to such repurchase.

#### 4.2 CERTAIN DEFINITIONS.

For purposes of this Article 4:

(1) the term "Change of Control" means the occurrence of any of the following events:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), excluding Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time, upon the happening of an event or otherwise), directly or indirectly, of more than 35% of the total voting power of all Voting Stock of the Company; provided, however, that the Permitted Holders (i) "beneficially own" (as so defined) a lower percentage of such total voting power with respect to the Voting Stock than such other person or "group" and (ii) do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of the Company;

(b) the Company consolidates with, or merges with or into, another person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person, or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Stock of the Company is converted into or exchanged for Voting Stock (other than Disqualified Capital Stock) of the surviving or transferee corporation, and (ii) immediately after such transaction no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), excluding Permitted Holders, is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time, upon the happening of an event or



otherwise), directly or indirectly, of more than 50% of the total voting power of all Voting Stock of the surviving or transferee corporation;

(c) at any time during any consecutive two-year period, individuals who at the beginning of such period constituted the board of directors of the Company (together with any new directors whose election by such board of directors or whose nomination for election by the stockholders of the Company was approved by a vote of at least 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of the Company then in office; or

(d) the Company is liquidated or dissolved or adopts a plan of liquidation;

(2) the term "Permitted Holders" means:

(a) any of Charles Switzer, Charles W. Lamar, III, Kevin P. Reilly, Sr., members of their immediate families or any lineal descendant of any of those persons and the immediate families of any lineal descendant of those persons;

(b) any trust, to the extent it is for the benefit of any of the persons listed under (a) above; or

(c) any person, entity or group of persons controlled by any of the persons listed under (a) or (b) above; and

(3) the term "Voting Stock" means, with respect to any Person, securities of any class or classes of Capital Stock in such Person entitling the holders thereof to vote under ordinary circumstances in the election of members of the board of directors or other governing body of such Person.

(4) the term "Disqualified Capital Stock" means any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the Stated Maturity of the Notes, for cash or securities constituting Indebtedness.

## ARTICLE 5

## EVENTS OF DEFAULT

## 5.1 ADDITIONAL EVENTS OF DEFAULT.

Pursuant to Sections 2.2 (18) and 6.1(8) of the Indenture, so long as any of the Notes are outstanding, the following shall be an Event of Default with respect to the Notes, in addition to the Events of Default contained in Section 6.1 of the Indenture:

(1) The Company fails to give a Change of Control Notice in accordance with Section 4.1(b) hereof, or defaults in the payment of the Change of Control Purchase Price.

(2) The Company fails to convert any portion of the principal amount of a Note following the exercise by the Holder of such Note of the right to convert such Note into Common Stock pursuant to and in accordance with Article 2 hereof.

## ARTICLE 6

## AMENDMENTS, SUPPLEMENTS AND WAIVERS

## 6.1 WITH CONSENT OF HOLDERS

Pursuant to Sections 2.2 (and subject to Section 8.4) of the Indenture, so long as any of the Notes are outstanding, without the consent of each Securityholder affected, an amendment, supplement or waiver, including a waiver pursuant to Section 6.4 of the Indenture, may not (in addition to the events described in paragraphs (1) through (9) of Section 8.2(a) of the Indenture):

(1) make any change that impairs or adversely affects the right to convert any Security into Common Stock;

(2) impair or adversely affect the right of a Holder to institute suit for the enforcement of any payment with respect to, or conversion of, the Notes;

(3) make any change that adversely affects the right to require the Company to repurchase the Notes upon a Change of Control pursuant to and in accordance with Article 4 hereof; or

(4) reduce or impair or adversely affect the right of a Holder to receive the redemption prices set forth in Section 3.1 hereof or the Change of Control Purchase Price.

ARTICLE 7  
MISCELLANEOUS

7.1 APPLICATION OF FIRST SUPPLEMENTAL INDENTURE.

Each and every term and condition contained in the First Supplemental Indenture that modifies, amends or supplements the terms and conditions of the Indenture shall apply only to the Notes created hereby and not to any future series of Notes established under the Indenture. Except as specifically amended and supplemented by, or to the extent inconsistent with, this First Supplemental Indenture, the Indenture shall remain in full force and effect and is hereby ratified and confirmed.

7.2 EFFECTIVE DATE.

This First Supplemental Indenture shall be effective as of the date first above written and upon the execution and delivery hereof by each of the parties hereto.

7.3 COUNTERPARTS.

This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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

LAMAR ADVERTISING COMPANY

By: /s/ Kevin P. Reilly  
-----  
Name: Kevin P. Reilly  
Title: CEO

LAMAR ADVERTISING COMPANY

By: /s/ KEITH A. ISTRE  
-----  
Name: Keith A. Istre  
Title: CFO

STATE STREET BANK AND TRUST  
COMPANY, as Trustee

By: /s/ JACQUELINE BONHOMME  
-----  
Name: Jacqueline A. Bonhomme  
Title: Assistant Vice President

STATE OF LOUISIANA )  
 ) ss:  
PARISH OF EAST BATON )  
ROUGE

On the 10th day of August, 1999, before me personally came Kevin P. Reilly, Jr., to me known, who, being by me duly sworn, did depose and say that he is the CEO of Lamar Advertising Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by authority of the Board of Directors.

/s/ Jodie A. Moscana  
-----  
JODIE A. MOSCANA, Notary  
My Commission Expires at Death

STATE OF LOUISIANA )  
 ) ss:  
PARISH OF EAST BATON )  
ROUGE

On the 10th day of August, 1999, before me personally came Keith A. Istre, to me known, who, being by me duly sworn, did depose and say that he is the CFO of Lamar Advertising Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by authority of the Board of Directors.

/s/ Jodie A. Moscana  
-----  
JODIE A. MOSCANA, Notary  
My Commission Expires at Death

STATE OF NEW YORK )  
 ) ss:  
COUNTY OF NEW YORK )

On the 10th day of August, 1999, before me personally came Jacqueline A. Bonhomme, to me known, who, being by me duly sworn, did depose and say that he is the Assistant Vice President of State Street, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by authority of the Board of Directors.

/s/ Kara Krowlikowski  
-----  
Kara A. Krowlikowski  
Notary Public, State of New York  
No. 01KR6013111  
Qualified in New York County  
Commission Expires Sept. 8, 2000

[FORM OF FACE OF NOTE]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

LAMAR ADVERTISING COMPANY

5 1/4% Convertible Note due 2006

No. \_\_\_\_\_ \$ \_\_\_\_\_  
CUSIP No. \_\_\_\_\_

LAMAR ADVERTISING COMPANY, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter defined), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of \$\_\_\_\_\_ (\_\_\_\_\_ Dollars) on September 15, 2006, and to pay interest thereon from August 10, 1999 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on March 15 and September 15 in each year, commencing September 15, 1999, at the rate of 5 1/4% per annum, until the principal hereof is paid or made available for payment.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Note is registered at the close of business on the regular record date for such interest, which shall be the 1st of March or 1st of September, as the case may be, next preceding such Interest Payment Date or, if such record date is not a Business Day, at the close of business of the immediately succeeding Business Day. A "Business Day" shall mean any day other than a Saturday, Sunday, a federally recognized holiday or a day on which banking institutions are not authorized or required

by law or executive order to be open in the State of New York or the Commonwealth of Massachusetts. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such regular record date and shall be paid to the Person in whose name this Note is registered at the close of business on a subsequent special record date, which date shall be the fifteenth day next preceding the date fixed by the Company for the payment of defaulted interest or the next succeeding Business Day if such date is not a Business Day. At least 15 days before the special record date, the Company shall mail or cause to be mailed to each Securityholder, with a copy to the Trustee, a notice that states the special record date, the payment date, and the amount of defaulted interest, and interest payable on such defaulted interest, if any, to be paid.

Payments of principal of and interest on this Note and any additional payments due hereunder shall be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, State of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the register for the Notes maintained by the Registrar.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof or an authenticating agent appointed by the Company, by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.



IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed and delivered under its corporate seal.

Dated:

LAMAR ADVERTISING COMPANY

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

This is one of the Securities of the Series designated therein referred to in the within-mentioned Indenture.

Dated:

STATE STREET BANK AND TRUST  
COMPANY, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

## [FORM OF REVERSE OF NOTE]

This Note is one of a duly authorized issue of securities of the Company (herein called the "Notes"), issued and to be issued in one or more series under an Indenture, dated as of August 10, 1999 (as supplemented by a First Supplemental Indenture, dated as of August 10, 1999, the "Indenture"), between the Company and State Street Bank and Trust Company, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof as "5 1/4% Convertible Notes due 2006", limited in aggregate principal amount to \$287,500,000. All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Notes are subject to redemption, at the election of the Company, at any time on or after September 18, 2002, as a whole or in part, upon not less than 30 nor more than 60 days' notice to the Holders (in the manner provided for in the Indenture) prior to the Redemption Date at the following redemption prices (expressed as percentages of the principal amount):

Redemption Date: -----	Redemption Price: -----
from 9/18/02 until 9/14/03	103.00%
from 9/15/03 until 9/14/04	102.25%
from 9/15/04 until 9/14/05	101.50%
from 9/15/05 until 9/14/06	100.75%
on September 15, 2006	100.00%

together in each case of any such redemption with accrued interest to the Redemption Date; provided, however, that interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Notes, of record at the close of business on the relevant record dates referred to on the face hereof, all as provided in the Indenture.

No sinking fund is provided for the Notes.

Subject to and upon compliance with the provisions of the Indenture, any Note (or any portion of the principal amount thereof which is \$1,000 or an integral multiple of \$1,000) which has not previously been redeemed or repurchased, is convertible at the option of the Holder thereof, at any time following the original issue date of the Notes and on or before the close of business on the Business Day immediately preceding the Stated Maturity into fully paid and nonassessable shares of Class A common stock of the Company, \$0.001 par value per share (the "Common Stock"), at an initial conversion rate (calculated to the nearest 1/100 of a share) of \_\_\_\_\_ shares of Common Stock for each \$1,000 principal amount of Note, or at the current

adjusted conversion rate if an adjustment has been made as provided in the Indenture. In case the Notes or a portion thereof are called for redemption, such conversion right in respect of the Notes or portion so called shall expire at the close of business on the Business Day immediately preceding the Redemption Date, unless the Company defaults in making the payment due upon redemption. A Note or portion thereof in respect of which the Holder has delivered a Repurchase Notice may be converted only if such notice is withdrawn in accordance with the terms of the Indenture, unless the Company has defaulted in the payment of the Change of Control Purchase Price. To convert this Note the Holder must (1) surrender this Note, duly endorsed or assigned to the Company or in blank, provided that if such surrender shall be made during the period from the close of business on any regular record date immediately preceding any Interest Payment Date to the opening of business on such Interest Payment Date (except in the case of Notes or portion thereof which have been called for redemption or in respect of which a Repurchase Notice delivered by the Holder has not been withdrawn, the conversion rights with respect to which would terminate during the period between such record date and the close of business on such Interest Payment Date), it shall also be accompanied by payment in immediately available funds or other funds acceptable to the Company of an amount equal to the interest payable on such Interest Payment Date on the principal amount of the Note being surrendered for conversion, and (2) complete and manually sign the conversion notice. No payment or adjustment shall be made upon any conversion on account of any interest accrued hereon from the Interest Payment Date immediately preceding the day of conversion, or on account of any dividends on the Common Stock issued on conversion hereof. In addition, the Holders shall not be entitled to receive any dividends payable to holders of Common Stock as of any record date before the close of business on the conversion date. No fractional shares will be issued on conversion, but instead of any fractional interest (calculated to the nearest 1/100th of a share) the Company shall pay a cash adjustment as provided in the Indenture.

The Indenture provides that in the event of any merger, amalgamation, arrangement or consolidation to which the Company is a party (other than one that does not result in any reclassification, conversion, exchange or cancellation of the Common Stock) or any conveyance, lease, sale or transfer of all or substantially all of the assets of the Company, the Indenture shall be amended, without the consent of any Holders of Notes, so that this Note, if then outstanding, will be convertible thereafter, during the period this Note shall be convertible as specified above, only into the kind and amount of securities, cash and other property receivable upon such merger, amalgamation, arrangement, consolidation, conveyance, lease, sale or transfer by a holder of the number of shares of Common Stock of the Company into which this Note could have been converted immediately prior to such merger, amalgamation, arrangement, consolidation, conveyance, lease, sale or transfer (assuming such holder of Common Stock is not a Constituent Person or an Affiliate of a Constituent Person, failed to exercise any rights of election and received per share the kind and amount received per share by a plurality of Non-Electing Shares). No adjustment in the Conversion Rate shall be made until such adjustment would require an increase or decrease of at least one percent of such rate, provided that any adjustment that would otherwise be made will be carried forward and taken into account in the computation of any subsequent adjustment.

Subject to and upon compliance with the provisions of the Indenture, upon the occurrence of a Change of Control, the Company shall notify the Holders of the Notes of such occurrence by delivering a Change of Control Notice, shall make a Change of Control Offer and shall purchase, on a Business Day not more than 60 nor less than 30 days following the Change of Control Date (a "Change of Control Purchase Date") all of the then outstanding Notes validly tendered at a purchase price in cash equal to 100% of the principal amount thereof plus accrued interest, if any, to the Change of Control Purchase Date (the "Change of Control Purchase Price"). The Change of Control Offer shall remain open from the time of delivery of the Change of Control Notice for at least 20 Business Days and until 5:00 p.m., New York City time, on the Business Day prior to the Change of Control Purchase Date. To exercise its repurchase right, a Holder shall deliver to the Trustee a Repurchase Notice, in accordance with the terms and conditions set forth in the Change of Control Notice. Upon receipt by the Trustee of a Repurchase Notice, the Holder of the Note in respect of which such Repurchase Notice was given shall (unless such Repurchase Notice is withdrawn) thereafter be entitled to receive solely the Change of Control Purchase Price with respect to such Note and, unless the Company has defaulted in the payment of the Change of Control Purchase Price, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date. Holders of Notes will be entitled to withdraw their election if the Paying Agent receives notice of such withdrawal not later than 5:00 p.m., New York City time, on the Business Day prior to the Change of Control Purchase Date. Notes in respect of which a Repurchase Notice has been given by the Holder thereof may not be converted into shares of Common Stock on or after the date of the delivery of such Repurchase Notice, unless such Repurchase Notice has first been validly withdrawn in the manner provided for in the Indenture, unless the Company has defaulted in the payment of the Change of Control Purchase Price. Holders electing to have Notes purchased pursuant to a Change of Control Offer will be required to surrender their Notes to the Paying Agent at the address (in the Borough of Manhattan, The City of New York) specified in the Change of Control Notice prior to 5:00 p.m., New York City time, on the Business Day prior to the Change of Control Purchase Date and must complete any form of letter of transmittal proposed by the Company and reasonably acceptable to the Trustee and the Paying Agent. Any portion of the principal amount of Notes that is equal to \$1,000 or an integral multiple thereof, validly tendered into the Change of Control Offer and not withdrawn, will be accepted for payment.

In the event of redemption, repurchase or conversion of this Note in part only, a new Note or Notes for the unredeemed, unrepurchased or unconverted portion hereof will be issued in the name of the Holder hereof upon the cancellation thereof.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of

the Notes under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Notes at the time outstanding. The Indenture also contains provisions permitting the Holders of no less than a majority in principal amount of the Notes at the time outstanding, on behalf of the Holders of all the Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note or such other Note.

As provided in and subject to the provisions of the Indenture, the Holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default, the Holders of not less than 25% in principal amount of the outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity and the Trustee shall not have received from the Holders of a majority in principal amount of the outstanding Notes a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Note for the enforcement of any payment of principal hereof or interest hereon on or after the respective due dates expressed herein or for the enforcement of the right to convert this Note as provided in the Indenture.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, places and rate, and in the coin or currency, herein prescribed or to convert this Note as provided in the Indenture.

The Notes are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Notes are exchangeable for a like aggregate principal amount of Notes of a different authorized denomination, as requested by the Holder surrendering the same.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable on the security register maintained by the Registrar, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and any interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees by the Registrar.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to recover any tax or other governmental charge payable in connection therewith.

Prior to due presentation of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name Note is registered, as the owner thereof for all purposes, whether or not such Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

A director, officer, employee, stockholder or incorporator, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or the Indenture. Each Holder by accepting a Note waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

## ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties (Cust)
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	-	Uniform Gifts to Minors Act

Additional abbreviations may also be used though not in the above list.

ELECTION OF HOLDER TO REQUIRE REPURCHASE  
UPON A CHANGE OF CONTROL

(1) Pursuant to Article 4 of the First Supplemental Indenture dated August \_\_, 1999 to the Indenture, the undersigned hereby acknowledges receipt of a notice from the Company of a Change of Control Offer and requests and instructs the Company to repurchase this Note, or the portion hereof (which is \$1,000 in principal amount or an integral multiple of \$1,000) below designated, as of the Change of Control Purchase Date pursuant to the terms and conditions specified in such Article 4.

(2) The undersigned hereby directs the Trustee or the Company to pay to the undersigned an amount in cash equal to 100% of the principal amount to be repurchased (as set forth below), plus interest accrued to the Change of Control Purchase Date, as provided in the Indenture.

(3) The undersigned elects (check one):

( ) to withdraw this notice with respect to the following Notes:

Principal amount:

Certificate numbers:

( ) to receive cash in respect of the entire Change of Control Purchase Price with respect to the Notes that are subject to this notice.

Notice: If the Holder fails to make an election, the Holder shall be deemed to have elected to receive cash in respect of the entire Change of Control Purchase Price for all Notes subject to this notice.

Dated \_\_\_\_\_  
\_\_\_\_\_  
Signature(s)

Signature(s) must be guaranteed by an Eligible Guarantor Institution with membership in an approved signature guarantee program pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934.

\_\_\_\_\_  
Signature Guaranteed

Security certificate number:



Principal amount to be repurchased  
(if less than all): \$ .....

Remaining principal amount  
after repurchase:  
\$ .....

-----  
Social Security or Other Taxpayer  
Identification Number

CONVERSION NOTICE

The undersigned Holder of this Note hereby irrevocably exercises the option to convert this Note, or any portion of the principal amount hereof (which is \$1,000 in principal amount or an integral multiple of \$1,000), below designated, into shares of Class A common stock of Lamar Advertising Company, \$0.001 par value per share (the "Common Stock"), in accordance with the terms of the Indenture referred to in this Note, and directs that such shares, together with a check in payment for any fractional share and any Notes representing any unconverted principal amount hereof, be issued and delivered to and be registered in the name of the undersigned unless a different name has been indicated below. If shares of Common Stock or any portion of this Note not converted are to be registered in the name of a Person other than the undersigned, (a) the undersigned will pay all transfer taxes payable with respect thereto and (b) signature(s) must be guaranteed by an Eligible Guarantor Institution with membership in an approved signature guarantee program pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934.

Dated -----  
-----  
-----  
Signature(s)

If shares or Notes are to be registered in the name of a Person other than the Holder, please print such Person's name and address:

-----  
Name

-----  
Address

-----  
Social Security or Other Taxpayer  
Identification Number

-----  
[Signature Guaranteed]

If only a portion of the Notes is to be converted, please indicate:

1. Principal amount to be converted:

\$ -----

2. Principal amount and denomination of Notes representing unconverted principal amount to be issued:

\$ -----

FORM OF ASSIGNMENT

For value received \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ [also insert social security or other identifying number of assignee] the within Note, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Signature(s)

Signature(s) must be guaranteed by an Eligible Guarantor Institution with membership in an approved signature guarantee program pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934.

6-MOS  
DEC-31-1999  
JAN-01-1999  
JUN-30-1999  
1  
4,249  
0  
49,815  
3,222  
0  
66,490  
723,828  
177,700  
1,410,934  
42,534  
885,306  
0  
3,649  
62  
451,419  
1,410,934  
183,286  
183,575  
0  
60,245  
0  
500  
36,379  
(16,683)  
(1,766)  
(14,917)  
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(.26)

## FACTORS AFFECTING FUTURE OPERATING RESULTS

## LAMAR MEDIA CORP.'S DEBT AGREEMENTS CONTAIN COVENANTS AND RESTRICTIONS THAT CREATE THE POTENTIAL FOR DEFAULTS

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

- o make distributions to Lamar Advertising Company;
- o dispose of assets;
- o incur or repay debt;
- o create liens; and
- o make investments.

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

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

If we fail to comply with these tests, the lenders have the right to cause all amounts outstanding under the bank credit facility to become immediately due. If this were to occur and the lenders decide to exercise their right to accelerate the indebtedness, it would create serious financial problems for us. Our ability to comply with these restrictions, and any similar restrictions in future agreements, depends on our operating performance. Because our performance is subject to prevailing economic, financial and business conditions and other factors that are beyond our control, we may be unable to comply with these restrictions in the future.

BECAUSE LAMAR ADVERTISING AND ITS SUBSIDIARIES HAVE SIGNIFICANT FIXED PAYMENTS ON THEIR DEBT, WE MAY LACK SUFFICIENT CASH FLOW TO OPERATE OUR BUSINESS AS WE HAVE IN THE PAST AND MAY NEED TO BORROW MONEY IN THE FUTURE TO MAKE THESE PAYMENTS AND OPERATE OUR BUSINESS

Lamar Advertising and its subsidiaries have borrowed substantial amounts of money in the past and may borrow more money in the future. Lamar Advertising recently completed an offering of \$250 million of convertible notes. At June 30, 1999, Lamar Media had approximately \$894 million of debt outstanding consisting of approximately \$307 million in bank debt, \$558 million in various series of senior subordinated notes and \$29 million in various other short-term and long-term debt of Lamar Media.

If we complete the pending Chancellor Outdoor acquisition, we will incur additional debt. Assuming that the Chancellor Outdoor acquisition had taken place prior to June 30, 1999, at that time Lamar Media would have had approximately \$1.6 billion of debt outstanding, consisting of approximately \$1 billion in bank debt, \$558 million in various series of senior subordinated notes and \$29 million in various other short-term and long-term debt of Lamar Media. This debt would have represented approximately 55% of our total capitalization after giving effect to the pending Chancellor Outdoor acquisition, the Lamar Advertising convertible notes offering and the application of the net proceeds from the convertible notes offering.

A large part of our cash flow from operations must be used to make principal and interest payments on our debt. If our operations make less money in the future, we may need to borrow to make these payments. In addition, we finance most of our acquisitions through borrowings under Lamar Media's existing bank credit facility which presently has a total committed amount of \$500 million in term and revolving credit loans. As of June 30, 1999, we only had approximately \$192 million available to borrow under this bank credit facility. Since our borrowing capacity under Lamar Media's bank credit facility is limited, we may not be able to continue to finance future acquisitions at our historical rate with borrowings under this bank credit facility. Lamar Media has obtained a commitment from its lenders to replace its existing bank credit facility with a new bank credit facility with a maximum borrowing

capacity of up to \$1 billion. We cannot guarantee that Lamar Media will enter into the new bank credit facility for the full commitment amount or at all. We may need to borrow additional amounts or seek other sources of financing to fund future acquisitions. We cannot guarantee that such additional financing will be available or available on favorable terms. We also may need the consent of the banks under Lamar Media's bank credit facility, or the holders of other indebtedness, to borrow additional money.

#### THE BUSINESS OF LAMAR ADVERTISING AND ITS SUBSIDIARIES COULD BE HURT BY CHANGES IN ECONOMIC AND ADVERTISING TRENDS

We sell advertising space to generate revenues. A decrease in demand for advertising space could adversely affect our business. General economic conditions and trends in the advertising industry affect the amount of advertising space purchased. A reduction in money spent on our displays could result from:

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

#### THE OPERATIONS OF LAMAR ADVERTISING AND ITS SUBSIDIARIES ARE IMPACTED BY THE REGULATION OF OUTDOOR ADVERTISING

Our operations are significantly impacted by federal, state and local government regulation of the outdoor advertising business.

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

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

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

#### THE CONTINUED GROWTH OF LAMAR ADVERTISING AND ITS SUBSIDIARIES THROUGH ACQUISITIONS MAY BECOME MORE DIFFICULT AND INVOLVES COSTS AND UNCERTAINTIES

We have substantially increased our inventory of advertising displays through acquisitions. Our operating strategy involves making purchases in markets where we currently compete as well as in new markets. However, the following factors may affect our ability to continue to pursue this strategy effectively.

- o The outdoor advertising market has been consolidating, and this may adversely affect our ability to find suitable candidates for purchase.
- o We are also likely to face increased competition from other outdoor advertising companies for the companies or assets we wish to purchase. Increased competition may lead to higher prices for outdoor advertising companies and assets and decrease those we are able to purchase.
- o We do not know if we will have sufficient capital resources to make purchases, obtain any required consents from our lenders, or find acquisition opportunities with acceptable terms.

- o From January 1, 1997 to July 22, 1999, we completed 96 transactions involving the purchase of complementary outdoor advertising assets, the most significant of which was the acquisition on October 1, 1998 of Outdoor Communications, Inc. for \$385 million. We currently have pending an acquisition of Chancellor Outdoor for a purchase price consisting of \$700 million in cash and a fixed amount of 26,227,273 shares of Class A common stock of Lamar Advertising, which if completed, will be by far our largest acquisition to date. We must integrate these acquired assets and businesses into our existing operations. This process of integration may result in unforeseen difficulties and could require significant time and attention from our management that would otherwise be directed at developing our existing business. Further, we cannot be certain that the benefits and cost savings that we anticipate from these purchases will develop.

IF WE COMPLETE THE CHANCELLOR OUTDOOR ACQUISITION, WE WILL SIGNIFICANTLY EXPAND OUR OPERATIONS IN MAJOR MARKETS WHERE WE CANNOT BE SURE OUR BUSINESS STRATEGY WILL CONTINUE TO BE SUCCESSFUL

If we complete our acquisition of Chancellor Outdoor, we will significantly expand our operations in major markets. Because we have historically focused on middle markets and have not had substantial operations in major markets to date, we cannot guarantee that we will be able to replicate the success that we have achieved with our business strategy in middle markets. Achieving our goals in major markets will depend to a great extent on our ability to attract and retain national advertising customers. Our success to date has been built in large measure on our ability to attract and retain local advertising customers. Approximately 81% of our net advertising revenues for calendar 1998 derived from local advertising. We cannot be sure that the strategies that have worked well with local advertising customers will work with national advertisers.

In addition, expanding our operations in major markets will put us in increased competition with larger competitors with more diversified media operations who may have a more established market presence and greater financial resources than we do. We may also face more intense competition from other forms of outdoor advertising and other media in major markets than we do in middle markets.

IF WE DO NOT COMPLETE THE CHANCELLOR OUTDOOR ACQUISITION, WE MAY NOT BE ABLE TO ACHIEVE THE GROWTH THAT WE ANTICIPATE IF THE ACQUISITION IS COMPLETED

For the Chancellor Outdoor acquisition to be completed, numerous closing conditions must be satisfied. Many of these closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and financing contingencies, are beyond our control. Accordingly, we may not be able to complete the acquisition. Even if we complete the Chancellor Outdoor acquisition, the projected growth we anticipate could be reduced if we were required to divest significant assets to obtain clearance under the HSR Act.

The Chancellor Outdoor acquisition offers projected benefits that we may not be able to achieve through other means. As consolidation continues to accelerate in the outdoor advertising industry, there are fewer opportunities to acquire outdoor advertising assets on the scale of the Chancellor Outdoor acquisition. Consequently, we may not be able to acquire the quantity or quality of outdoor advertising assets afforded by the Chancellor Outdoor acquisition in a series of smaller acquisitions.

THE BAN ON TOBACCO ADVERTISING HAS ELIMINATED A TRADITIONALLY SIGNIFICANT SOURCE OF OUR REVENUES AND WE MAY NOT BE ABLE TO CONTINUE TO REPLACE THESE LOST REVENUES THROUGH OTHER SOURCES

We have removed all of our outdoor advertising of tobacco products in connection with settlements the states reached with the U.S. tobacco companies. The revenues from tobacco advertising as a percentage of billboard advertising net revenues was 9% in 1997 and 8% in 1998.

The ban on outdoor advertising of tobacco products in the settlement increased our available inventory. To date, we have been successful in replacing the tobacco advertising removed with substitute advertising at comparable rates. We cannot be sure, however, that we will continue to be able to do so in the future. If we are unable to continue to replace tobacco advertising, the resulting increase in available inventory could cause us to reduce our rates or limit our ability to raise rates. In addition, we cannot guarantee that substitute



advertisers will pay rates as favorable to us as those paid by tobacco advertisers.

**WE FACE COMPETITION FROM LARGER AND MORE DIVERSIFIED OUTDOOR ADVERTISERS AND OTHER FORMS OF ADVERTISING THAT COULD HURT OUR PERFORMANCE**

We cannot be sure that in the future we will compete successfully against the current and future sources of outdoor advertising competition and competition from other media. The competitive pressure that we face could adversely affect our profitability or financial performance. Even though we would be the largest company focusing exclusively on outdoor advertising if we complete our pending acquisition of Chancellor Outdoor, we face competition from larger companies with more diversified operations which also include radio and other broadcast media. We also face competition from other forms of media, including television, radio, newspapers and direct mail advertising. We must also compete with an increasing variety of other out-of-home advertising media that include advertising displays in shopping centers, malls, airports, stadiums, movie theaters and supermarkets, and on taxis, trains and buses.

In our logo sign business, we currently face competition for state-awarded service contracts from two other logo sign providers as well as local companies. Initially, we compete for state-awarded service contracts as they are privatized. Because these contracts expire after a limited time, we must compete to keep our existing contracts each time they are up for renewal.

**IF OUR CONTINGENCY PLANS RELATING TO HURRICANES FAIL, THE RESULTING LOSSES COULD HURT OUR BUSINESS**

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

A significant portion of our structures is located in the Mid-Atlantic and Gulf Coast regions of the United States. These areas are highly susceptible to hurricanes during the late summer and early fall. In the past, we have incurred significant losses due to severe storms. These losses resulted from structural damage, overtime compensation, loss of billboards that could not be replaced under applicable laws and reduced occupancy because billboards were out of service.

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

**OUR LOGO SIGN CONTRACTS ARE SUBJECT TO STATE AWARD AND RENEWAL**

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

Generally, state-awarded logo sign contracts have a term, including renewal options, of ten to twenty years. States may terminate a contract early, but in most cases must pay compensation to the logo sign provider for early termination. Typically, at the end of the term of the contract, ownership of the structures is transferred to the state without compensation to the logo sign provider. Of our current logo sign contracts, one is due to terminate in September 1999 and three are subject to renewal in May, June and October 2000. We cannot guarantee that we will be able to obtain new logo sign contracts or renew our existing contracts. In addition, after we receive a new state-awarded logo contract, we generally incur significant start-up costs. We cannot guarantee that we will continue to have access to the capital necessary to finance those costs.

**OUR OPERATIONS COULD BE AFFECTED BY THE LOSS OF KEY EXECUTIVES**

Our success depends to a significant extent upon the continued services of our executive officers and other key management and sales personnel. Kevin P. Reilly, Jr., Lamar Advertising's Chief Executive Officer, our six regional managers and the manager of our logo sign business, in particular, are essential to our continued success. Although we have designed

our incentive and compensation programs to retain key employees, we have no employment contracts with any of our employees and none of our executive officers have signed non-compete agreements. We do not maintain key man insurance on our executives. If any of our executive officers or other key management and sales personnel stopped working with us in the future, it could have an adverse effect on our business.

**WE COULD EXPERIENCE SYSTEM FAILURES AND DISRUPTIONS OF OUR OPERATIONS AS A RESULT OF THE YEAR 2000 DATE RECOGNITION PROBLEM**

The year 2000 date recognition problem could cause our computer systems to fail, resulting in miscalculations and incorrect data. Computer systems which may be affected by this year 2000 problem include computer systems embedded in production equipment; displays containing computer systems; business data processing systems; production, management and planning systems; and personal computers. Consequently, the year 2000 problem could disrupt our daily commercial activities if we do not take the steps necessary to address it effectively. In addition, we cannot assure you that our customers, suppliers and other third parties that we deal with are or will be year 2000 compliant in a timely manner. Interruptions in the services provided to us or in the purchases made by these third parties could also disrupt our operations. Parties affected by a disruption in our operations and services could make claims or bring lawsuits against us. Depending upon the extent and duration of any disruptions caused by the year 2000 problem and the specific services affected, these disruptions could have an adverse affect on our business.