GOLD RESERVE INC
Form SC 13G/A
February 14, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 4) *

Gold Reserve Inc.
(Name of Issuer)

Class A Common Stock, no par value per share
(Title of Class of Securities)

38068N108
(Cusip Number)

December 31, 2013
(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

o Rule 13d-1(b)
x Rule 13d-1(c)
o Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

13G

CUSIP No.
38068N108

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Greywolf Capital Partners II LP
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [ ] (b) [X]** ** The reporting persons making this filing hold an aggregate of 13,896,983 Shares, which is 18.2% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page.
3	SEC USE ONLY
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER -0-
	6	SHARED VOTING POWER 3,773,766
	7	SOLE DISPOSITIVE POWER -0-
	8	SHARED DISPOSITIVE POWER 3,773,766

9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 3,773,766
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) [ ]
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 4.9%
12	TYPE OF REPORTING PERSON (See Instructions) PN

13G

CUSIP No. 38068N108

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Greywolf Capital Overseas Master Fund		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [ ] (b) [X]** ** The reporting persons making this filing hold an aggregate of 13,896,983 Shares, which is 18.2% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page.		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER -0-	
	6	SHARED VOTING POWER 5,551,568	
	7	SOLE DISPOSITIVE POWER -0-	
	8	SHARED DISPOSITIVE POWER 5,551,568	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 5,551,568		
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) [ ]		
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 7.3%		
12	TYPE OF REPORTING PERSON (See Instructions) OO		

13G

CUSIP No.
38068N108

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Greywolf Capital Overseas Fund II
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [ ] (b) [X]** ** The reporting persons making this filing hold an aggregate of 13,896,983 Shares, which is 18.2% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page.
3	SEC USE ONLY
4	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands

NUMBER OF	5	SOLE VOTING POWER -0-
SHARES BENEFICIALLY OWNED BY	6	SHARED VOTING POWER 4,571,649
EACH	7	SOLE DISPOSITIVE POWER -0-
REPORTING PERSON WITH	8	SHARED DISPOSITIVE POWER 4,571,649

9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,571,649
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) [ ]
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 6.0%
12	TYPE OF REPORTING PERSON (See Instructions) OO

13G

CUSIP No.
38068N108

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Greywolf Advisors LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [ ] (b) [X]** ** The reporting persons making this filing hold an aggregate of 13,896,983 Shares, which is 18.2% of the class of securities. The reporting person on this cover page, however, may be deemed a beneficial owner only of the securities reported by it on this cover page.		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER -0-	
	6	SHARED VOTING POWER 3,773,766	
	7	SOLE DISPOSITIVE POWER -0-	
	8	SHARED DISPOSITIVE POWER 3,773,766	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 3,773,766		
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)		[ ]
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 4.9%		
12	TYPE OF REPORTING PERSON (See Instructions) OO		

13G

CUSIP No.
38068N108

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Greywolf Capital Management LP	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [ ] (b) [X]** ** The reporting persons making this filing hold an aggregate of 13,896,983 Shares, which is 18.2% of the class of securities. The reporting person on this cover page, however, may be deemed a beneficial owner only of the securities reported by it on this cover page.	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	

NUMBER OF	5	SOLE VOTING POWER -0-
SHARES BENEFICIALLY OWNED BY	6	SHARED VOTING POWER 13,896,983
EACH	7	SOLE DISPOSITIVE POWER -0-
REPORTING PERSON WITH	8	SHARED DISPOSITIVE POWER 13,896,983

9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 13,896,983
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) [ ]
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 18.2%
12	TYPE OF REPORTING PERSON (See Instructions) PN, IA

13G

CUSIP No. 38068N108

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Greywolf GP LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [ ] (b) [X]** ** The reporting persons making this filing hold an aggregate of 13,896,983 Shares, which is 18.2% of the class of securities. The reporting person on this cover page, however, may be deemed a beneficial owner only of the securities reported by it on this cover page.		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF	5	SOLE VOTING POWER -0-	
SHARES BENEFICIALLY OWNED BY	6	SHARED VOTING POWER 13,896,983	
EACH	7	SOLE DISPOSITIVE POWER -0-	
REPORTING PERSON WITH	8	SHARED DISPOSITIVE POWER 13,896,983	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 13,896,983		
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)		[ ]
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 18.2%		
12	TYPE OF REPORTING PERSON (See Instructions) OO		

13G

CUSIP No. 38068N108

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Jonathan Savitz		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [ ] (b) [X]** ** The reporting persons making this filing hold an aggregate of 13,896,983 Shares, which is 18.2% of the class of securities. The reporting person on this cover page, however, may be deemed a beneficial owner only of the securities reported by it on this cover page.		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER -0-	
	6	SHARED VOTING POWER 13,896,983	
	7	SOLE DISPOSITIVE POWER -0-	
	8	SHARED DISPOSITIVE POWER 13,896,983	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 13,896,983		
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)		[ ]
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 18.2%		
12	TYPE OF REPORTING PERSON (See Instructions) IN		

This Amendment No. 4 to Schedule 13G amends and restates in its entirety the Schedule 13G initially filed on December 18, 2012 (together with all such amendments and this amendment, this "Schedule 13G").

Item 1. Issuer.

(a) Name of Issuer

Gold Reserve Inc. (the "Company")

(b) Address of Issuer's Principal Executive Offices

926 W. Sprague Avenue, Suite 200

Spokane, WA 99201

Item 2. Identity And Background.

Title Of Class Of Securities And CUSIP Number (Item 2(d) and (e))

This statement relates to shares of Class A Common Stock, no par value per share (the "Shares"), of the Company. The CUSIP number of the Shares is 38068N108. The beneficial ownership reported herein by the Reporting Persons (as defined below) includes Shares issuable upon the exercise of certain Warrants to Purchase Class A Common Shares issued by the Company on August 28, 2013.

Name Of Persons Filing, Address Of Principal Business Office And Citizenship (Item 2(a), (b) and (c))

This statement is filed by the entities and persons listed below, all of whom together are referred to herein as the "Reporting Persons."

(i) Greywolf Capital Partners II LP, a Delaware limited partnership ("Greywolf Capital II"), with respect to the Shares held by it;

(ii) Greywolf Capital Overseas Master Fund, a Cayman Islands exempted company ("Greywolf Master Overseas"), with respect to the Shares held by it;

(iii) Greywolf Capital Overseas Fund II, a Cayman Islands exempted company ("Greywolf Overseas Fund II" and together with Greywolf Capital II and Greywolf Master Overseas, the "Greywolf Funds"), with respect to the Shares held by it;

(iv) Greywolf Advisors LLC, a Delaware limited liability company and the general partner (the "General Partner") of Greywolf Capital II, with respect to the Shares held by Greywolf Capital II;

(v) Greywolf Capital Management LP, a Delaware limited partnership and the investment manager (the “Investment Manager”) of the Greywolf Funds, with respect to the Shares held by the Greywolf Funds;

(vi) Greywolf GP LLC, a Delaware limited liability company and the general partner of the Investment Manager (the “Investment Manager General Partner”), with respect to the Shares held by the Greywolf Funds; and

(vii) Jonathan Savitz, a United States citizen (“Savitz”) and the senior managing member of the General Partner and the sole managing member of the Investment Manager General Partner, with respect to the Shares held by the Greywolf Funds.

The citizenship of each of the Reporting Persons is set forth above. The address of the principal business office of (i) all of the Reporting Persons other than Greywolf Master Overseas and Greywolf Overseas Fund II is 4 Manhattanville Road, Suite 201, Purchase, New York 10577 and (ii) Greywolf Master Overseas and Greywolf Overseas Fund II is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007.

Item 3. If This Statement Is Filed Pursuant To Sections 240.13d-1(b), Or 13d-2(b) Or (c), Check Whether The Person Filing Is An Entity Specified In (a) - (k):

Not Applicable.

If This Statement Is Filed Pursuant To Section 240.13d-1(c), Check This Box. [X]

Item 4. Ownership.

The information required by Items 4(a) - (c) and set forth in Rows 5 through 11 of the cover page for each Reporting Person hereto is incorporated herein by reference for each such Reporting Person.

The Shares reported hereby for each of the Greywolf Funds are owned directly by such Greywolf Fund. The General Partner, as general partner of Greywolf Capital II, may be deemed to be a beneficial owner of all such Shares owned by Greywolf Capital II. The Investment Manager, as investment manager of the Greywolf Funds, may be deemed to be a beneficial owner of all such Shares owned by the Greywolf Funds. The Investment Manager General Partner, as general partner of the Investment Manager, may be deemed to be a beneficial owner of all such Shares owned by the Greywolf Funds. Savitz, as the senior managing member of the General Partner and as the sole managing member of the Investment Manager General Partner, may be deemed to be a beneficial owner of all such Shares owned by the Greywolf Funds. Each of the General Partner, the Investment Manager, the Investment Manager General Partner and Savitz hereby disclaims any beneficial ownership of any such Shares.

Item 5. Ownership Of Five Percent Or Less Of A Class.

Not Applicable.

Item 6. Ownership Of More Than Five Percent On Behalf Of Another Person.

Not Applicable.

Item 7. Identification And Classification Of The Subsidiary Which Acquired The Security Being Reported On By The Parent Holding Company.

Not Applicable.

Item 8. Identification And Classification Of Members Of The Group.

The Reporting Persons are filing this Schedule 13G pursuant to Rule 13d-1(c). Consistent with Item 2 of the cover page for each Reporting Person above, the Reporting Persons neither disclaim nor affirm the existence of a group among them.

Item 9. Notice Of Dissolution Of Group

Not Applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under §240.14a-11.

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: February 13, 2014

/s/ Jonathan Savitz
GREYWOLF ADVISORS LLC,
On its own behalf
And as the General Partner of
GREYWOLF CAPITAL PARTNERS II LP
By Jonathan Savitz,
Senior Managing Member

/s/ Jonathan Savitz
GREYWOLF GP LLC
By Jonathan Savitz,
Managing Member

/s/ Jonathan Savitz
GREYWOLF CAPITAL MANAGEMENT LP,
On its own behalf
And as Investment Manager to
GREYWOLF CAPITAL OVERSEAS MASTER FUND and
GREYWOLF CAPITAL OVERSEAS FUND II
By Jonathan Savitz,
Managing Member of Greywolf GP LLC, its General Partner

/s/ Jonathan Savitz
Jonathan Savitz

January 1, 2012 pursuant to the automatic increase provisions of the 2009 ESPP and further increased by 250,000 shares of Class A common stock pursuant to an amendment to the 2009 Plan adopted by our board of directors on February 22, 2012 and approved by our stockholders at the Company s 2012 Annual Meeting of Stockholders on

May 24, 2012.

The following is a summary of 2009 ESPP share activity for the six months ended June 30, 2012:

	Shares
Available for future purchases, January 1, 2012	253,294
Additional shares reserved under 2009 ESPP	250,000
Purchases	(76,151)
Available for future purchases, June 30, 2012	427,143

Performance-based compensation. Unrestricted shares of our Class A common stock may be awarded to key officers, employees and directors under our 1996 Equity Incentive Plan. The number of shares to be issued, if any, will be dependent on the level of achievement of performance measures for key officers and employees, as determined by the Company s Compensation Committee based on our 2012 results. Any shares issued based on the achievement of performance goals will be issued in the first quarter of 2013. The shares subject to these awards can range from a minimum of 0% to a maximum of 100% of the target number of shares depending on the level at which the goals are attained. For the six months ended June 30, 2012, the Company has recorded $3,226 as non-cash compensation expense related to performance-based awards. In addition, each non-employee director automatically receives upon election or re-election a restricted stock award of our Class A common stock. The awards vest 50% on grant date and 50% on the last day of each of the directors one year term. The Company recorded a $184 non-cash compensation expense related to these awards for the six months ended June 30, 2012.

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LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

3. Depreciation and Amortization

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

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Direct advertising expenses	$ 68,708	$ 68,675	$ 136,943	$ 138,246
General and administrative expenses	1,046	1,059	2,022	2,070
Corporate expenses	3,241	2,676	6,403	5,967
	$ 72,995	$ 72,410	$ 145,368	$ 146,283

4. Goodwill and Other Intangible Assets

The following is a summary of intangible assets at June 30, 2012 and December 31, 2011.

	Estimated Life (Years)	June 30, 2012 Gross Carrying Amount	June 30, 2012 Accumulated Amortization	December 31, 2011 Gross Carrying Amount	December 31, 2011 Accumulated Amortization
Customer lists and contracts	7 10	$ 469,837	$ 455,228	$ 468,371	$ 451,524
Non-competition agreements	3 15	63,622	62,282	63,592	61,849
Site locations	15	1,390,745	971,451	1,383,076	925,291
Other	5 15	13,608	13,118	13,608	13,103
		$ 1,937,812	$ 1,502,079	$ 1,928,647	$ 1,451,767
Unamortizable intangible assets:					
Goodwill		$ 1,681,805	$ 253,635	$ 1,680,483	$ 253,635

5. Asset Retirement Obligations

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

Balance at December 31, 2011	$ 180,662
Additions to asset retirement obligations	441
Accretion expense	5,066
Liabilities settled	(2,833)
Balance at June 30, 2012	$ 183,336

6. <u>Summarized Financial Information of Subsidiaries</u>

Separate financial statements of each of the Company s direct or indirect wholly owned subsidiaries that have guaranteed Lamar Media s obligations with respect to its publicly issued notes (collectively, the Guarantors) are not included herein because the Company has no independent assets or operations, the guarantees are full and unconditional and joint and several and the only subsidiaries that are not guarantors are in the aggregate minor.

Lamar Media s ability to make distributions to Lamar Advertising is restricted under both the terms of the indentures relating to Lamar Media s outstanding notes and by the terms of its senior credit facility. As of June 30, 2012 and December 31, 2011, Lamar Media was permitted under the terms of its outstanding senior subordinated notes to make transfers to Lamar Advertising in the form of cash dividends, loans or advances in amounts up to $1,648,103 and $1,641,856, respectively. Transfers to Lamar Advertising are subject to additional restrictions if, (i) under Lamar Media s senior credit facility and as defined therein, (x) the total holdings debt ratio is greater than 5.75 to 1 or (y) the senior debt ratio is greater than 3.25 to 1.0, and (ii) if under the indenture for Lamar Media s 9 3/4% senior notes and as defined therein, its senior leverage ratio is greater than or equal to 3.0 to 1. As of June 30, 2012, the total holdings debt ratio was less than 5.75 to 1 and Lamar Media s senior debt ratio was less than 3.25 to 1 and its senior leverage ratio was less than 3.0 to 1; therefore, transfers to Lamar Advertising were not subject to any additional restrictions under the senior credit facility or pursuant to the indenture governing the 9 3/4% senior notes.

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LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

7. Earnings Per Share

The calculation of basic earnings per share excludes any dilutive effect of stock options, while diluted earnings per share includes the dilutive effect of options. The number of dilutive shares excluded from this calculation resulting from the antidilutive effect of options is 312,712 and 419,367 for the six months ended June 30, 2012 and 2011.

8. Long-term Debt

Long-term debt consists of the following at June 30, 2012 and December 31, 2011:

	June 30, 2012	December 31, 2011
Senior Credit Facility	$ 695,477	$ 595,477
7 7/8% Senior Subordinated Notes	400,000	400,000
6 5/8% Senior Subordinated Notes	122,760	381,290
6 5/8% Senior Subordinated Notes Series B	98,663	191,544
6 5/8% Senior Subordinated Notes Series C	34,988	256,040
5 7/8% Senior Subordinated Notes	500,000	
9 3/4% Senior Notes	335,220	331,553
Other notes with various rates and terms	2,606	2,624
	2,189,714	2,158,528
Less current maturities	(157,972)	(17,310)
Long-term debt, excluding current maturities	$ 2,031,742	$ 2,141,218

6 5/8% Senior Subordinated Notes

On August 16, 2005, Lamar Media Corp., issued $400,000 aggregate principal amount of 6 5/8% Senior Subordinated Notes due 2015. These notes are unsecured senior subordinated obligations and will be subordinated to all of Lamar Media s existing and future senior debt, rank equally with all of Lamar Media s existing and future senior subordinated debt and rank senior to all of our existing and any future subordinated debt of Lamar Media. These notes are redeemable at the company s option anytime on or after August 15, 2010 in whole or part, in cash at redemption prices specified in the notes. The net proceeds for this issuance were used to reduce borrowings under Lamar Media s senior credit facility.

On August 17, 2006, Lamar Media Corp. issued $216,000 aggregate principal amount of 6 5/8% Senior Subordinated Notes due 2015-Series B. These notes are unsecured senior subordinated obligations and will be subordinated to all of Lamar Media s existing and future senior debt, rank equally with all of Lamar Media s existing and future senior subordinated debt and rank senior to all of our existing and any future subordinated debt of Lamar Media. These notes are redeemable at the company s option anytime on or after August 15, 2010 in whole or part, in cash at redemption prices specified in the notes. The net proceeds from this issuance were used to reduce borrowings under Lamar Media s senior credit facility and repurchase the Company s Class A common stock pursuant to its repurchase plan.

On October 11, 2007, Lamar Media Corp. issued $275,000 aggregate principal amount of 6 5/8% Senior Subordinated Notes due 2015 Series C. These notes are unsecured senior subordinated obligations and will be subordinated to all of Lamar Media s existing and future senior debt, rank equally with all of Lamar Media s existing and future senior subordinated debt and rank senior to all of the existing and any future subordinated debt of Lamar Media. These notes are redeemable at the company s option anytime on or after August 15, 2010 in whole or part, in cash at redemption prices specified in the notes. A portion of the net proceeds from the offering of the Notes was used to repay a portion of the amounts outstanding under Lamar Media s revolving senior credit facility.

On January 26, 2012, Lamar Media commenced a tender offer to purchase for cash, up to $700,000 in aggregate principal amount of its outstanding 6 5/8% Senior Subordinated Notes due 2015, 6 5/8% Senior Subordinated Notes due 2015 Series B and 6 5/8% Senior Subordinated Notes due 2015 Series C (collectively, the 6 5/8% Notes). On February 9, 2012, Lamar Media accepted tenders for approximately $483,655 in aggregate principal amount of the 6 5/8% Notes, out of approximately $582,903 tendered, in connection with the early settlement date of the tender offer. On February 27, 2012, Lamar Media accepted tenders for approximately $99,248 previously tendered and not accepted for payment and an additional $220 tendered following the early settlement date. Lamar Media made aggregate cash payments (including early tender consideration and accrued but unpaid interest) in connection with the tender offer of approximately $613,887.

For the six months ended June 30, 2012, the Company recognized a loss of $29,972 in connection with the repurchase of a portion of its 6 5/8% Notes.

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LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

9 3/4% Senior Notes

On March 27, 2009, Lamar Media issued $350,000 in aggregate principal amount ($314,927 gross proceeds) of 9 3/4% Senior Notes due 2014. The institutional private placement resulted in net proceeds to Lamar Media of approximately $307,489. The senior notes mature on April 1, 2014 and have interest at a rate of 9 3/4% per annum, which is payable semi-annually on April 1 and October 1 of each year, beginning October 1, 2009. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The terms of the senior notes will, among other things, limit Lamar Media s and its restricted subsidiaries ability to (i) incur additional debt and issue preferred stock; (ii) make certain distributions, investments and other restricted payments; (iii) create certain liens; (iv) enter into transactions with affiliates; (v) have the restricted subsidiaries make payments to Lamar Media; (vi) merge, consolidate or sell substantially all of Lamar Media s or the restricted subsidiaries assets; and (vii) sell assets. These covenants are subject to a number of exceptions and qualifications.

At any time prior to April 1, 2014, Lamar Media may redeem some or all of the senior notes at a price equal to 100% of the principal amount plus a make-whole premium. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder s senior notes at a price equal to 101% of the principal amount of the senior notes, plus accrued and unpaid interest (including additional interest, if any), up to but not including the repurchase date.

7 7/8% Senior Subordinated Notes

On April 22, 2010, Lamar Media issued $400,000 in aggregate principal amount of 7 7/8% Senior Subordinated Notes due 2018. The institutional private placement resulted in net proceeds to Lamar Media of approximately $392,000.

Lamar Media may redeem up to 35% of the aggregate principal amount of the Notes, at any time and from time to time, at a price equal to 107.875% of the aggregate principal amount so redeemed, plus accrued and unpaid interest thereon (including additional interest, if any), with the net cash proceeds of certain public equity offerings completed before April 15, 2013, provided that following the redemption at least 65% of the 7 7/8% Notes that were originally issued remain outstanding. At any time prior to April 15, 2014, Lamar Media may redeem some or all of the 7 7/8% Notes at a price equal to 100% of the principal amount plus a make-whole premium. On or after April 15, 2014, Lamar Media may redeem the 7 7/8% Notes, in whole or part, in cash at redemption prices specified in the Notes.

5 7/8% Senior Subordinated Notes

On February 9, 2012, Lamar Media completed an institutional private placement of $500,000 aggregate principle amount of 5 7/8% Senior Subordinated Notes, due 2022. The institutional private placement resulted in net proceeds to Lamar Media of approximately $489,000.

Lamar Media may redeem up to 35% of the aggregate principal amount of the Notes, at any time and from time to time, at a price equal to 105.875% of the aggregate principal amount so redeemed, plus accrued and unpaid interest thereon, with the net cash proceeds of certain public equity offerings completed before February 1, 2015, provided that following the redemption, at least 65% of the Notes that were originally issued remain outstanding. At any time prior to February 1, 2017, Lamar Media may redeem some or all of the Notes at a price equal to 100% of the aggregate principal amount plus a make-whole premium. On or after February 1, 2017, Lamar Media may redeem the Notes, in whole or in part, in cash at redemption prices specified in the Notes. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder s Notes at a price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

The Company used the proceeds of this offering, after payment and fees, to repurchase its tendered and accepted 6 5/8% Notes.

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LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

2010 Senior Credit Facility

On February 9, 2012, Lamar Media entered into a restatement agreement with respect to its existing senior credit facility in order to fund a new $100,000 Term loan A facility and to make certain covenant changes to the senior credit facility, which was entered into on April 28, 2010, as amended on June 11, 2010, November 18, 2010 and February 9, 2012 (the senior credit facility), for which JPMorgan Chase Bank, N.A. serves as administrative agent. The senior credit facility consists of a $250,000 revolving credit facility, a $270,000 term loan A-1 facility, a $30,000 term loan A-2 facility, a $100,000 term loan A-3 facility, a $575,000 term loan B facility and a $300,000 incremental facility, which may be increased by up to an additional $200,000 based upon our satisfaction of a senior debt ratio test (as described below), of less than or equal to 3.25 to 1. Lamar Media is the borrower under the senior credit facility, except with respect to the $30,000 term loan A-2 facility for which Lamar Media s wholly-owned subsidiary, Lamar Advertising of Puerto Rico, Inc. is the borrower. We may also from time to time designate additional wholly-owned subsidiaries as subsidiary borrowers under the incremental loan facility that can borrow up to $110,000 of the incremental facility. Incremental loans may be in the form of additional term loan tranches or increases in the revolving credit facility. Our lenders have no obligation to make additional loans to us, or any designated subsidiary borrower, under the incremental facility, but may enter into such commitments in their sole discretion.

The remaining quarterly amortizations of the Term facilities as of June 30, 2012 is as follows:

	Term A-1	Term A-2	Term A-3	Term B
September 30, 2012 December 31, 2012	$ 6,750	$ 750	$	$ 813.2
March 31, 2013 March 31, 2014	$ 6,750	$ 750	$ 625	$ 813.2
June 30, 2014 December 31, 2014	$ 13,500	$ 1,500	$ 625	$ 813.2
March 31, 2015	$ 13,500	$ 1,500	$ 1,250	$ 813.2
June 30, 2015 September 30, 2015	$ 37,125	$ 4,125	$ 1,250	$ 813.2
December 31, 2015	$ 74,250	$ 8,250	$ 1,250	$ 813.2
March 31, 2016 September 30, 2016	$	$	$ 1,250	$ 813.2
December 31, 2016	$	$	$ 1,250	$ 304,151.9
March 31, 2017 June 30, 2017	$	$	$ 21,250	$
August 9, 2017	$	$	$ 42,500	$

In addition to the amortizations of our Term facilities, Lamar Media may be required to make certain mandatory prepayments on loans outstanding under the senior credit facility that would be applied first to any outstanding term loans. These payments, if any, will be calculated based on a percentage of Consolidated Excess Cash Flow (as defined in the senior credit facility) at the end of each fiscal year. For fiscal years ending or after December 31, 2012, this percentage is subject to reduction to 0% if the total holdings debt ratio (as defined in the senior credit facility) is less than or equal to 5.00 to 1.00 as of the last day of such fiscal year.

As of June 30, 2012, there were no amounts outstanding under the revolving senior facility. The revolving facility terminates April 28, 2015. Availability under the revolving facility is reduced by the amount of any letters of credit outstanding. Lamar Media had $8,334 letters of credit outstanding as of June 30, 2012 resulting in $241,666 of availability under its revolving facility. Revolving credit loans may be requested under the revolving credit facility at any time prior to maturity. The loans bear interest, at Lamar Media s option, at the LIBOR Rate or JPMorgan Chase Prime Rate plus applicable margins, such margins being set from time to time based on Lamar Media s ratio of debt to trailing twelve month EBITDA, as defined in the senior credit facility.

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

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

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LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

Lamar Media s ability to make distributions to Lamar Advertising is also restricted under the terms of these agreements. Under Lamar Media s senior credit facility the Company must maintain specified financial ratios and levels including:

- a fixed charges ratio;
- a senior debt ratio; and
- a total holdings debt ratio.

Lamar Advertising and Lamar Media were in compliance with all of the terms of their indentures and the applicable senior credit agreement provisions during the periods presented.

9. Fair Value of Financial Instruments

At June 30, 2012 and December 31, 2011, the Company s financial instruments included cash and cash equivalents, marketable securities, accounts receivable, investments, accounts payable and borrowings. The fair values of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings and current portion of long-term debt approximated carrying values because of the short-term nature of these instruments. Investment contracts are reported at fair values. Fair values for investments held at cost are not readily available, but are estimated to approximate fair value. The estimated fair value of the Company s long term debt (including current maturities) was $2,304,920, which exceeded both the gross and carrying amounts of $2,208,060 and $2,189,714, respectively, as of June 30, 2012.

10. Non-Cash Financing and Investing Activities

For the six months ended June 30, 2012 and 2011, the Company had non-cash investing activity of $2,871 and $4,000 related to an acquisition of outdoor advertising assets and deposits paid in prior periods for the purchase of an aircraft, respectively.

11. Subsequent Events

On July 2, 2012, the company completed an acquisition of outdoor advertising assets for a total purchase price of $38,512 in cash.

On July 30, 2012, the Company provided notice of its intent to redeem in full all $122,760 of its 6 5/8% Senior Subordinated Notes due 2015 at a redemption price equal to 101.104% of the principal amount outstanding, plus accrued and unpaid interest to, but not including, the redemption date of August 29, 2012. The redemption price will be due and payable on the redemption date upon surrender of the 6 5/8% Senior Subordinated Notes due 2015 in accordance with the terms of the indenture governing the notes. Following the redemption, Lamar Media will have approximately $137,217 in aggregate principle amount of its 6 5/8% Senior Subordinated Notes due 2015 Series B and 6 5/8% Senior Subordinated Notes due 2015 Series C outstanding.

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LAMAR MEDIA CORP.

AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except share data)

	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 98,422	$ 33,377
Receivables, net of allowance for doubtful accounts of $7,600 and $7,500 in 2012 and 2011, respectively.	159,538	147,436
Prepaid expenses	59,068	39,514
Deferred income tax assets	9,267	9,812
Other current assets	34,006	26,578
Total current assets	360,301	256,717
Property, plant and equipment	2,885,659	2,860,592
Less accumulated depreciation and amortization	(1,728,949)	(1,666,975)
Net property, plant and equipment	1,156,710	1,193,617
Goodwill	1,418,018	1,416,696
Intangible assets	435,244	476,376
Deferred financing costs net of accumulated amortization of $17,409 and $18,899 in 2012 and 2011, respectively	37,735	32,455
Other assets	34,379	33,689
Total assets	$ 3,442,387	$ 3,409,550
LIABILITIES AND STOCKHOLDER S EQUITY		
Current liabilities:		
Trade accounts payable	$ 11,949	$ 12,663
Current maturities of long-term debt	157,972	17,310
Accrued expenses	86,442	93,315
Deferred income	50,596	36,717
Total current liabilities	306,959	160,005
Long-term debt	2,031,742	2,141,218
Deferred income tax liabilities	115,304	125,462
Asset retirement obligation	183,336	180,662
Other liabilities	14,779	12,814
Total liabilities	2,652,120	2,620,161
Stockholder s equity:		
Common stock, par value $.01, 3,000 shares authorized, 100 shares issued and outstanding at 2012 and 2011		

Additional paid-in-capital	2,590,246	2,579,318
Accumulated comprehensive income	5,222	5,326
Accumulated deficit	(1,805,201)	(1,795,255)
Stockholder s equity	790,267	789,389
Total liabilities and stockholder s equity	$ 3,442,387	$ 3,409,550

See accompanying note to condensed consolidated financial statements.

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LAMAR MEDIA CORP.

AND SUBSIDIARIES

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(Unaudited)

(In thousands, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Net revenues	$ 304,872	$ 293,345	$ 571,110	$ 548,547
Operating expenses (income)				
Direct advertising expenses (exclusive of depreciation and amortization)	105,071	103,058	208,494	202,609
General and administrative expenses (exclusive of depreciation and amortization)	52,027	48,572	105,122	99,639
Corporate expenses (exclusive of depreciation and amortization)	13,850	10,671	26,247	22,150
Depreciation and amortization	72,995	72,410	145,368	146,283
Gain on disposition of assets	(3,634)	(911)	(4,570)	(7,358)
	240,309	233,800	480,661	463,323
Operating income	64,563	59,545	90,449	85,224
Other expense (income)				
Loss on extinguishment of debt			29,972	
Interest income	(65)	(51)	(123)	(83)
Interest expense	38,633	43,307	78,547	86,927
	38,568	43,256	108,396	86,844
Income (loss) before income tax expense	25,995	16,289	(17,947)	(1,620)
Income tax expense (benefit)	12,003	4,853	(9,114)	108
Net income (loss)	$ 13,992	$ 11,436	$ (8,833)	$ (1,728)
Statement of Comprehensive Income (Loss)				
Net income (loss)	$ 13,992	$ 11,436	$ (8,833)	$ (1,728)
Other comprehensive income				
Foreign currency translation adjustments	(785)	(334)	(104)	401
Comprehensive income (loss)	$ 13,207	$ 11,102	$ (8,937)	$ (1,327)

See accompanying note to condensed consolidated financial statements.

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LAMAR MEDIA CORP.

AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Six months ended June 30, 2012	Six months ended June 30, 2011
Cash flows from operating activities:		
Net loss	$ (8,833)	$ (1,728)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	145,368	146,283
Non-cash equity based compensation	7,033	4,678
Amortization included in interest expense	8,771	9,141
Gain on disposition of assets	(4,570)	(7,358)
Loss on extinguishment of debt	29,972	
Deferred tax benefit	(9,897)	(1,106)
Provision for doubtful accounts	2,740	2,716
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables	(14,828)	(17,008)
Prepaid expenses	(18,275)	(18,535)
Other assets	(5,538)	317
Increase (decrease) in:		
Trade accounts payable	(1,211)	(523)
Accrued expenses	(8,310)	(7,771)
Other liabilities	4,291	(721)
Net cash provided by operating activities	126,713	108,385
Cash flows from investing activities:		
Acquisitions	(14,305)	(9,181)
Capital expenditures	(49,542)	(54,653)
Proceeds from disposition of assets	4,640	9,293
Payment received on notes receivable	113	180
Net cash used in investing activities	(59,094)	(54,361)
Cash flows from financing activities:		
Principal payments on long-term debt	(46)	(128,441)
Payment on senior subordinated notes	(598,181)	
Proceeds received from note offering	500,000	
Proceeds received from senior credit agreement term loan	100,000	
Debt issuance costs	(14,104)	
Contributions from parent	10,928	7,463
Dividend to parent	(1,113)	(3,481)
Net cash used in financing activities	(2,516)	(124,459)

Effect of exchange rate changes in cash and cash equivalents	(58)	224
Net decrease in cash and cash equivalents	65,045	(70,211)
Cash and cash equivalents at beginning of period	33,377	88,565
Cash and cash equivalents at end of period	$ 98,422	$ 18,354
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 72,779	$ 77,812
Cash paid for foreign, state and federal income taxes	$ 1,533	$ 1,069

See accompanying note to condensed consolidated financial statements.

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LAMAR MEDIA CORP.

AND SUBSIDIARIES

Note to Condensed Consolidated Financial Statements

(Unaudited)

(In Thousands, Except for Share Data)

1. Significant Accounting Policies

The information included in the foregoing interim condensed consolidated financial statements is unaudited. In the opinion of management all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of Lamar Media s financial position and results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year. These interim condensed consolidated financial statements should be read in conjunction with Lamar Media s consolidated financial statements and the notes thereto included in the 2011 Combined Form 10-K.

Certain notes are not provided for the accompanying condensed consolidated financial statements as the information in notes 1, 2, 3, 4, 5, 6, 8, 9, 10 and 11 to the condensed consolidated financial statements of Lamar Advertising Company included elsewhere in this report is substantially equivalent to that required for the condensed consolidated financial statements of Lamar Media Corp. Earnings per share data is not provided for Lamar Media Corp., as it is a wholly owned subsidiary of the Company.

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

This discussion contains forward-looking statements. Actual results could differ materially from those anticipated by the forward-looking statements due to risks and uncertainties described in the section of this combined quarterly report on Form 10-Q entitled Note Regarding Forward-Looking Statements and in Item 1A to the 2011 Combined Form 10-K filed on February 27, 2012, as supplemented by those risk factors contained in our combined Quarterly Reports on Form 10-Q. You should carefully consider each of these risks and uncertainties in evaluating the Company s and Lamar Media s financial conditions and results of operations. Investors are cautioned not to place undue reliance on the forward-looking statements contained in this document. These statements speak only as of the date of this document, and the Company undertakes no obligation to update or revise the statements, except as may be required by law.

Lamar Advertising Company

The following is a discussion of the consolidated financial condition and results of operations of the Company for the three and six months ended June 30, 2012 and 2011. This discussion should be read in conjunction with the consolidated financial statements of the Company and the related notes thereto.

OVERVIEW

The Company s net revenues are derived primarily from the sale of advertising on outdoor advertising displays owned and operated by the Company. The Company relies on sales of advertising space for its revenues. Revenue growth is based on many factors that include the Company s ability to increase occupancy of its existing advertising displays; raise advertising rates; and acquire new advertising displays. The Company s operating results are therefore, affected by general economic conditions, as well as trends in the advertising industry. Advertising spending is particularly sensitive to changes in general economic conditions which affect the rates the Company is able to charge for advertising on its displays and its ability to maximize advertising sales or occupancy on its displays.

Historically, the Company made strategic acquisitions of outdoor advertising assets to increase the number of outdoor advertising displays it operates in existing and new markets. While the Company has significantly reduced its acquisition activity over the last three years, it will continue to evaluate and pursue strategic acquisition opportunities as they arise. The Company has financed its historical acquisitions and intends to finance any future acquisition activity from available cash, borrowings under its senior credit facility or the issuance of debt or equity securities. See Liquidity and Capital Resources below. During the seven months ended July 31, 2012, the Company completed acquisitions for a total purchase price of approximately $50 million in cash.

The Company s business requires expenditures for maintenance and capitalized costs associated with the construction of new billboard displays, the entrance into and renewal of logo sign and transit contracts, and the purchase of real estate and operating equipment. The following table presents a breakdown of capitalized expenditures for the three months and six months ended June 30, 2012 and 2011:

	Three months ended June 30, (in thousands)		Six months ended June 30, (in thousands)	
	2012	2011	2012	2011
Total capital expenditures:				
Billboard traditional	$ 9,955	$ 8,621	$ 15,021	$ 17,302
Billboard digital	12,152	11,665	20,062	20,098
Logos	1,961	2,522	3,280	4,680
Transit	63	264	84	472
Land and buildings	3,230	213	4,915	812
Operating equipment	2,434	2,555	6,180	11,289
Total capital expenditures	$ 29,795	$ 25,840	$ 49,542	$ 54,653

RESULTS OF OPERATIONS

Six Months ended June 30, 2012 compared to Six Months ended June 30, 2011

Net revenues increased $22.6 million or 4.1% to $571.1 million for the six months ended June 30, 2012 from $548.5 million for the same period in 2011. This increase was attributable primarily to an increase in billboard net revenues of $18.0 million or 3.7% over the prior period, an increase in logo sign revenue of $2.1 million, which represents an increase of 7.4% over the prior period, and a $2.4 million increase in transit revenue, which represents an increase of 8.8% over the prior period.

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For the six months ended June 30, 2012, there was a $21.2 million increase in net revenues as compared to acquisition-adjusted net revenue for the six months ended June 30, 2011. The $21.2 million increase in revenue primarily consists of a $16.8 million increase in billboard revenue, a $1.6 million increase in logo revenue and a $2.7 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable period in 2011. This increase in revenue represents an increase of 3.8% over the comparable period in 2011. See Reconciliations below.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased $15.5 million or 4.8% to $340.1 million for the six months ended June 30, 2012 from $324.6 million for the same period in 2011. There was an $11.4 million increase in operating expenses related to the operations of our outdoor advertising assets and a $4.1 million increase in corporate expenses. The $4.1 million increase in corporate expenses includes an approximately $2.0 million increase in non-cash compensation expense primarily related to performance-based stock awards as compared to the same period in 2011.

Depreciation and amortization expense remained relatively unchanged for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011.

For the six months ended June 30, 2012, gain on sale of assets decreased $2.8 million as compared to the six months ended June 30, 2011, primarily due to the $5.7 million gain recognized in 2011 related to the sale of our then existing corporate aircraft.

Due to the above factors, operating income increased $5.3 million to $90.3 million for the six months ended June 30, 2012 compared to $85.0 million for the same period in 2011.

During the six months ended June 30, 2012, the Company recognized a $30.0 million loss on debt extinguishment related to the settlement of the tender offer for Lamar Media s 6 5/8% Notes. Approximately $14.4 million of the loss is a non-cash expense attributable to the write off of unamortized debt issuance fees and unamortized discounts associated with the tendered notes. See Uses of Cash Tender Offers for more information.

Interest expense decreased approximately $8.4 million from $86.9 million for the six months ended June 30, 2011 to $78.5 million for the six months ended June 30, 2012, due to the reduction in total debt outstanding as well as a decrease in interest rates resulting from the Company s recent refinancing transactions. See Uses of Cash-Tender Offers for more information.

The increase in operating income, decrease in interest expense and the loss on extinguishment of debt during the six months ended June 30, 2012 resulted in a $16.3 million increase in net loss before income taxes. The increase in net loss before income tax expense resulted in an increase in income tax benefit of $9.2 million as compared to the six months ended June 30, 2011. The effective tax rate for the six months ended June 30, 2012 was 51.0%, which is greater than statutory rates due to permanent differences resulting from non-deductible expenses and amortization, primarily non-deductible compensation expense related to stock based compensation calculated in accordance with ASC 718.

As a result of the above factors, the Company recognized a net loss for the six months ended June 30, 2012 of $8.9 million, as compared to a net loss of $1.8 million for the same period in 2011.

Three Months ended June 30, 2012 compared to Three Months ended June 30, 2011

Net revenues increased $11.6 million or 3.9% to $304.9 million for the three months ended June 30, 2012 from $293.3 million for the same period in 2011. This increase was attributable primarily to an increase in billboard net revenues of $8.9 million or 3.4% over the prior period, an increase in logo revenue of $1.0 million or 6.8% over the prior period and a $1.6 million increase in transit revenue, which represents an increase of 10.3% over the prior period.

For the three months ended June 30, 2012, there was a $10.6 million increase in net revenues as compared to acquisition-adjusted net revenue for the three months ended June 30, 2011. The $10.6 million increase in revenue primarily consists of an $8.3 million increase in billboard revenue, a $0.7 million increase in logo revenue and a $1.6 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable periods in 2011. This increase in revenue represents an increase of 3.6% over the comparable period in 2011. See Reconciliations below.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased $8.6 million or 5.3% to $171.0 million for the three months ended June 30, 2012 from $162.4 million for the same period in 2011. There was a $5.6 million increase in operating expenses related to the operations of our outdoor advertising assets and a $3.2 million increase in corporate expenses. The $3.2 million increase in corporate expenses includes an approximately $1.5 million increase in non-cash compensation related to performance-based stock awards, as compared to the same period in 2011.

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Depreciation and amortization expense remained relatively unchanged for three months ended June 30, 2012, as compared to the three months ended June 30, 2011.

Due to the above factors, operating income increased $5.1 million to $64.5 million for the three months ended June 30, 2012 compared to $59.4 million for the same period in 2011.

Interest expense decreased $4.7 million from $43.3 million for the three months ended June 30, 2011, to $38.6 million for the three months ended June 30, 2012, primarily due to a reduction in overall indebtedness over the comparable period in 2011.

The increase in operating income and decrease in interest expense described above resulted in a $9.7 million increase in net income before income taxes. This increase in net income resulted in an increase in income tax expense of $7.2 million for the three months ended June 30, 2012 over the same period in 2011. The effective tax rate for the three months ended June 30, 2012 was 46.2%, which is greater than statutory rates due to non-deductible expenses and amortization, primarily related to stock-based compensation calculated in accordance with ACS 718.

As a result of the above factors, the Company recognized net income for the three months ended June 30, 2012 of $13.9 million, as compared to net income of $11.4 million for the same period in 2011.

Reconciliations:

Because acquisitions occurring after December 31, 2010 (the acquired assets) have contributed to our net revenue results for the periods presented, we provide 2011 acquisition-adjusted net revenue, which adjusts our 2011 net revenue for the three and six months ended June 30, 2011 by adding to it the net revenue generated by the acquired assets prior to our acquisition of these assets for the same time frame that those assets were owned in the three and six months ended June 30, 2012. We provide this information as a supplement to net revenues to enable investors to compare periods in 2012 and 2011 on a more consistent basis without the effects of acquisitions. Management uses this comparison to assess how well we are performing within our existing assets.

Acquisition-adjusted net revenue is not determined in accordance with GAAP. For this adjustment, we measure the amount of pre-acquisition revenue generated by the acquired assets during the period in 2011 that corresponds with the actual period we have owned the assets in 2012 (to the extent within the period to which this report relates). We refer to this adjustment as acquisition net revenue.

Reconciliations of 2011 reported net revenue to 2011 acquisition-adjusted net revenue for each of the three and six month periods ended June 30, as well as a comparison of 2011 acquisition-adjusted net revenue to 2012 reported net revenue for each of the three and six month periods ended June 30, are provided below:

Reconciliation of Reported Net Revenue to Acquisition-Adjusted Net Revenue

	Three months ended June 30, 2011 (in thousands)	**Six months ended June 30, 2011 (in thousands)**
Reported net revenue	$ 293,345	$ 548,547
Acquisition net revenue	924	1,393
Acquisition-adjusted net revenue	$ 294,269	$ 549,940

Comparison of 2012 Reported Net Revenue to 2011 Acquisition-Adjusted Net Revenue

	Three months ended June 30,		**Six months ended June 30,**	
	2012	**2011**	**2012**	**2011**
	(in thousands)		**(in thousands)**	
Reported net revenue	$ 304,872	$ 293,345	$ 571,110	$ 548,547

Acquisition net revenue		924		1,393
Adjusted totals	$ 304,872	$ 294,269	$ 571,110	$ 549,940

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LIQUIDITY AND CAPITAL RESOURCES

Overview

The Company has historically satisfied its working capital requirements with cash from operations and borrowings under the senior credit facility. The Company s wholly owned subsidiary, Lamar Media Corp., is the principal borrower under the senior credit facility and maintains all corporate operating cash balances. Any cash requirements of the Company, therefore, must be funded by distributions from Lamar Media.

Sources of Cash

Total Liquidity at June 30, 2012. As of June 30, 2012 we had approximately $340.6 million of total liquidity, which is comprised of approximately $98.9 million in cash and cash equivalents and the ability to draw approximately $241.7 million under the revolving portion of Lamar Media s senior credit facility. We are currently in compliance with all applicable restrictive covenants under the senior credit facility and we would remain in compliance after giving effect to borrowing the full amount available to us under the revolving portion of the senior credit facility.

Cash Generated by Operations. For the six months ended June 30, 2012 and 2011 our cash provided by operating activities was $134.0 million and $110.4 million, respectively. While our net loss was approximately $8.9 million for the six months ended June 30, 2012, we generated cash from operating activities of $134.0 million during that same period, primarily due to adjustments needed to reconcile net loss to cash provided by operating activities of $179.3 million, which primarily consisted of depreciation and amortization of $145.4 million and loss on debt extinguishment of $30.0 million, partially offset by the recognition of deferred tax benefits of $10.0 million. In addition, there was an increase in working capital of $36.4 million. We expect to generate cash flows from operations during 2012 in excess of our cash needs for operations and capital expenditures as described herein. We expect to use this excess cash principally to reduce outstanding indebtedness.

Credit Facilities. On February 9, 2012, Lamar Media entered into a restatement agreement with respect to its existing senior credit facility in order to fund a new $100 million Term loan A facility and to make certain covenant changes to the senior credit facility, which was entered into on April 28, 2010, as amended on June 11, 2010, November 18, 2010 and February 9, 2012 (the senior credit facility), for which JPMorgan Chase Bank, N.A. serves as administrative agent. The senior credit facility consists of a $250 million revolving credit facility, a $270 million term loan A-1 facility, a $30 million term loan A-2 facility, a $100 million term loan A-3 facility, a $575 million term loan B facility and a $300 million incremental facility, which may be increased by up to an additional $200 million, based upon our satisfaction of a senior debt ratio test (as described below), of less than or equal to 3.25 to 1. Lamar Media is the borrower under the senior credit facility, except with respect to the $30 million term loan A-2 facility for which Lamar Media s wholly-owned subsidiary, Lamar Advertising of Puerto Rico, Inc. is the borrower. We may also from time to time designate additional wholly-owned subsidiaries as subsidiary borrowers under the incremental loan facility that can borrow up to $110 million of the incremental facility. Incremental loans may be in the form of additional term loan tranches or increases in the revolving credit facility. Our lenders have no obligation to make additional loans to us, or any designated subsidiary borrower, under the incremental facility, but may enter into such commitments in their sole discretion.

As of June 30, 2012, Lamar Media had approximately $241.7 million of unused capacity under the revolving credit facility included in the senior credit facility. As of June 30, 2012, the aggregate balance outstanding under the senior credit facility was $695.5 million.

Note Offerings. On February 9, 2012, Lamar Media completed an institutional private placement of $500 million aggregate principal amount of 5 7/8% Senior Subordinated Notes, due 2022. The institutional private placement resulted in net proceeds to Lamar Media of approximately $489 million. The Company used the proceeds of this offering, after the payment of fees and expenses together with approximately $99 million of net proceeds from its term loan A-3 facility to repurchase $583.1 million of its outstanding 6 5/8% Notes, as described below under the heading Uses of Cash Tender Offers .

Factors Affecting Sources of Liquidity

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

Credit Facilities and Other Debt Securities. Lamar must comply with certain covenants and restrictions related to the senior credit facility and its outstanding debt securities.

Restrictions Under Debt Securities. Lamar must comply with certain covenants and restrictions related to its outstanding debt securities. Currently Lamar Media has outstanding approximately $122.8 million 6 5/8% Senior Subordinated Notes due 2015 issued August 2005, $36.1

million 6 5/8% Senior Subordinated Notes due 2015 Series B issued in August 2006 and $101.1 million 6 5/8% Senior Subordinated Notes due 2015 Series C issued in October 2007 (collectively, the 6 5/8% Notes), $350 million 9 3/4% Senior Notes

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due 2014 issued in March 2009 (the 9 3/4% Notes), $400 million 7 7/8% Senior Subordinated Notes due 2018 (the 7 7/8% Notes) and $500 million 5 7/8% Senior Subordinated Notes due 2022 (the 5 7/8% Notes). The indentures relating to Lamar Media s outstanding notes restrict its ability to incur additional indebtedness but permit the incurrence of indebtedness (including indebtedness under the senior credit facility), (i) if no default or event of default would result from such incurrence and (ii) if after giving effect to any such incurrence, the leverage ratio (defined as total consolidated debt to trailing four fiscal quarter EBITDA (as defined in the indentures)) would be less than (a) 6.5 to 1, pursuant to the 9 3/4% Notes indenture, and (b) 7.0 to 1, pursuant to the 6 5/8% Notes, 7 7/8% Notes and 5 7/8% Notes indentures.

In addition to debt incurred under the provisions described in the preceding sentence, the indentures relating to Lamar Media s outstanding notes permit Lamar Media to incur indebtedness pursuant to the following baskets:

- up to $1.3 billion of indebtedness under the senior credit facility allowable under the 6 5/8% Notes indenture, up to $1.4 billion of indebtedness under the senior credit facility allowable under the 9 3/4% Notes indenture and $1.5 billion of indebtedness under the senior credit facility allowable under the 7 7/8% Notes and 5 7/8% Notes indentures;

- currently outstanding indebtedness or debt incurred to refinance outstanding debt;

- inter-company debt between Lamar Media and its subsidiaries or between subsidiaries;

- certain purchase money indebtedness and capitalized lease obligations to acquire or lease property in the ordinary course of business that cannot exceed the greater of $50 million or 5% of Lamar Media s net tangible assets; and

- additional debt not to exceed $50 million ($75 million under the 7 7/8% Notes and 5 7/8% Notes indentures).

Restrictions under Senior Credit Facility. Lamar Media is required to comply with certain covenants and restrictions under the senior credit facility. If the Company fails to comply with these tests, the long term debt payments may be accelerated. At June 30, 2012 and currently, Lamar Media was in compliance with all such tests. We must be in compliance with the following financial ratios under our senior credit facility:

- a total holdings debt ratio, defined as total consolidated debt of Lamar Advertising Company and its restricted subsidiaries as of any date to EBITDA, as defined below, for the most recent four fiscal quarters then ended as set forth below:

Period	Ratio
March 31, 2012 through and including March 30, 2013	6.25 to 1.00
From and after March 31, 2013	6.00 to 1.00

- a senior debt ratio, defined as total consolidated senior debt of Lamar Media and its restricted subsidiaries to EBITDA, as defined below, for the most recent four fiscal quarters then ended of less than or equal to 3.25 to 1.00 and

- a fixed charges coverage ratio, defined as the ratio of EBITDA, as defined below, for the most recent four fiscal quarters to the sum of (1) the total payments of principal and interest on debt for such period, plus (2) capital expenditures made during such period, plus (3) income and franchise tax payments made during such period, plus (4) dividends, of greater than 1.05 to 1.

The definition of EBITDA under the senior credit facility is as follows: EBITDA means, for any period, operating income for the Company and its restricted subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) for such period (calculated before taxes, interest expense, depreciation, amortization and any other non-cash income or charges accrued for such period, one-time cash restructuring and cash severance changes in the fiscal year ending December 31, 2009 of up to $2,500,000 aggregate amount, charges and expenses in connection with the credit facility transactions and the repurchase or redemption of our 7 1/4% Senior Subordinated Notes due 2013 and (except to the extent received or paid in cash by us or any of our restricted subsidiaries) income or loss attributable to equity in affiliates for such period) excluding any extraordinary and unusual gains or losses during such period and excluding the proceeds of any casualty events whereby insurance or other proceeds are received and certain dispositions not in the ordinary course. For purposes of calculating EBITDA, the effect on such calculation of any adjustments required under Statement of Accounting Standards No. 141R is excluded.

Excess Cash Flow Payments. Lamar Media may be required to make certain mandatory prepayments on loans outstanding under the senior credit facility that would be applied first to any outstanding term loans, commencing with the year ended December 31, 2010. These payments, if any, are determined annually and are calculated based on a percentage of Consolidated Excess Cash Flow (as defined in the senior credit facility) at the end of each fiscal year. The percentage of Consolidated Excess Cash Flow that must be applied to repay outstanding loans was set at 50% for the fiscal year ended December 31, 2010. For fiscal years ending or after December 31, 2012, this percentage is subject to reduction to 0% if the total holdings debt ratio, as described above, is less than or equal to 5.00 to 1.00 as of the last day of such fiscal year. At December 31, 2011, the Company was not required to make a mandatory prepayment since there was a consolidated cash flow deficit, in accordance with the calculation as defined in the senior credit facility and the total holdings debt ratio was less than 5.00 to 1.00.

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The Company believes that its current level of cash on hand, availability under the senior credit facility and future cash flows from operations are sufficient to meet its operating needs through fiscal 2012. All debt obligations are reflected on the Company s balance sheet.

Uses of Cash

Capital Expenditures. Capital expenditures excluding acquisitions were approximately $49.5 million for the six months ended June 30, 2012. We anticipate our 2012 total capital expenditures will be approximately $100 million.

Acquisitions. During the six months ended June 30, 2012, the Company financed its acquisition activity of $14.3 million with cash on hand. In addition, on July 2, 2012, the Company completed an acquisition of outdoor advertising assets for a total purchase price of $38.5 million in cash. In the future, the Company will continue to evaluate strategic acquisition opportunities as they arise.

Tender Offers. On January 26, 2012, Lamar Media commenced a tender offer to purchase for cash, up to $700 million in aggregate principal amount of its outstanding 6 5/8% Notes. On February 9, 2012, Lamar Media accepted tenders for approximately $483.7 million in aggregate principal amount of the 6 5/8% Notes, out of approximately $582.9 million tendered, in connection with the early settlement date of the tender offer. On February 27, 2012, Lamar Media accepted tenders for approximately $99.2 million previously tendered and not accepted for payment and an additional $0.2 million tendered following the early settlement date. The holders of the notes tendered on or before midnight on February 8, 2012 received a total consideration of $1,025.83 per $1,000 principal amount of the notes tendered; holders of notes tendered after such date received a total consideration of $1,005.83 per $1,000 principal amount of the notes tendered. The total cash payment to purchase the tendered 6 5/8% Notes on February 9, 2012, including accrued interest up to but excluding February 9, 2012 was approximately $511.6 million and the total cash payment to purchase the tendered notes on February 27, 2012, including accrued interest up to but excluding February 27, 2012 was approximately $102.3 million, resulting in an aggregate payment in respect of the 6 5/8% Notes tender offer of approximately $613.9 million.

Note Redemption. On July 30, 2012, the Company provided notice of its intent to redeem in full all $122.76 million of its 6 5/8% Senior Subordinated Notes due 2015 at a redemption price equal to 101.104% of the principal amount outstanding, plus accrued and unpaid interest to, but not including, the redemption date of August 29, 2012. The redemption price will be due and payable on the redemption date upon surrender of the 6 5/8% Senior Subordinated Notes due 2015 in accordance with the terms of the indenture governing the notes. The Company intends to use cash on hand and borrowings under its senior credit facility to fund the redemption. Following the redemption, Lamar Media will have approximately $137.2 million in aggregate principle amount of its 6 5/8% Senior Subordinated Notes due 2015 Series B and 6 5/8% Senior Subordinated Notes due 2015 Series C outstanding.

REIT Election

We are currently considering an election to real estate investment trust (REIT) status. In conjunction with our review regarding a potential REIT election, we intend to seek a private letter ruling from the Internal Revenue Service. If we proceed with a REIT election, we would likely make the election for the taxable year beginning January 1, 2014 during 2013, subject to the approval of our board of directors. There is no certainty as to the timing of a REIT election or whether we will ultimately decide to make a REIT election.

Lamar Media Corp.

The following is a discussion of the consolidated financial condition and results of operations of Lamar Media for the three and six months ended June 30, 2012 and 2011. This discussion should be read in conjunction with the consolidated financial statements of Lamar Media and the related notes thereto.

RESULTS OF OPERATIONS

Six Months ended June 30, 2012 compared to Six Months ended June 30, 2011

Net revenues increased $22.6 million or 4.1% to $571.1 million for the six months ended June 30, 2012 from $548.5 million for the same period in 2011. This increase was attributable primarily to an increase in billboard net revenues of $18.0 million or 3.7% over the prior period, an increase in logo sign revenue of $2.1 million, which represents an increase of 7.4% over the prior period, and a $2.4 million increase in transit revenue, which represents an increase of 8.8% over the prior period.

For the six months ended June 30, 2012, there was a $21.2 million increase in net revenues as compared to acquisition-adjusted net revenue for the six months ended June 30, 2011. The $21.2 million increase in revenue primarily consists of a $16.8 million increase in billboard revenue, a $1.6 million increase in logo revenue and a $2.7 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable period in 2011. This increase in revenue represents an increase of 3.8% over the comparable period in 2011. See Reconciliations below.

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Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased $15.5 million or 4.8% to $339.9 million for the six months ended June 30, 2012 from $324.4 million for the same period in 2011. There was an $11.4 million increase in operating expenses related to the operations of our outdoor advertising assets and a $4.1 million increase in corporate expenses. The $4.1 million increase in corporate expenses includes an approximately $2.0 million increase in non-cash compensation expense primarily related to performance-based stock awards, as compared to the same period in 2011.

Depreciation and amortization expense remained relatively unchanged for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011.

For the six months ended June 30, 2012, gain on sale of assets decreased $2.8 million as compared to the six months ended June 30, 2011, primarily due to the $5.7 million gain recognized in 2011 related to the sale of our then existing corporate aircraft.

Due to the above factors, operating income increased $5.2 million to $90.4 million for the six months ended June 30, 2012 compared to $85.2 million for the same period in 2011.

During the six months ended June 30, 2012, Lamar Media recognized a $30.0 million loss on debt extinguishment related to the settlement of the tender offer for its 6 5/8% Notes. Approximately $14.4 million of the loss is a non-cash expense attributable to the write off of unamortized debt issuance fees and unamortized discounts associated with the tendered notes. See Uses of Cash Tender Offers for more information.

Interest expense decreased approximately $8.4 million from $86.9 million for the six months ended June 30, 2011 to $78.5 million for the six months ended June 30, 2012, due to the reduction in total debt outstanding as well as a decrease in interest rates resulting from Lamar Media s recent refinancing transactions. See Uses of Cash-Tender Offers for more information.

The increase in operating income, decrease in interest expense and the loss on extinguishment of debt during the six months ended June 30, 2012 resulted in a $16.3 million increase in net loss before income taxes. The increase in net loss before income tax expense resulted in an increase in income tax benefit of $9.2 million as compared to the six months ended June 30, 2011. The effective tax rate for the six months ended June 30, 2012 was 50.8%, which is greater than statutory rates as a result of non-deductible expenses and amortization, primarily resulting from non-cash stock compensation calculated in accordance with ASC 718.

As a result of the above factors, Lamar Media recognized a net loss for the six months ended June 30, 2012 of $8.8 million, as compared to a net loss of $1.7 million for the same period in 2011.

Three Months ended June 30, 2012 compared to Three Months ended June 30, 2011

Net revenues increased $11.6 million or 3.9% to $304.9 million for the three months ended June 30, 2012 from $293.3 million for the same period in 2011. This increase was attributable primarily to an increase in billboard net revenues of $8.9 million or 3.4% over the prior period, an increase in logo revenue of $1.0 million or 6.8% over the prior period and a $1.6 million increase in transit revenue, which represents an increase of 10.3% over the prior period.

For the three months ended June 30, 2012, there was a $10.6 million increase in net revenues as compared to acquisition-adjusted net revenue for the three months ended June 30, 2011. The $10.6 million increase in revenue primarily consists of an $8.3 million increase in billboard revenue, a $0.7 million increase in logo revenue and a $1.6 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable periods in 2011. This increase in revenue represents an increase of 3.6% over the comparable period in 2011. See Reconciliations below.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased $8.6 million or 5.3% to $170.9 million for the three months ended June 30, 2012 from $162.3 million for the same period in 2011. There was a $5.4 million increase in operating expenses related to the operations of our outdoor advertising assets and a $3.2 million increase in corporate expenses. The $3.2 million increase in corporate expenses includes an approximately $1.5 million increase in non-cash compensation, primarily related to performance-based stock awards, as compared to the same period in 2011.

Depreciation and amortization expense remained relatively unchanged for three months ended June 30, 2012, as compared to the three months ended June 30, 2011.

Due to the above factors, operating income increased $5.1 million to $64.6 million for the three months ended June 30, 2012 compared to $59.5 million for the same period in 2011.

Interest expense decreased $4.7 million from $43.3 million for the three months ended June 30, 2011, to $38.6 million for the three months ended June 30, 2012, primarily due to a reduction in overall indebtedness over the comparable period in 2011.

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The increase in operating income and decrease in interest expense described above resulted in a $9.7 million increase in net income before income taxes. This increase in net income resulted in an increase in income tax expense of $7.2 million for the three months ended June 30, 2012 over the same period in 2011. The effective tax rate for the three months ended June 30, 2012 was 46.2%, which is greater than statutory rates as a result of non-deductible expenses and amortization, primarily resulting from non-cash stock compensation calculated in accordance with ASC 718.

As a result of the above factors, Lamar Media recognized net income for the three months ended June 30, 2012 of $14.0 million, as compared to net income of $11.4 million for the same period in 2011.

Reconciliations:

Because acquisitions occurring after December 31, 2010 (the acquired assets) have contributed to our net revenue results for the periods presented, we provide 2011 acquisition-adjusted net revenue, which adjusts our 2011 net revenue for the three and six months ended June 30, 2011 by adding to it the net revenue generated by the acquired assets prior to our acquisition of these assets for the same time frame that those assets were owned in the three and six months ended June 30, 2012. We provide this information as a supplement to net revenues to enable investors to compare periods in 2012 and 2011 on a more consistent basis without the effects of acquisitions. Management uses this comparison to assess how well we are performing within our existing assets.

Acquisition-adjusted net revenue is not determined in accordance with GAAP. For this adjustment, we measure the amount of pre-acquisition revenue generated by the acquired assets during the period in 2011 that corresponds with the actual period we have owned the assets in 2012 (to the extent within the period to which this report relates). We refer to this adjustment as acquisition net revenue.

Reconciliations of 2011 reported net revenue to 2011 acquisition-adjusted net revenue for each of the three and six month periods ended June 30, as well as a comparison of 2011 acquisition-adjusted net revenue to 2012 reported net revenue for each of the three and six month periods ended June 30, are provided below:

Reconciliation of Reported Net Revenue to Acquisition-Adjusted Net Revenue

	Three months ended June 30, 2011 (in thousands)	Six months ended June 30, 2011 (in thousands)
Reported net revenue	$ 293,345	$ 548,547
Acquisition net revenue	924	1,393
Acquisition-adjusted net revenue	$ 294,269	$ 549,940

Comparison of 2012 Reported Net Revenue to 2011 Acquisition-Adjusted Net Revenue

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	(in thousands)		(in thousands)	
Reported net revenue	$ 304,872	$ 293,345	$ 571,110	$ 548,547
Acquisition net revenue		924		1,393
Adjusted totals	$ 304,872	$ 294,269	$ 571,110	$ 549,940

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Lamar Advertising Company and Lamar Media Corp.

The Company is exposed to interest rate risk in connection with variable rate debt instruments issued by its wholly owned subsidiary Lamar Media. The information below summarizes the Company s interest rate risk associated with its principal variable rate debt instruments outstanding at June 30, 2012, and should be read in conjunction with Note 8 of the Notes to the Company s Consolidated Financial Statements in the 2011 Combined Form 10-K.

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

At June 30, 2012, there was approximately $695.5 million of aggregate indebtedness outstanding under the senior credit facility, or approximately 31.8% 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, 2012 with respect to borrowings under the senior credit facility was $12.3 million, and the weighted average interest rate applicable to borrowings under this credit facility during the six months ended June 30, 2012 was 3.3%. Assuming that the weighted average interest rate was 200-basis points higher (that is 5.3% rather than 3.3%), then the Company s six months ended June 30, 2012 interest expense would have been approximately $6.3 million higher resulting in a $3.9 million increase in the Company s six months ended June 30, 2012 net loss.

The Company attempted to mitigate the interest rate risk resulting from its variable interest rate long-term debt instruments by issuing fixed rate, long-term debt instruments and maintaining a balance over time between the amount of the Company s variable rate and fixed rate indebtedness. In addition, the Company has the capability under the senior 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, (in certain cases, with the consent of the lenders), which would allow the Company to mitigate the impact of short-term fluctuations in market interest rates. In the event of an increase in interest rates, the Company may take further actions to mitigate its exposure. The Company cannot guarantee, however, that the actions that it may take to mitigate this risk will be feasible or if these actions are taken, that they will be effective.

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ITEM 4. CONTROLS AND PROCEDURES

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

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

b) *Changes in Internal Control Over Financial Reporting.*

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

PART II OTHER INFORMATION

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

The following table sets forth the Company s repurchases of its securities during the three month period ending on June 30, 2012:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1-30, 2012		$		$
May 1-31, 2012	8,996	27.21		
June 1-30, 2012				
Three months ended June 30, 2012	8,996	$ 27.21		$

(1) Represents the acquisition of an aggregate of 8,996 shares of the Company s Class A common stock from individuals in order to satisfy tax withholding requirements in connection with the issuance of stock awards under equity compensation plans during the second quarter.

ITEM 6. EXHIBITS

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

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SIGNATURES

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

	LAMAR ADVERTISING COMPANY
DATED: August 8, 2012	BY: /s/ KEITH A. ISTRE **Chief Financial and Accounting Officer and Treasurer**
	LAMAR MEDIA CORP.
DATED: August 8, 2012	BY: /s/ KEITH A. ISTRE **Chief Financial and Accounting Officer and Treasurer**

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INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Lamar Advertising Company (the Company). Previously filed as Exhibit 3.1 to the Company s Annual Report on Form 10-K (File No. 0-30242) filed on March 15, 2006 and incorporated herein by reference.
3.2	Amended and Restated Certificate of Incorporation of Lamar Media Corp. (Lamar Media). Previously filed as Exhibit 3.2 to the Company s Quarterly Report on Form 10-Q for the period ended March 31, 2007 (File No. 0-30242) filed on May 10, 2007 and incorporated herein by reference.
3.3	Amended and Restated Bylaws of the Company. Previously filed as Exhibit 3.1 to the Company s Current Report on Form 8-K (File No. 0-30242) filed on August 27, 2007 and incorporated herein by reference.
3.4	Amended and Restated Bylaws of Lamar Media. Previously filed as Exhibit 3.1 to Lamar Media s Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 1-12407) filed on November 12, 1999 and incorporated herein by reference.
10.1	Lamar Advertising Company 2009 Employee Stock Purchase Plan, as amended. Previously filed as Exhibit 10.1 to the Company s Current Report on Form 8-K (File No. 0-30242) filed on May 29, 2012 and incorporated herein by reference.
12(a)	Statement regarding computation of earnings to fixed charges for the Company. Filed herewith.
12(b)	Statement regarding computation of earnings to fixed charges for Lamar Media. Filed herewith.
31.1	Certification of the Chief Executive Officer of the Company and Lamar Media pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification of the Chief Financial Officer of the Company and Lamar Media pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
101	The following materials from the combined Quarterly Report of the Company and Lamar Media on Form 10-Q for the quarter ended June 30, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of June 30, 2012 and December 31, 2011 of the Company and Lamar Media, (ii) Condensed Consolidated Statements of Operations for the three months and six months ended June 30, 2012 and 2011 of the Company and Lamar Media, (iii) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2012 and 2011 of the Company and Lamar Media, and (iv) Notes to Condensed Consolidated Financial Statements of the Company and Lamar Media.