

LAMAR ADVERTISING CO/NEW  
Form DEFM14A  
October 17, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

**Lamar Advertising Company**  
**(Name of registrant as specified in its charter)**

**(Name of person(s) filing proxy statement, if other than the registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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October 16, 2014

Dear Stockholder:

I am pleased to invite you to attend a special meeting of stockholders of Lamar Advertising Company, or Lamar Advertising, a Delaware corporation, which will be held on November 17, 2014 at 9:00 a.m., local time, at the offices of Lamar Advertising Company, 5321 Corporate Boulevard, Baton Rouge, Louisiana 70808.

I am also pleased to report that the board of directors of Lamar Advertising has unanimously approved a plan to reorganize the business operations of Lamar Advertising to allow Lamar Advertising to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes. We refer to this reorganization plan as the REIT conversion.

The REIT conversion is being implemented through a series of steps including, among other things, the merger of Lamar Advertising into Lamar Advertising REIT Company, or Lamar REIT, a Delaware corporation and wholly owned subsidiary of Lamar Advertising, which was recently formed in connection with the REIT conversion. Effective at the time of the merger, Lamar REIT will be renamed Lamar Advertising Company and will hold, directly or indirectly through its subsidiaries, the assets currently held by Lamar Advertising and will conduct the existing businesses of Lamar Advertising and its subsidiaries. In the merger, you will receive a number of shares of Lamar REIT Class A common stock, Class B common stock and Series AA preferred stock equal to, and in exchange for, the number of shares of Lamar Advertising Class A common stock, Class B common stock and Series AA preferred stock you own. We anticipate that the shares of Lamar REIT Class A common stock will trade on the NASDAQ Global Select Market under the symbol LAMR.

We are requesting that our stockholders vote to adopt the Agreement and Plan of Merger dated August 27, 2014 by and between Lamar Advertising and Lamar REIT pursuant to which Lamar Advertising will merge with and into Lamar REIT. The affirmative vote of the holders of a majority of the votes represented by the outstanding shares of Lamar Advertising Class A common stock, Class B common stock and Series AA preferred stock entitled to vote, voting together as a single class, is required for the adoption of the merger agreement. After careful consideration, the board of directors has unanimously approved the REIT conversion, including the merger and other restructuring transactions, and recommends that all stockholders vote FOR the adoption of the merger agreement.

This proxy statement/prospectus is a prospectus of Lamar REIT as well as a proxy statement for Lamar Advertising and provides you with detailed information about the REIT conversion, the merger and the special meeting. **We encourage you to read carefully this entire proxy statement/prospectus, including all its annexes, and we especially encourage you to read the section entitled Risk Factors beginning on page 24.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the shares of Class A common stock and Class B common stock to be issued by Lamar REIT hereunder or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**This proxy statement/prospectus is dated October 16, 2014 and is being**

**first mailed to stockholders on or about October 17, 2014.**

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**LAMAR ADVERTISING COMPANY**

**5321 Corporate Boulevard**

**Baton Rouge, Louisiana 70808**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF**

**LAMAR ADVERTISING COMPANY**

**TO BE HELD ON NOVEMBER 17, 2014**

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Lamar Advertising Company, a Delaware corporation, will be held on November 17, 2014 at 9:00 a.m., local time, at the offices of Lamar Advertising Company, 5321 Corporate Boulevard, Baton Rouge, Louisiana 70808, for the following purposes:

- (1) To consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated August 27, 2014 between Lamar Advertising Company and Lamar Advertising REIT Company, a newly formed wholly owned subsidiary of Lamar Advertising, which is part of the reorganization through which Lamar Advertising intends to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes; and
- (2) To consider and vote upon a proposal to permit Lamar Advertising's board of directors to adjourn the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the foregoing proposal.

**The board of directors of Lamar Advertising has unanimously approved the REIT conversion, including the merger and other restructuring transactions, and recommends that you vote FOR the proposals that are described in more detail in this proxy statement/prospectus.**

Lamar Advertising reserves the right to cancel or defer the merger or the REIT conversion even if stockholders of Lamar Advertising vote to adopt the merger agreement and the other conditions to the completion of the merger are satisfied or waived, if the board of directors of Lamar Advertising determines that the merger or the REIT conversion are no longer in the best interests of Lamar Advertising and its stockholders.

If you own shares of Lamar Advertising Class A common stock, Class B common stock or Series AA preferred stock as of the close of business on October 3, 2014, you are entitled to notice of, and to vote those shares by proxy or at the special meeting and at any adjournment or postponement of the special meeting. During the ten-day period before the special meeting, Lamar Advertising will keep a list of stockholders entitled to vote at the special meeting available for inspection during normal business hours at Lamar Advertising's offices in Baton Rouge, Louisiana, for any purpose germane to the special meeting. The list of stockholders will also be provided and kept at the location of the special meeting for the duration of the special meeting, and may be inspected by any stockholder who is present.

**Your vote is important.** Whether or not you plan to attend the special meeting in person, please complete, sign, date and promptly return the enclosed proxy card and return it in the enclosed envelope. Stockholders who return proxy cards by mail prior to the special meeting may nevertheless attend the special meeting, revoke their proxies and vote their shares at the special meeting.

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We encourage you to read the attached proxy statement/prospectus carefully. If you have any questions or need assistance voting your shares, please call our proxy solicitor, Alliance Advisors, LLC, toll-free at (877) 777-5603.

By order of the board of directors,

James R. McIlwain

*Secretary*

Baton Rouge, Louisiana October 16, 2014

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**ADDITIONAL INFORMATION**

Lamar Advertising Company, or Lamar Advertising, files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. Lamar Advertising's SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. Please note that the SEC's website is included in this proxy statement/prospectus and any applicable prospectus supplement as an inactive textual reference only. The information contained on the SEC's website is not incorporated by reference into this proxy statement/prospectus and should not be considered to be part of this proxy statement/prospectus, except as described in the following paragraph. You may also read and copy any document we file with the SEC at its public reference facility at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facility.

We incorporate by reference into this proxy statement/prospectus, which means that we can disclose important information to you by referring you specifically to those documents. The information incorporated by reference is an important part of this proxy statement/prospectus. Certain information that we subsequently file with the SEC will automatically update and supersede information in this prospectus and in our other filings with the SEC. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or Exchange Act, between the date of this proxy statement/prospectus and the date of the special meeting, except that we are not incorporating any information included in a Current Report on Form 8-K that has been or will be furnished (and not filed) with the SEC, unless such information is expressly incorporated herein by reference to a furnished Current Report on Form 8-K or other furnished document:

our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 27, 2014;

our Quarterly Report on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014, filed with the SEC on May 7, 2014 and August 7, 2014, respectively;

the information in our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 25, 2014 that is deemed filed with the SEC under the Exchange Act;

our Current Reports on Form 8-K filed with the SEC on January 8, 2014, January 15, 2014, February 7, 2014, March 21, 2014, March 24, 2014, April 22, 2014, April 23, 2014, May 22, 2014, May 23, 2014, June 27, 2014, August 27, 2014 and September 2, 2014; and

the description of our Class A common stock contained in our Registration Statement on Form 8-A filed with the SEC on June 7, 1996 under the Exchange Act, and any subsequent amendments and reports filed to update such description.

**You may request a copy of these filings at no cost, by writing or calling us at the following address: 5321 Corporate Boulevard, Baton Rouge, LA 70808, Tel: (225) 926-1000, Attention: Buster Kantrow, Director of Investor Relations. If you would like to request documents from us, please do so by November 6, 2014.**

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Lamar Advertising REIT Company, or Lamar REIT, has filed a registration statement on Form S-4 to register with the SEC the Lamar REIT Class A common stock and Lamar REIT Class B common stock that Lamar Advertising stockholders will receive in connection with the merger if the merger is approved and completed. This proxy statement/prospectus is part of the registration statement of Lamar REIT on Form S-4 and is a prospectus of Lamar REIT and a proxy statement of Lamar Advertising for its special meeting.

Upon completion of the merger, Lamar REIT will be required to file annual, quarterly and special reports, proxy statements and other information with the SEC.

You should only rely on the information in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to provide you with different information. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than the date on the front page. We are not making an offer to exchange or sell (or soliciting any offer to buy) any securities, or soliciting any proxy, in any state where it is unlawful to do so.

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**QUESTIONS AND ANSWERS ABOUT THE REIT CONVERSION AND THE MERGER**

What follows are questions that you, as a stockholder of Lamar Advertising Company, or Lamar Advertising, may have regarding the REIT conversion, the merger and the special meeting of stockholders, or the special meeting, and the answers to those questions. You are urged to carefully read this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety because the information in this section may not provide all of the information that might be important to you with respect to the REIT conversion and the merger or the special meeting. Additional important information is contained in the annexes to, and the documents incorporated by reference into, this proxy statement/prospectus.

The information contained in this proxy statement/prospectus, unless otherwise indicated, assumes the REIT conversion and all the transactions related to the REIT conversion, including the merger, will occur. When used in this proxy statement/prospectus, unless otherwise specifically stated or the context otherwise requires, all references to Company, Lamar Advertising, we, our and us refer to Lamar Advertising and its subsidiaries with respect to the period prior to the merger, and Lamar REIT and its subsidiaries with respect to the period after the merger.

**Q. What is the purpose of the special meeting?**

A. At the special meeting, our stockholders will vote on the following matters:

**Proposal 1:** To consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated August 27, 2014 between Lamar Advertising Company and Lamar Advertising REIT Company, a newly formed wholly owned subsidiary of Lamar Advertising, which is part of the reorganization through which Lamar Advertising intends to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes.

**Proposal 2:** To consider and vote upon a proposal to permit Lamar Advertising's board of directors to adjourn the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the foregoing proposal.

**Q. What are we planning to do?**

A. The board of directors has unanimously approved a plan to restructure our business operations to allow Lamar Advertising to be taxed as a REIT. We refer to this plan, including the related restructuring transactions, as the REIT conversion. The board of directors has determined that the REIT conversion would be in the best interests of Lamar Advertising and its stockholders. The REIT conversion includes the following key elements:

a restructuring of our business operations to facilitate the election to be taxed as a REIT which was completed during the course of 2013 and the early part of 2014;

the distribution of our earnings and profits, accumulated through 2013, which distribution is expected to be made as part of the payment of regular quarterly distributions in 2014 rather than through the payment of a one-time special distribution;

the payment of regular quarterly distributions to holders of our common stock, the amount of which will be determined, and is subject to adjustment, by the board of directors and the declaration of which commenced in the second quarter of 2014; and

the consummation of the merger of Lamar Advertising with and into Lamar REIT in order to effectively adopt the amended and restated certificate of incorporation of Lamar REIT that will contain provisions intended to facilitate our compliance with certain REIT rules relating to share ownership.

As announced on April 23, 2014, we received a private letter ruling from the U.S. Internal Revenue Service, or the IRS, regarding certain matters relevant to our qualification as a REIT.

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**Q. What is a REIT?**

A. A REIT is a company that qualifies for special treatment for U.S. federal income tax purposes because, among other things, it derives most of its income from real estate-based sources and makes a special election under the Internal Revenue Code of 1986, as amended, or the Code. We intend to operate as a REIT that principally invests in, and derives most of its income from the rental of advertising space on outdoor advertising displays, or billboards, and logo signs owned and maintained by us.

A corporation that qualifies as a REIT generally is not subject to U.S. federal income taxes on its income and gains that it distributes to its stockholders, reducing its corporate level income taxes and substantially eliminating the double taxation of corporate income.

Even if we qualify as a REIT, we will be required to pay U.S. federal income tax on earnings from all or a portion of our non-REIT assets and operations, which consist primarily of design, production, and installation of advertising copy, which we refer to as our advertising services business, and the provision of transit advertising displays on bus shelters, benches and buses, which we refer to as our transit advertising business. In addition, our assets and operations in Canada and Puerto Rico will continue to be subject to taxation in the jurisdictions where those assets are held or those operations are conducted. We also may be subject to U.S. federal income and excise taxes in certain circumstances, as well as U.S. state and local and non-U.S. income, franchise, property and other taxes.

Please see the section entitled **Material United States Federal Income Tax Considerations – Taxation of Lamar REIT as a REIT** beginning on page 114 for a more detailed description of the requirements for qualification as a REIT and the rules applicable to taxation of REITs and their stockholders.

**Q. What will happen in the REIT conversion?**

A. The REIT conversion involves the following key elements:

**Merger.** Lamar Advertising will merge with and into Lamar REIT, a newly formed, wholly owned subsidiary of Lamar Advertising, and Lamar REIT will be the surviving entity in the merger and will continue the business and assume the obligations of Lamar Advertising. We refer to this transaction in this proxy statement/prospectus as the merger. The merger will facilitate our compliance with REIT tax rules by ensuring the effective adoption by Lamar REIT of a certificate of incorporation that implements share ownership and transfer restrictions that are intended to facilitate compliance with certain REIT rules related to share ownership.

As a consequence of the merger:

there will be no change in the assets we hold or in the businesses we conduct;

there will be no fundamental change to our current capital allocation strategy or current operational strategy;

the existing board of directors and executive management of Lamar Advertising immediately prior to the merger will be the board of directors and executive management, respectively, of Lamar REIT immediately following the merger;

the outstanding shares of capital stock of Lamar Advertising will be converted into the right to receive the same number and class of shares of capital stock of Lamar REIT;

effective at the time of the merger, Lamar REIT will be renamed Lamar Advertising Company and will become the publicly traded, NASDAQ Global Select Market, or NASDAQ, listed company that will continue to operate, directly or indirectly, all of our existing business; and

the rights of the stockholders of Lamar REIT will be governed by the amended and restated certificate of incorporation and amended and restated bylaws of Lamar REIT. The amended and restated certificate of Lamar REIT is substantially similar to Lamar Advertising's restated certificate of incorporation with the principal difference being that it provides for restrictions on ownership and

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transfer of Lamar REIT stock that are intended to facilitate compliance with certain REIT rules related to share ownership. The bylaws of Lamar REIT are substantially similar to Lamar Advertising's bylaws. We have attached a copy of the merger agreement as [Annex A](#), and a copy of the amended and restated certificate of incorporation and the amended and restated bylaws of Lamar REIT, as [Annex B-1](#) and [Annex B-2](#), respectively.

***Other Restructuring Transactions.*** During the course of 2013 and the early part of 2014, we completed an internal corporate restructuring so that we would be in compliance with certain REIT qualification requirements for the 2014 taxable year. Following this restructuring, we now hold and operate certain of our assets that cannot be held and operated directly by a REIT through taxable REIT subsidiaries, or TRSs. A TRS is a subsidiary of a REIT that pays corporate taxes on its taxable income. The assets held in our TRSs primarily consist of our transit advertising business, advertising services business and our foreign operations in Canada and Puerto Rico.

Our TRS assets and operations will continue to be subject, as applicable, to U.S. federal and state corporate income taxes. Furthermore, our assets and operations outside the United States will continue to be subject to foreign taxes in the jurisdictions in which those assets and operations are located. Net income from our TRSs will either be retained by our TRSs and used to fund their operations, or distributed to us, where it will be reinvested by us in our business or be available for distribution to our stockholders.

Please see the section entitled "Material United States Federal Income Tax Considerations - Taxation of Lamar REIT as a REIT - Taxable REIT Subsidiaries" beginning on page 118 for a more detailed description of the requirements and limitations regarding the potential use of TRSs.

**Q. What are our reasons for the REIT conversion and the merger?**

A. We are proposing the REIT conversion and the merger primarily for the following reasons:

***To increase stockholder value.*** As a REIT, we believe we will be able to increase the value of Lamar REIT common stock by reducing corporate level taxes on most of our domestic income, primarily the income we receive from leasing advertising space on our billboards and logo signs, which in turn may increase the amount of future distributions to our stockholders;

***To establish regular distributions to stockholders.*** We believe our stockholders will benefit from our establishment of regular cash distributions, resulting in a yield-oriented stock;

***To expand our base of potential stockholders.*** By becoming a company that makes regular distributions to its stockholders, our stockholder base may expand to include investors attracted by yield, which may improve the liquidity of Lamar REIT common stock and provide a broader stockholder base; and

***To comply with REIT qualification rules.*** The merger will facilitate our compliance with certain REIT rules by merging Lamar Advertising with and into Lamar REIT, the latter of which will adopt an amended and restated certificate of incorporation which implements share ownership and transfer restrictions necessary to

facilitate our compliance with the REIT rules related to share ownership.

To review the background of, and the reasons for, the REIT conversion and the merger in greater detail, and the related risks associated with the reorganization, see the sections entitled Background of the REIT Conversion and the Merger beginning on page 41, Reasons for the Merger and REIT Conversion beginning on page 44 and Risk Factors beginning on page 24.

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**Q. What will holders of Lamar Advertising common stock receive in connection with the completion of the merger? When will holders of Lamar Advertising common stock receive it?**

- A. Lamar Advertising has two classes of common stock: Class A Common Stock, \$0.001 par value per share, which we refer to as Class A common stock, and Class B Common Stock, \$0.001 par value per share, which we refer to as Class B common stock. We refer to the Class A common stock and the Class B common stock collectively as our common stock.

At the time of completion of the merger:

each holder of Class A common stock will have the right to receive a number of shares of Lamar REIT Class A common stock equal to, and in exchange for, the number of shares of Class A common stock that the holder then owns;

each holder of Class B common stock will have the right to receive a number of shares of Lamar REIT Class B common stock equal to, and in exchange for, the number of shares of Class B common stock that the holder then owns; and

each holder of Class A common stock and each holder of Class B common stock will hold the same percentage ownership in Lamar REIT as each such holder previously held in Lamar Advertising.

As of October 3, 2014, we had 80,828,878 shares of Class A common stock outstanding and 14,610,365 shares of Class B common stock outstanding.

**Q. Will the voting rights of the common stock remain the same following completion of the merger?**

- A. Yes, the respective voting rights of the Class A common stock and the Class B common stock will be unchanged following completion of the merger. The respective powers, preferences, rights, qualifications, limitations and restrictions relating to the Lamar REIT Class A common stock and the Lamar REIT Class B common stock received in the merger will be identical to the respective powers, preferences, rights, qualifications, limitations and restrictions relating to the Class A common stock and the Class B common stock immediately prior to the merger. Therefore, holders of Class A common stock will be entitled to one (1) vote for each share of Lamar REIT Class A common stock held and holders of Class B common stock will be entitled to ten (10) votes for each share of Lamar REIT Class B common stock held.

**Q. What will holders of Lamar Advertising preferred stock receive in connection with the completion of the merger? When will holders of Lamar Advertising preferred stock receive it?**

- A. Lamar Advertising has one class of preferred stock issued and outstanding: Series AA Preferred Stock, \$0.001 par value per share, which we refer to as Series AA preferred stock.

At the time of completion of the merger:

each holder of Series AA preferred stock will have the right to receive a number of shares of Lamar REIT Series AA preferred stock equal to, and in exchange for, the number of shares of Series AA preferred stock that the holder then owns; and

each holder of Series AA preferred stock will hold the same percentage ownership in Lamar REIT as each such holder previously held in Lamar Advertising.

The powers, preferences, rights, qualifications, limitations and restrictions relating to the Lamar REIT Series AA preferred stock received in the merger will be identical to the powers, preferences, rights, qualifications, limitations and restrictions relating to the Series AA preferred stock immediately prior to the merger.

As of October 3, 2014, Lamar Advertising had 5,719.49 shares of Series AA preferred stock outstanding, which were held by 3 holders of record. The aggregate outstanding preferred stock represents less than 0.01% of the outstanding capital stock of Lamar Advertising.

**Table of Contents****Q. What distributions will you receive?**

A. As a REIT, we will be required to distribute annually at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gain). Our REIT taxable income generally does not include income earned by our TRSs except to the extent the TRSs pay dividends to the REIT. We estimate that we had approximately \$328 million in federal net operating loss carry forwards, or NOLs, as of January 1, 2014. To the extent we use these NOLs to offset our REIT taxable income, the required distributions to stockholders would be reduced. However, in this case, we may be subject to the alternative minimum tax. On June 30, 2014 the Company paid a cash dividend to its common stockholders of approximately \$79.0 million or \$0.83 per share of common stock, in anticipation of commencing to operate as a REIT effective January 1, 2014. On August 26, 2014, the board of directors of Lamar Advertising declared a cash dividend of \$0.83 per share of common stock, payable on September 30, 2014 to holders of record of Lamar Advertising Class A common stock and Class B common stock on September 22, 2014. We expect to continue to declare regular quarterly distributions to holders of Lamar REIT common stock on an ongoing basis, the amount of which will be determined, and is subject to adjustment, by the board of directors. Any such dividends will be paid on all shares of common stock outstanding at the time of such payment. The actual timing and amount of the distributions will be as determined and declared by the board of directors and will depend on, among other factors, our financial condition, earnings, debt covenants and other possible uses of such funds. See the section entitled *Dividend and Distribution Policy* beginning on page 53.

**If you did not hold shares of common stock on September 22, 2014 or dispose of your shares of common stock before the record date for any subsequent quarterly distribution, you will not receive the second quarterly distribution or any other regular quarterly distribution. As discussed below, we do not expect to pay a one-time special distribution of our non-REIT accumulated earnings and profits.**

**Q. When will we distribute our non-REIT accumulated E&P?**

A REIT is not permitted to retain earnings and profits accumulated during years when the company or its predecessor was taxed as a regular C corporation. For Lamar REIT to elect REIT status for the taxable year that began on January 1, 2014, we must distribute to our stockholders on or before December 31, 2014 our previously undistributed accumulated earnings and profits attributable to the taxable periods ending prior to January 1, 2014, which we refer to as our non-REIT accumulated earnings and profits, or E&P. We currently estimate that the aggregate amount of the distribution of non-REIT accumulated E&P will be approximately \$40 million, and we expect to pay it solely with cash. We expect that the amounts declared and paid in connection with regular quarterly distributions, which commenced in the second quarter of 2014, will be in an amount sufficient to enable us to distribute our non-REIT accumulated E&P no later than December 31, 2014. As a result, we do not expect to pay a one-time special distribution of non-REIT accumulated E&P.

Following completion of the merger and REIT conversion, holders of Lamar REIT Series AA preferred stock will continue to be entitled to preferential dividends in an annual aggregate amount of \$364,904 before any dividends may be paid on Lamar REIT common stock.

**If you dispose of your shares of common stock before the record date for any of the regular quarterly distributions in 2014, you will not receive any of the regular quarterly distributions, a portion of which will include a distribution of our non-REIT accumulated E&P.**

**Q. Will the REIT conversion change our current operational strategy?**

**A.** We do not anticipate that the REIT conversion will change our current operational strategy. We expect to continue focusing on the following objectives:

Continuing to provide high quality national, regional and local rentals and services;

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Continuing a centralized control and decentralized management structure;

Continuing to focus on internal growth, including improving pricing and occupancy statistics;

Continuing to pursue other outdoor advertising opportunities; and

Continuing to invest in profitable digital billboards.

**Q. Who will be the board of directors and management after the merger and REIT conversion is completed?**

A. The board of directors and executive management of Lamar Advertising immediately prior to the merger will be the board of directors and executive management, respectively, of Lamar REIT.

**Q. Do any of our directors and executive officers have any interests in the REIT conversion or the merger that are different from mine?**

A. No. Our directors and executive officers and their affiliates have equity interests in Lamar Advertising through the ownership of shares of Class A common stock, Class B common stock and Series AA preferred stock and/or options to purchase shares of Class A common stock and, to that extent, their interest in the REIT conversion and the merger is the same as that of the other holders of shares of Class A common stock, Class B common stock and Series AA preferred stock and options to purchase shares of Class A common stock. Our non-employee directors also hold Class A common stock subject to restrictions. We do not anticipate that the REIT conversion or the merger will cause any vesting or acceleration of benefits.

**Q. When and where is the special meeting?**

A. The special meeting will be held on November 17, 2014 at 9:00 a.m., local time, at the offices of Lamar Advertising Company, 5321 Corporate Boulevard, Baton Rouge, Louisiana 70808.

**Q. What will I be voting on at the special meeting?**

A. As a stockholder, you are entitled to, and requested to, vote on the proposal to adopt the merger agreement pursuant to which Lamar Advertising will be merged with and into Lamar REIT, a wholly owned subsidiary of Lamar Advertising, with Lamar REIT as the surviving entity. In addition, you are requested to vote on the proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the proposal regarding the adoption of the merger agreement. You are not being asked to vote on any other element of the REIT conversion.

**Q. Who can vote on the merger?**

- A. If you are a stockholder of record at the close of business on October 3, 2014, which we refer to as the record date, you may vote the Class A common stock, Class B common stock and Series AA preferred stock that you hold on the record date at the special meeting. On or about October 17, 2014, we will begin mailing this proxy statement/prospectus to persons entitled to vote at the special meeting.

**Q. Why is my vote important?**

- A. If you do not submit a proxy or vote in person at the meeting, it will be more difficult for us to obtain the necessary quorum to hold the special meeting. In addition, your failure to submit a proxy or to vote in person will have the same effect as a vote against the adoption of the merger agreement. If you hold your shares through a broker, bank, or other nominee, your broker, bank, or other nominee will not be able to cast a vote on the adoption of the merger agreement without instructions from you.

**Q. What constitutes a quorum for the special meeting?**

- A. The presence at the special meeting, in person or by proxy, of the holders of one-third of the shares of Class A common stock, Class B common stock, and Series AA preferred stock issued and outstanding on

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the record date constitutes a quorum for the meeting. There must be a quorum for business to be conducted at the special meeting. Failure of a quorum to be represented at the special meeting will necessitate an adjournment or postponement and will subject us to additional expense. For the purposes of determining the presence of a quorum, abstentions will be included in determining the number of shares present and entitled to vote at the special meeting; however, because brokers, banks or other nominees are not entitled to vote on the proposal to adopt the merger agreement absent specific instructions from the beneficial owner (as more fully described below), shares held by brokers, banks, or other nominees for which instructions have not been provided will not be included in the number of shares present and entitled to vote at the special meeting for the purposes of establishing a quorum.

**Q. What vote is required?**

A. The affirmative vote of the holders of a majority of the votes represented by the outstanding shares of Class A common stock, Class B common stock and Series AA preferred stock, voting together as a single class, is required for the adoption of the merger agreement. The affirmative vote of a majority of the votes represented by the shares of Class A common stock, Class B common stock and Series AA preferred stock, voting together as a single class, that are present or represented by proxy at the special meeting is required to approve the adjournment proposal. Each share of outstanding Class A common stock and Series AA preferred stock is entitled to one vote, and each share of outstanding Class B common stock is entitled to ten votes, on each proposal submitted for consideration. As of the close of business on the record date, there were 80,828,878 shares of Class A common stock, 14,610,365 shares of Class B common stock and 5,719.49 shares of Series AA preferred stock, outstanding and entitled to vote at the special meeting.

**Q. Have any stockholders already agreed to approve the merger?**

A. No. There are no agreements between us and any stockholder in which a stockholder has agreed to vote in favor of adoption of the merger agreement. We expect, however, that members of the Reilly family, including Kevin P. Reilly, Jr., the Company's Chairman and President, and Sean E. Reilly, the Company's Chief Executive Officer, and their affiliates will vote the shares that they beneficially own in favor of adoption of the merger agreement. As of October 3, 2014, they owned in the aggregate approximately 16% of the Company's outstanding common stock, assuming the conversion of all Class B common stock to Class A common stock. As of that date, their combined holdings represented 65% of the voting power of Lamar Advertising's outstanding capital stock.

**Q. How does the board of directors recommend I vote on the proposals?**

A. The board of directors of Lamar Advertising believes that the REIT conversion, including the merger, is advisable and in the best interests of the Company and its stockholders. The board of directors of Lamar Advertising recommends that you vote **FOR** both proposals:

**Proposal 1:** To consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated August 27, 2014 between Lamar Advertising Company and Lamar Advertising REIT Company, a newly formed

wholly owned subsidiary of Lamar Advertising, which is part of the reorganization through which Lamar Advertising intends to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes.

**Proposal 2:** To consider and vote upon a proposal to permit Lamar Advertising's board of directors to adjourn the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the foregoing proposal.

**Q. When is the merger expected to be completed and the REIT election expected to be made?**

A. We expect to complete the merger following the special meeting of stockholders, receipt of stockholder approval of the adoption of the merger agreement and the satisfaction or waiver of the other conditions to the merger. We expect to convert to REIT status effective January 1, 2014. However, we reserve the right to

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cancel or defer the merger or the REIT conversion even if stockholders of Lamar Advertising vote to adopt the merger agreement and other conditions to the completion of the merger are satisfied or waived, if the board of directors determines that the merger or the REIT conversion is no longer in the best interests of Lamar Advertising and its stockholders. Additionally, even if the merger is effected, the board of directors of Lamar Advertising may decide not to elect REIT status, or to delay such election, if it determines in its sole discretion that it is not in the best interests of Lamar Advertising and its stockholders. See the section entitled "Terms of the Merger" beginning on page 45 for a more detailed description of the merger.

**Q. Are there risks associated with the REIT conversion and the merger that I should consider in deciding how to vote?**

A. Yes. There are a number of risks relating to the REIT conversion and the merger, including the following:

If we fail to qualify as a REIT or fail to remain qualified as a REIT, we would be taxed as a regular C corporation and may owe substantial amounts of U.S. federal and state income taxes, interest and penalties, and may have reduced funds available for distribution to our stockholders;

There is no assurance that our cash flows from operations will be sufficient for us to fund required distributions;

Compliance with REIT requirements may hinder our ability to make certain attractive investments and to that extent limit our opportunities;

There will be restrictions on ownership of Lamar REIT common stock; and

Our current management has no experience operating a REIT and we cannot assure you that our management will be able to manage successfully our business as a REIT.

To review the risks associated with the REIT conversion and the merger, see the sections entitled "Reasons for the Merger and REIT Conversion" beginning on page 44 and "Risk Factors" beginning on page 24.

**Q. Will REIT qualification requirements restrict any of our business activities or limit our financial flexibility?**

A. As summarized in the section entitled "Material United States Federal Income Tax Considerations" beginning on page 112, to qualify as a REIT, we must continually satisfy various qualification tests imposed under the Code, concerning, among other things, the sources of our income, the nature and diversification of our assets, the diversity of our share ownership and the amounts we distribute to our stockholders. In particular, the REIT qualification requirements could restrict our business activities and financial flexibility because:

we may be required to liquidate or otherwise forego attractive investments to satisfy the asset and income tests or to qualify under certain statutory relief provisions; and

to meet annual distribution requirements, we may be required to distribute amounts that may otherwise be used for our operations, including amounts that may otherwise be invested in future acquisitions, capital expenditures or repayment of debt and it is possible that we might be required to borrow funds, sell assets or raise equity to fund these distributions, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings.

To review in greater detail the risks associated with our status as a REIT, see the section entitled **Risk Factors** **Risks Related to the REIT Conversion and REIT Qualification** beginning on page 24.

In reaching its determination regarding a possible REIT conversion, the board of directors considered these REIT qualification requirements and other potential disadvantages regarding a potential REIT conversion, which are more fully described in the sections entitled **Background of the REIT Conversion and the Merger** beginning on page 41 and **Reasons for the Merger and REIT Conversion** beginning on page 44.

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**Q. Will I have to pay U.S. federal income taxes as a result of the REIT conversion?**

- A. You will not recognize gain or loss for U.S. federal income tax purposes as a result of the exchange of your shares of common stock and Series AA preferred stock of Lamar Advertising for shares of common stock and Series AA preferred stock of Lamar REIT in the merger. However, if you are a non-United States person who owns or has owned more than 5% of the outstanding common stock of Lamar Advertising, it may be necessary for you to comply with reporting and other requirements of the Treasury regulations in order to achieve nonrecognition of gain on the exchange of your Lamar Advertising common stock for Lamar REIT common stock in the merger.

The distribution of non-REIT accumulated E&P will result in the recognition of ordinary dividend income by you, which may qualify as qualified dividend income that is potentially eligible for reduced maximum rates of taxation depending on your circumstances. However, other ordinary dividends paid by Lamar REIT generally will not be treated as qualified dividend income.

The U.S. federal income tax treatment of holders of Lamar Advertising common stock and Lamar REIT common stock depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax laws for which no clear precedent or authority may be available. In addition, the tax consequences of holding Lamar Advertising common stock or Lamar REIT common stock to any particular stockholder will depend on that stockholder's particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-United States person, regarding the specific tax consequences, including the U.S. federal, state and local tax consequences and foreign tax consequences to you in light of your particular investment in, or the tax circumstances of acquiring, holding, exchanging, selling or otherwise disposing of, Lamar Advertising common stock or Lamar REIT common stock.

**Q. Am I entitled to dissenters' rights as a holder of Lamar Advertising Class A common stock?**

- A. No. Under Delaware law, you are not entitled to any dissenters' rights of appraisal in connection with the REIT conversion or the merger.

**Q. Am I entitled to dissenters' rights as a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock?**

- A: Yes. If you wish to exercise dissenters' rights and receive the fair value of your Lamar Advertising Class B common stock or your Lamar Advertising Series AA preferred stock in cash as determined in a judicial proceeding instead of the merger consideration described in this proxy statement/prospectus, your shares must not be voted for approval of the merger proposal, and you must follow other procedures in accordance with applicable Delaware law. If you return a signed proxy without voting instructions, your proxy will be voted as recommended by the board of directors of Lamar Advertising and you may lose dissenters' rights. If you return a signed proxy with instructions to vote FOR the merger agreement, your shares will be voted in favor of the merger agreement and you will lose dissenters' rights. Thus, if you wish to dissent and you execute and return a proxy, you must specify that your shares are to be either voted AGAINST or ABSTAIN with respect to approval of the merger.

For additional information on exercising dissenters' rights, see Terms of the Merger Dissenters' Rights for Holders of Lamar Advertising Class B common stock and Lamar Advertising Series AA preferred stock included elsewhere in this proxy statement/prospectus.

**Q. How do I vote without attending the special meeting?**

- A. You may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. If you are a holder of Class A common stock, as described in your proxy card.

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**Q. Can I attend the special meeting and vote my shares in person?**

A. Yes. All stockholders are invited to attend the special meeting. Stockholders of record at the close of business on the record date are invited to attend and vote at the special meeting. If your shares are held by a broker, bank or other nominee, then you are not the stockholder of record. Therefore, to vote at the special meeting, you must bring the appropriate documentation from your broker, bank or other nominee confirming your beneficial ownership of the shares.

**Q. If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?**

A. No. If your shares are held in street name by your broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee. Your broker, bank or other nominee will vote your shares only if you provide instructions on how you would like your shares to be voted.

**Q. What do I need to do now?**

A. You should carefully read and consider the information contained in this proxy statement/prospectus including its annexes. It contains important information about what the board of directors of Lamar Advertising considered in evaluating and approving the REIT conversion and the merger agreement.

You should then complete and sign your proxy card and return it in the enclosed envelope as soon as possible so that your shares will be represented at the special meeting. If your shares are held through a broker, bank or other nominee, you should receive a separate voting instruction form with this proxy statement/prospectus.

**Q. Can I change my vote after I have mailed my signed proxy card?**

A. Yes. You can change your vote at any time before your proxy is voted at the special meeting. To revoke your proxy, you must either (1) notify the secretary of Lamar Advertising in writing, (2) mail a new proxy card dated after the date of the proxy you wish to revoke, or (3) attend the special meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy. If your shares are held through a broker, bank, or other nominee, you should contact your broker, bank or other nominee to change your vote.

**Q. Should I send in my stock certificates now?**

A. No. If the merger is completed, your shares of Lamar Advertising common stock or Series AA preferred stock (whether certificated or uncertificated) will be converted into the right to receive the same number and class of shares of Lamar REIT common stock or Series AA preferred stock. Initially, the shares of Lamar REIT common stock and Lamar REIT Series AA preferred stock will not be represented by certificates, but rather will exist as

entries on the record books of Lamar REIT's transfer agents.

If you hold certificated shares of Lamar Advertising Class A common stock, as soon as practicable following completion of the merger, an exchange agent, appointed by Lamar REIT, will send you a letter of transmittal explaining how to exchange your certificates, which represented shares of Lamar Advertising common stock, for certificates representing shares of Lamar REIT common stock.

If you hold uncertificated shares of Lamar Advertising Class A common stock, your shares will automatically be converted into uncertificated shares of Lamar REIT common stock. In addition, within a reasonable time following the issuance or transfer of shares of Lamar REIT common stock, Lamar REIT will send to each record holder of uncertificated shares a written notice containing the information set forth in the applicable legend affixed to certificated shares of Lamar REIT Class A common stock in accordance with Delaware law.

If you hold shares of Lamar Advertising Class B common stock or Series AA preferred stock, as soon as practicable following completion of the merger, Lamar REIT will send you a letter of transmittal explaining

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how to exchange your certificates, which represented shares of Lamar Advertising Class B common stock or Series AA preferred stock, as applicable, for certificates representing shares of Lamar REIT Class B common stock or Series AA preferred stock.

**Q. Will the Class A common stock of Lamar REIT be publicly traded?**

- A. Yes. We will apply to list the new shares of Lamar REIT Class A common stock on NASDAQ upon completion of the merger. We expect that the Lamar REIT Class A common stock will trade under our current symbol LAMR. We will not complete the merger unless and until the shares of Lamar REIT Class A common stock are approved for listing on NASDAQ. Upon completion of the merger, Lamar REIT Class B common stock and Lamar REIT Series AA preferred stock will not be publicly traded and will continue to be held by members of the Reilly Family, including Kevin P. Reilly, Jr., our Chairman and President, and Sean E. Reilly, our Chief Executive Officer, and their affiliates and other related parties. Each share of Lamar REIT Class B common stock will be convertible at the option of its holder into one share of Lamar REIT Class A common stock at any time.

**Q. Will a proxy solicitor be used?**

- A. Yes. We have engaged Alliance Advisors, LLC to assist in the solicitation of proxies for the meeting and estimate we will pay Alliance Advisors, LLC a fee of approximately \$3,000. We have also agreed to reimburse Alliance Advisors, LLC for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Alliance Advisors, LLC against certain losses, costs and expenses. In addition, our directors, officers and employees may request the return of proxies by telephone or in person, but no additional compensation will be paid to them.

**Q. Whom should I call with questions?**

- A. You should call Alliance Advisors, LLC, our proxy solicitor, toll-free at (877) 777-5603 with any questions about the REIT conversion or merger, or to obtain additional copies of this proxy statement/prospectus or additional proxy cards. You also may also call Buster Kantrow, Director of Investor Relations, at (225) 926-1000.

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**STRUCTURE OF THE TRANSACTION**

In order to help you better understand the merger and how it will affect Lamar Advertising, Lamar REIT and the subsidiaries of Lamar Advertising, the charts below illustrates, in simplified form, the following:

Before the Merger: the organizational structure of Lamar Advertising, Lamar Media Corp. and Lamar REIT before the merger;

Merger: the steps involved in, and the effects of, the merger of Lamar Advertising with and into Lamar REIT and the exchange of shares of Lamar Advertising Class A common stock, Class B common stock and Series AA preferred stock for shares of Lamar REIT Class A common stock, Class B common stock and Series AA preferred stock; and

After the Merger: the organizational structure of Lamar REIT and its taxable REIT subsidiaries and other operating subsidiaries, immediately after the completion of the transactions.

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1. Lamar Advertising merges with and into Lamar REIT. During the course of 2014, Lamar Advertising distributes its non-REIT accumulated E&P to its stockholders.
2. Each outstanding share of Lamar Advertising Class A common stock will be converted into the right to receive the same number of shares of Lamar REIT Class A common stock, each outstanding share of Lamar Advertising Class B common stock will be converted into the right to receive the same number of shares of Lamar REIT Class B common stock and each outstanding share of Lamar Advertising Series AA preferred stock will be converted into the right to receive the same number of Lamar REIT Series AA preferred stock. At the time of completion of the merger, each stockholder will hold the same percentage ownership in Lamar REIT as each holder previously held in Lamar Advertising.

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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the other documents to which this proxy statement/prospectus refers to fully understand the REIT conversion and the merger. In particular, you should read the annexes attached to this proxy statement/prospectus, including the merger agreement, which is attached as Annex A. You also should read the form of Amended and Restated Certificate of Incorporation of Lamar Advertising REIT Company, which we refer to as the Lamar REIT charter, attached as Annex B-1, and the Amended and Restated Bylaws of Lamar Advertising REIT Company, which we refer to as the Lamar REIT bylaws, attached as Annex B-2, because these documents will govern your rights as a stockholder of Lamar REIT following the merger. See the section entitled *Additional Information* in the front part of this proxy statement/prospectus. For a discussion of the risk factors that you should carefully consider, see the section entitled *Risk Factors* beginning on page 24. Most items in this summary include a page reference directing you to a more complete description of that item.*

*The information contained in this proxy statement/prospectus, unless otherwise indicated, assumes the REIT conversion and all the transactions related to the REIT conversion, including the merger, will occur. When used in this proxy statement/prospectus, unless otherwise specifically stated or the context otherwise requires, the terms *Company, Lamar Advertising, we, our and us* refer to Lamar Advertising Company and its subsidiaries with respect to the period prior to the merger, and *Lamar REIT and its subsidiaries* with respect to the period after the merger.*

**The Companies**

Lamar Advertising Company

5321 Corporate Boulevard

Baton Rouge, Louisiana 70808

(225) 926-1000

Lamar Advertising is one of the largest outdoor advertising companies in the United States based on number of displays. We operate in a single operating and reporting segment, advertising. We rent advertising space on billboards, buses, shelters, benches and logo plates. As of June 30, 2014, we owned and operated approximately 145,000 billboard advertising displays in 44 states, Canada and Puerto Rico, approximately 130,000 logo advertising displays in 23 states and the province of Ontario, Canada, and operated over 40,000 transit advertising displays in 16 states, Canada and Puerto Rico. We offer our customers a fully integrated service, satisfying all aspects of their billboard display requirements from ad copy production to placement and maintenance.

We have operated under the Lamar name since our founding in 1902 and have been publicly traded on NASDAQ under the symbol *LAMR* since 1996. We completed a reorganization on July 20, 1999 that created our current holding company structure. At that time, the operating company (then called Lamar Advertising Company) was renamed Lamar Media Corp., and all of the operating company's stockholders became stockholders of a new holding company. The new holding company then took the Lamar Advertising Company name, and Lamar Media Corp. became a wholly owned subsidiary of Lamar Advertising Company. Since inception, we have grown through acquisitions, long-term lease arrangements, development and construction of sites, and through mergers with and acquisitions of other advertising companies.

Lamar Advertising REIT Company

5321 Corporate Boulevard

Baton Rouge, Louisiana 70808

(225) 926-1000

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Lamar Advertising REIT Company is a wholly owned subsidiary of Lamar Advertising and was incorporated in Delaware on May 16, 2014 to succeed to and continue the business of Lamar Advertising upon completion of the merger of Lamar Advertising with and into Lamar REIT. Effective at the time of the merger described below, Lamar REIT will be renamed Lamar Advertising Company. Prior to the merger, Lamar REIT will conduct no business other than that incident to the merger. Following the merger, Lamar REIT will directly or indirectly conduct all of the business currently conducted by Lamar Advertising. Upon completion of the merger, Lamar REIT will directly or indirectly hold all of Lamar Advertising's assets.

## **General**

The board of directors of Lamar Advertising has approved a plan to reorganize Lamar Advertising's business operations to facilitate the qualification of Lamar REIT, as the successor of Lamar Advertising's assets and business operations following the merger, as a REIT for U.S. federal income tax purposes. We refer to the merger, the related restructuring transactions and the election of REIT status by Lamar REIT in this proxy statement/prospectus as the REIT conversion. The merger and other restructuring transactions are designed to enable Lamar REIT, as the business successor of Lamar Advertising, to hold its assets and business operations in a manner that will enable us to elect to be treated as a REIT for U.S. federal income tax purposes. If Lamar REIT qualifies as a REIT, Lamar REIT generally will not be subject to U.S. federal corporate income taxes on that portion of its capital gain or ordinary income from its REIT operations that is distributed to its stockholders. This treatment would substantially eliminate the federal double taxation on earnings from REIT operations, or taxation once at the corporate level and again at the stockholder level, that generally results from investment in a regular C corporation. However, as explained more fully below, the non-REIT operations of Lamar Advertising, which consist primarily of design, production and installation of advertising copy, which we refer to as our advertising services business, and the provision of transit advertising displays on bus shelters, benches and buses, which we refer to as our transit advertising business, and the operations of Lamar Advertising in Canada and Puerto Rico would continue to be subject, as applicable, to U.S. federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those operations are located.

We are distributing this proxy statement/prospectus to you as a holder of Lamar Advertising Class A common stock, Class B common stock or Series AA preferred stock in connection with the solicitation of proxies by the board of directors for your approval of a proposal to adopt the merger agreement that will implement a part of the business reorganization through which Lamar Advertising intends to effect the REIT conversion. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

The board of directors of Lamar Advertising reserves the right to cancel or defer the merger even if Lamar Advertising stockholders vote to adopt the merger agreement and the other conditions to the completion of the merger are satisfied or waived if it determines that the merger is no longer in the best interests of Lamar Advertising and its stockholders. Additionally, even if the merger is effected, the board of directors of Lamar Advertising may decide not to elect REIT status, or to delay such election, if it determines in its sole discretion that it is not in the best interests of Lamar Advertising and its stockholders.

We estimate that one-time transaction costs incurred or to be incurred in connection with the REIT conversion, including the merger, will be approximately \$5 million in the aggregate.

## **Board of Directors and Management of Lamar REIT**

The board of directors and executive management of Lamar Advertising immediately prior to the merger will be the board of directors and executive management, respectively, of Lamar REIT immediately following the merger.



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**Interests of Directors and Executive Officers in the REIT Conversion and the Merger**

Our directors and executive officers and their affiliates have equity interests in Lamar Advertising through the ownership of shares of Class A common stock, Class B common stock and Series AA preferred stock and/or options to purchase shares of Class A common stock, and, to that extent, their interest in the REIT conversion and the merger is the same as that of the other holders of shares of Class A common stock, Class B common stock and Series AA preferred stock and options to purchase shares of Class A common stock.

**Regulatory Approvals (See page 48)**

We are not aware of any federal, state, local or foreign regulatory requirements that must be complied with or approvals that must be obtained prior to completion of the merger pursuant to the merger agreement and the transactions contemplated thereby, other than compliance with applicable federal and state securities laws and the filing and acceptance of a certificate of merger as required under the Delaware General Corporation Law, which we refer to as the DGCL.

**Comparison of Rights of Stockholders of Lamar Advertising and Lamar REIT (See page 106)**

Your rights as a holder of common stock are currently governed by Delaware law, Lamar Advertising's Restated Certificate of Incorporation, which we refer to as the Lamar Advertising charter, and the Amended and Restated Bylaws of Lamar Advertising, which we refer to as the Lamar Advertising bylaws. If the merger agreement is adopted and approved by Lamar Advertising's stockholders and the merger is completed, you will become a stockholder of Lamar REIT and your rights as a stockholder of Lamar REIT will be governed by Delaware law, the Lamar REIT charter and the Lamar REIT bylaws. Some important differences exist between your rights as a holder of common stock and your rights as a holder of Lamar REIT common stock.

The major difference is that, to satisfy the share ownership requirements under the Code that are applicable to REITs, the Lamar REIT charter generally prohibits any person or entity from owning more than 5% of the outstanding shares of Lamar REIT common stock. The board of directors will establish a separate share ownership limitation for certain Lamar REIT stockholders and their affiliates that will generally allow them to own no more than 19% of the outstanding shares of Lamar REIT common stock and no more than 33% in value of the aggregate of the outstanding shares of all classes and series of Lamar REIT stock. For more detail regarding the differences between your rights as a holder of Lamar Advertising common stock and your rights as a holder of Lamar REIT common stock, see the sections entitled Description of Lamar REIT Capital Stock and Comparison of Rights of Stockholders of Lamar Advertising and Lamar REIT.

The forms of the Lamar REIT charter and the Lamar REIT bylaws are attached as [Annex B-1](#) and [Annex B-2](#), respectively.

**Material United States Federal Income Tax Considerations of the Merger (See page 112)**

Our tax counsel, Goodwin Procter LLP will render an opinion to us to the effect that the merger will be treated for U.S. federal income tax purposes as a reorganization under Section 368(a)(1)(F) of the Code. Accordingly, we expect that for U.S. federal income tax purposes:

no gain or loss will be recognized by Lamar Advertising or Lamar REIT as a result of the merger and Lamar REIT will be treated as a continuation of Lamar Advertising;

you will not recognize any gain or loss upon the conversion of your shares of Lamar Advertising common stock into Lamar REIT common stock;

the tax basis of the shares of Lamar REIT common stock that you receive pursuant to the merger in the aggregate will be the same as your adjusted tax basis in the shares of Lamar Advertising common stock being converted in the merger; and

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the holding period of shares of Lamar REIT common stock that you receive pursuant to the merger will include your holding period with respect to the shares of Lamar Advertising common stock being converted in the merger, assuming that your Lamar Advertising common stock was held as a capital asset at the effective time of the merger.

The U.S. federal income tax treatment of holders of Lamar Advertising common stock and Lamar REIT common stock depends in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences of holding Lamar Advertising common stock or Lamar REIT common stock to any particular stockholder will depend on the stockholder's particular tax circumstances. For example, in the case of a non-United States stockholder that owns or has owned in excess of 5% of Lamar Advertising common stock, it may be necessary for that person to comply with reporting requirements for him or her to achieve the nonrecognition of gain, carryover tax basis and tacked holding period described above. We urge you to consult your tax advisor, particularly if you are a non-United States person, regarding the specific tax consequences, including the U.S. federal, state and local tax consequences and foreign tax consequences, to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging, selling or otherwise disposing of Lamar Advertising common stock or Lamar REIT common stock.

**Qualification of Lamar REIT Following the REIT Conversion (See page 114)**

We expect to qualify as a REIT for U.S. federal income tax purposes effective for our taxable year ending December 31, 2014. If we so qualify, we will be permitted to deduct distributions paid to our stockholders, allowing the income represented by such distributions to avoid taxation at the entity level and to be taxed, if at all, only at the stockholder level. Nevertheless, the income of our TRSs, which will hold our assets and operations that may not be held or engaged in directly by a REIT, will be subject, as applicable, to U.S. corporate income tax and to foreign income taxes where those operations are conducted. We will also be subject to a separate U.S. corporate income tax on any gains recognized during a specified period (generally, ten years) following the REIT conversion that are attributable to built-in gain with respect to the assets that we own on January 1, 2014.

Our ability to qualify as a REIT will depend upon our continuing compliance with various requirements starting on the effective date of our REIT conversion, which is expected to be January 1, 2014, including requirements related to the nature of our assets, the sources of our income, diversity of share ownership and the distributions to our stockholders. If we fail to qualify as a REIT, we will be subject to U.S. federal (and applicable state) income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we will be subject to some U.S. federal, state and local and foreign taxes on our income and property. Given the complex nature of the REIT qualification requirements, the ongoing importance of factual determinations and the possibility of future changes in our circumstances and the laws applicable to REITs, we can provide no assurance that our actual operating results will satisfy the requirements for taxation as a REIT under the Code for any particular taxable year.

Our tax counsel, Goodwin Procter LLP, will render an opinion to us to the effect that (i) commencing with our taxable year ending December 31, 2014 we have been organized in conformity with the requirements for qualification as a REIT and (ii) our prior and proposed organization, ownership and method of operation as represented by management have enabled and will enable us to satisfy the requirements for qualification and taxation as a REIT commencing with our taxable year ending December 31, 2014. This opinion will be based on representations made by us as to certain factual matters relating to our organization and our prior and intended or expected ownership and method of operation. Goodwin Procter LLP will not verify those representations, and their opinion will assume that such representations and covenants are accurate and complete, that we have operated and will operate in accordance with such representations and that we will take no action inconsistent with our status as a REIT. Our tax counsel's opinion also will be based in part on the private letter ruling we



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received from the IRS regarding certain U.S. federal income tax matters relevant to our REIT qualification. This opinion will represent counsel's legal judgment based on the law existing and in effect on the effective date of this proxy statement/prospectus, is not binding on the IRS or any court, and could be subject to modification or withdrawal based on future legislative, judicial or administrative changes to U.S. federal income tax laws, any of which could be applied retroactively. Goodwin Procter LLP will not review our compliance with these tests on a continuing basis. Accordingly, the opinion of our tax counsel will not cover subsequent periods, does not guarantee our ability to qualify as or remain qualified as a REIT, and no assurance can be given that we will satisfy such tests for our taxable year ending on December 31, 2014 or for any future period. Goodwin Procter LLP will have no obligation to advise us or the holders of our stock of any subsequent change in the matters stated, represented or assumed in its opinion or of any subsequent change in applicable law.

## **Recommendation of the Board of Directors (See page 39)**

The board of directors of Lamar Advertising believes that the REIT conversion is advisable for Lamar Advertising and its stockholders and unanimously recommends that you vote **FOR** the adoption of the merger agreement, which is being proposed in connection with the reorganization of Lamar Advertising's business operations through which Lamar Advertising intends to effect the REIT conversion, and **FOR** the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies.

## **Date, Time, Place and Purpose of Special Meeting (See page 38)**

A special meeting will be held on November 17, 2014 at 9:00 a.m., local time, at the offices of Lamar Advertising Company, 5321 Corporate Boulevard, Baton Rouge, Louisiana 70808 to consider and vote upon the proposals described in the notice of special meeting.

## **Stockholders Entitled to Vote (See page 38)**

The board of directors has fixed the close of business on October 3, 2014 as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the special meeting. As of October 3, 2014, there were 80,828,878 shares of Class A common stock outstanding and entitled to vote and 163 holders of record, 14,610,365 shares of Class B common stock outstanding and entitled to vote and 8 holders of record and 5,719.49 shares of Series AA preferred stock outstanding and entitled to vote and 3 holders of record.

## **Vote Required (See pages 38-39)**

The affirmative vote of the holders of a majority of the votes represented by the outstanding shares of Class A common stock, Class B common stock and Series AA preferred stock entitled to vote, voting together as a single class, is required for the adoption of the merger agreement. Accordingly, abstentions and broker non-votes, if any, will have the effect of a vote against the proposal to adopt the merger agreement.

The board of directors of Lamar Advertising reserves the right to cancel or defer the merger even if Lamar Advertising's stockholders vote to adopt the merger agreement and the other conditions to the completion of the merger are satisfied or waived, if the board of directors determines that the merger is no longer in the best interests of Lamar Advertising and its stockholders. The board of directors of Lamar Advertising reserves the right to cancel or defer the REIT conversion if the REIT conversion cannot be completed by December 31, 2014 or if it determines that it is not in the best interests of Lamar Advertising or its stockholders.

The affirmative vote of a majority of the votes represented by the shares of Class A common stock, Class B common stock and Series AA preferred stock, voting together as a single class, that are present or represented by proxy at the special meeting, is required to permit Lamar Advertising's board of directors to adjourn the special

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meeting, if necessary, to solicit further proxies. Accordingly, abstentions will have the effect of a vote against the proposal while broker non-votes, if any, will not impact the outcome of this proposal assuming a quorum is otherwise present.

### **No Dissenters Rights for Holders of Lamar Advertising Class A Common Stock (See page 48)**

Under the DGCL, you will not be entitled to dissenters rights of appraisal as a result of the merger or the REIT conversion.

### **Dissenters Rights for Holders of Lamar Advertising Class B Common Stock and Lamar Advertising Series AA Preferred Stock (See page 48)**

Section 262 of the DGCL provides holders of Lamar Advertising Class B common stock and Lamar Advertising Series AA preferred stock with the ability to dissent from the merger and receive the appraised value of their shares in cash. A holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who properly seeks appraisal and complies with the applicable requirements under the DGCL will forego the merger consideration and instead receive a cash payment equal to the fair value of his, her or its shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock in connection with the merger. Fair value will be determined by a court following an appraisal proceeding. Dissenting holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock will not know the appraised fair value at the time such holders must elect whether to seek appraisal. The ultimate amount dissenting holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock receive in an appraisal proceeding may be more or less than, or the same as, the amount such dissenting holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock would have received under the merger agreement. A detailed description of the appraisal rights available to holders of Lamar Advertising Class B common stock and Lamar Advertising Series AA preferred stock and procedures required to exercise statutory appraisal rights is included in this proxy statement/prospectus in [Annex C](#).

### **Shares Owned by Lamar Advertising s Directors and Executive Officers**

As of October 3, 2014 the directors and executive officers of Lamar Advertising and their affiliates owned and were entitled to vote 511,232 shares of Class A common stock, 14,610,365 shares of Class B common stock and 3,134.8 shares of Series AA preferred stock, or shares representing approximately 65% of the votes represented by shares outstanding on that date entitled to vote with respect to each of the proposals. We currently expect that each director and executive officer of Lamar Advertising and their affiliates will vote the shares of Class A common stock, Class B common stock and Series AA preferred stock beneficially owned by such director or executive officer or affiliate

**FOR** adoption of the merger agreement and **FOR** the proposal to adjourn or postpone the special meeting.

### **Historical Market Price of Class A common stock**

Lamar Advertising s Class A common stock is listed on the NASDAQ Global Select Market under the symbol LAMR.

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The following table presents the reported high and low sale prices of Class A common stock on the NASDAQ Global Select Market, in each case for the periods presented and as reported by the NASDAQ Global Select Market. On August 7, 2012, the last full trading day prior to the public announcement that Lamar Advertising would seek a private letter ruling from the IRS with respect to a number of REIT qualification matters, the closing sale price of Class A common stock on the NASDAQ Global Select Market was \$31.50 per share. On April 22, 2014, the last full trading day prior to the public announcement of the receipt of the private letter ruling from the IRS, the closing sale price of Class A common stock on the NASDAQ Global Select Market was \$52.05 per share. On October 14, 2014, the latest practicable date before the printing of this proxy statement/prospectus, the closing sale price of Class A common stock on the NASDAQ Global Select Market was \$45.71 per share. You should obtain a current stock price quotation for Class A common stock.

	<b>High</b>	<b>Low</b>
<b>Year Ending December 31, 2014</b>		
Third Quarter	\$ 53.47	\$ 48.37
Second Quarter	\$ 54.48	\$ 47.37
First Quarter	\$ 54.12	\$ 46.79
<b>Year Ended December 31, 2013</b>		
Fourth Quarter	\$ 52.33	\$ 45.64
Third Quarter	\$ 47.31	\$ 41.36
Second Quarter	\$ 49.61	\$ 41.30
First Quarter	\$ 48.86	\$ 39.10
<b>Year Ended December 31, 2012</b>		
Fourth Quarter	\$ 41.49	\$ 36.08
Third Quarter	\$ 37.75	\$ 26.21
Second Quarter	\$ 32.85	\$ 23.37
First Quarter	\$ 34.19	\$ 27.08

It is expected that, upon completion of the merger, Lamar REIT Class A common stock will be listed and traded on the NASDAQ Global Select Market in the same manner as shares of Lamar Advertising Class A common stock currently trade on that exchange. The historical trading prices of Lamar Advertising Class A common stock are not necessarily indicative of the future trading prices of Lamar REIT Class A common stock because, among other things, the current stock price of Lamar Advertising Class A common stock reflects the current market valuation of Lamar Advertising's current business and assets, including the cash that will be distributed in connection with the distribution of non-REIT accumulated E&P. See the section entitled "Risk Factors." The current market price of Lamar Advertising Class A common stock may not be indicative of the market price of Lamar REIT Class A common stock following the REIT conversion.

**Table of Contents****SUMMARY UNAUDITED PRO FORMA CONDENSED FINANCIAL DATA**

The following table presents selected financial data from the unaudited pro forma consolidated statement of operations for the year ended December 31, 2013, the unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2014 and the unaudited pro forma condensed consolidated balance sheet as of June 30, 2014 included in this proxy statement/prospectus. The unaudited pro forma condensed consolidated balance sheet is presented as if the REIT conversion, including the expected distribution of non-REIT accumulated E&P, had occurred on June 30, 2014. The unaudited pro forma consolidated statements of operations present the effects of the REIT conversion as though it occurred on January 1, 2013.

The unaudited pro forma condensed financial data is based on the estimates and assumptions set forth in the notes to such data, which are preliminary and have been made solely for the purposes of developing such pro forma information. See Pro Forma Financial Information. The unaudited pro forma condensed financial data is not necessarily indicative of the financial position or operating results that would have occurred had the REIT conversion, including the distribution of non-REIT accumulated E&P, been completed as of the dates indicated, nor are they necessarily indicative of future financial position or operating results. This information should be read in conjunction with the unaudited pro forma condensed consolidated financial statements and related notes and the historical financial statements and related notes of Lamar Advertising and Lamar REIT included in or incorporated by reference into this proxy statement/prospectus.

We currently estimate that the aggregate amount of the distribution of non-REIT accumulated E&P will be approximately \$40 million, and we expect to pay it solely with cash. We expect that the amounts declared and paid in connection with regular quarterly distributions, which commenced in the second quarter of 2014, will be in an amount sufficient to enable us to distribute our non-REIT accumulated E&P no later than December 31, 2014. As a result, we do not expect to pay a one-time special distribution of non-REIT accumulated E&P. All assumptions used in the following pro forma consolidated financial data are described under Pro Forma Financial Information.

	<b>Pro Forma</b>	
	<b>For the Year Ended</b>	
	<b>December</b>	<b>For the Six Months</b>
	<b>31, 2013</b>	<b>Ended June 30, 2014</b>
	<b>(In thousands)</b>	
<b>Consolidated Statement of Operations</b>		
Net revenues	\$ 1,245,842	\$ 615,366
Total operating expenses	1,020,305	509,692
Operating income	225,537	105,674
Other expense	160,457	86,358
Income tax expense (benefit)	(87,966)	687
Net income	153,046	18,629

	<b>Pro Forma as of</b>
	<b>June 30, 2014</b>
	<b>(In thousands)</b>
<b>Condensed Consolidated Balance Sheet</b>	
Cash and cash equivalents	\$ 8,009

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Current deferred income tax assets	357
Total current assets	296,137
Property and equipment, net	1,096,242
Other assets	50,770
Total assets	3,353,401
Total current liabilities	237,744
Deferred tax liabilities	
Total liabilities	2,385,980
Total stockholders equity	967,421
Total liabilities and stockholders equity	3,353,401

**Table of Contents****Comparative Historical and Pro Forma Per Share Data**

The following tables set forth selected historical per share data for Lamar Advertising and selected unaudited pro forma per share data after giving effect to the REIT conversion. This information should be read in conjunction with the selected historical financial information included elsewhere in this proxy statement/prospectus and the historical financial statements and related notes that are included in or incorporated by reference in this proxy statement/prospectus. The pro forma per share amounts have been computed using the assumptions described in the section entitled Pro Forma Financial Information. The unaudited pro forma consolidated financial data are presented for informational purposes only. The pro forma financial data is not necessarily indicative of the financial position or operating results that would have occurred had the REIT conversion been completed as of the dates indicated above, nor are they necessarily indicative of future financial position or operating results.

**Historical Data Per Share**

The historical book value per share data presented below is computed by dividing total stockholders' equity of \$932.9 million and \$885.7 million on December 31, 2013 and June 30, 2014, respectively, by the number of shares outstanding on those dates.

	<b>As of or for the Year Ended December 31, 2013</b>	<b>As of or for the Six Months Ended June 30, 2014</b>
	<b>(In thousands)</b>	
Income (loss) from continuing operations attributable to Lamar Advertising Company per share:		
Basic	\$ 0.42	\$ 0.11
Diluted	0.42	0.11
Book value per share	9.84	9.29

**Unaudited Pro Forma Per Share Data**

The range of pro forma book value per share data is computed by dividing pro forma total stockholders' equity of \$1.0 billion by the number of shares outstanding on those dates.

	<b>Pro Forma</b>	
	<b>As of or for the Year Ended December 31, 2013</b>	<b>As of or for the Six Months Ended June 30, 2014</b>
	<b>(In thousands)</b>	
Income (loss) from continuing operations attributable to Lamar Advertising Company per share:		
Basic	\$ 1.62	\$ 0.19

Diluted	1.62	0.19
Book value per share <sup>(1)</sup>		10.15

(1) Pro forma book value per share is only calculated for a June 30, 2014 conversion date.

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**RISK FACTORS**

*In addition to the other information in this proxy statement/prospectus, you should carefully consider the following risk factors relating to the proposed REIT conversion in determining whether or not to vote for adoption of the merger agreement. You should carefully consider the additional risks described in Lamar Advertising's annual, quarterly and current reports, including those identified in Lamar Advertising's Annual Report on Form 10-K for the year ended December 31, 2013, as updated by its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014. This section includes or refers to certain forward-looking statements. See the section entitled "Special Note Regarding Forward-Looking Statements" beginning on page 37 for the qualifications and limitations of these forward-looking statements.*

**Risks Related to the REIT Conversion and REIT Qualification**

***If we fail to qualify as a REIT or fail to remain qualified as a REIT, we would be subject to U.S. federal income tax as a regular C corporation and would not be able to deduct distributions to stockholders when computing our taxable income.***

We intend to elect and qualify as a REIT for U.S. federal income tax purposes starting with our taxable year ending December 31, 2014. REIT qualification involves the application of highly technical and complex provisions of the Code to our assets and operations as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions. We believe that we have been and are organized and have operated and will operate, in a manner that will allow us to qualify as a REIT commencing with our taxable year ending December 31, 2014. However, we cannot assure you that we have been and are organized and have operated or will operate as such.

If, in any taxable year, we fail to qualify for taxation as a REIT, and are not entitled to relief under the Code:

we will not be allowed a deduction for distributions to stockholders in computing our taxable income;

we will be subject to U.S. federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates; and

we would be disqualified from electing REIT tax treatment for the four taxable years following the year during which we were so disqualified.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, may require us to borrow funds (under Lamar Media's senior credit facility or otherwise) or liquidate some investments to pay any such additional tax liability, which in turn could have an adverse impact on the value of Lamar REIT common stock. This adverse impact could last for five or more years because, unless we are entitled to relief under certain statutory provisions, we will be taxable as a corporation, beginning in the year in which the failure occurs, and we will not be allowed to re-elect to be taxed as a REIT for the following four years.

***While we expect our tax counsel to opine prior to the effectiveness of this registration statement that we are properly organized and operate as a REIT in accordance with applicable law commencing with our taxable year ending December 31, 2014, this opinion is not binding on the IRS or any court and does not guarantee our***

***qualification as a REIT.***

We expect our tax counsel, Goodwin Procter LLP, prior to the effectiveness of this registration statement, to provide an opinion that (i) commencing with our taxable year ending December 31, 2014 we have been organized in conformity with the requirements for qualification as a REIT and (ii) our prior and proposed organization, ownership and method of operation as represented by management have enabled and will enable us to satisfy the requirements for qualification and taxation as a REIT commencing with our taxable year ending December 31, 2014. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court, and either could take a position different from that expressed by counsel. Any opinion of Goodwin

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Procter LLP will represent only their view based on a review and analysis of existing law and will be conditioned upon the timely closing of the merger, the assumption that the Lamar REIT charter, the Lamar REIT bylaws, our contracts and all other applicable legal documents have been and will be complied with by all parties to those documents, upon the accuracy and completeness of the factual matters described in this proxy statement/prospectus, upon a ruling received by us from the IRS as to certain federal income tax matters, and upon representations made by us as to certain factual matters relating to our organization, operations and expected manner of operation during the relevant periods. Given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by Goodwin Procter LLP or us that we will so qualify for any particular year. Any opinion of Goodwin Procter LLP as to our qualification and taxation as a REIT will be expressed as of the date issued. Goodwin Procter LLP will have no obligation to advise us or our stockholders of any subsequent change in the matters stated, represented, or assumed, or of any subsequent change in the applicable law.

Furthermore, both the validity of any opinion of Goodwin Procter LLP and our qualification and taxation as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. Our compliance with the REIT income and quarterly asset requirements will depend upon our ability to successfully manage the composition of our income and assets on an ongoing basis. While we believe that we will satisfy these tests, Goodwin Procter LLP will not review compliance with these tests on a continuing basis.

***Even if we qualify as a REIT, certain of our business activities will be subject to U.S. and foreign taxes on our income and assets, which will continue to reduce our cash flows, and we will have potential deferred and contingent tax liabilities.***

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income, and state, local or foreign income, franchise, property and transfer taxes. In addition, we could in certain circumstances be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT.

In order to qualify as a REIT, we plan to hold certain of our non-qualifying REIT assets and to receive certain non-qualifying items of income through one or more TRSs. These non-qualifying REIT assets consist principally of our advertising services business and our transit advertising business. Those TRS assets and operations would continue to be subject, as applicable, to U.S. federal and state corporate income taxes. Furthermore, our assets and operations outside the United States will continue to be subject to foreign taxes in the jurisdictions in which those assets and operations are located. In addition, we may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm's-length basis. Any of these taxes would decrease our earnings and our cash available for distributions to stockholders.

We will also be subject to a U.S. federal income tax at the highest regular corporate rate (currently 35%) on all or a portion of the gain recognized from a sale of assets occurring within a specified period (generally, ten years) after the effective date of our REIT conversion, to the extent of the built-in gain based on the fair market value of those assets held by us on the effective date of REIT conversion in excess of our then tax basis in those assets. If we elect REIT status for the taxable year ending December 31, 2014, then the tax on subsequently sold assets will be based on the fair market value and built-in gains of those assets as of January 1, 2014. The same rules would apply to any assets we acquire from a C corporation in a carry-over basis transaction with built-in gain at the time of the acquisition by us. Gain from a sale of an asset occurring after the specified period ends will not be subject to this corporate level tax. We currently do not expect to sell any asset if the sale would result in the imposition of a material tax liability. We cannot,

however, assure you that we will not change our plans in this regard.

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In addition, the IRS and any state or local tax authority may successfully assert liabilities against us for corporate income taxes for taxable years of Lamar Advertising prior to the effective time of the REIT election, in which case we will owe these taxes plus applicable interest and penalties, if any. Moreover, any increase in taxable income for these pre-REIT periods will likely result in an increase in non-REIT accumulated E&P, which could either increase the taxable portion of the distributions to our stockholders made in 2014 or cause us to pay an additional taxable distribution to our stockholders after the relevant determination.

***Failure to make sufficient distributions would jeopardize our qualification as a REIT and/or would subject us to U.S. federal income and excise taxes.***

A REIT is required to distribute to its stockholders with respect to each taxable year at least 90% of its taxable income (computed without regard to the dividends paid deduction and our net capital gain and net of any available NOLs) in order to qualify as a REIT, and 100% of its taxable income (computed without regard to the dividends paid deduction and our net capital gain and net of any available NOLs) in order to avoid U.S. federal income and excise taxes. For these purposes, our non-TRS subsidiaries will be treated as part of the REIT and therefore we also will be required to distribute out their taxable income. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders for a calendar year is less than a minimum amount specified under the Code.

Generally, we expect to distribute all or substantially all of our REIT taxable income. However, we may determine to utilize our existing NOLs to reduce all or a portion of our taxable income in lieu of making corresponding distributions to our stockholders. If our cash available for distribution falls short of our estimates, we may be unable to maintain the proposed quarterly distributions that approximate our taxable income and, as a result, may be subject to U.S. federal income tax on the shortfall in distributions or may fail to qualify for taxation as a REIT. Our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of nondeductible expenditures, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, the creation of reserves or required debt service or amortization payments. Because the REIT distribution requirements will prevent the Company from retaining earnings, it may be required to refinance debt at maturity with additional debt or equity, which may not be available on acceptable terms, or at all.

***Covenants specified in our existing senior credit facility and any future credit facilities and our debt instruments may limit our ability to make required REIT distributions.***

Although Lamar Media's senior credit facility generally permits Lamar Media to conduct its affairs in a manner that would allow us to qualify and remain qualified as a REIT—including by allowing Lamar Media to make distributions to us as necessary for us to qualify and remain qualified for taxation as a REIT, subject to certain restrictions—Lamar Media's senior credit facility and the indentures relating to Lamar Media's outstanding notes contain certain covenants that could nevertheless limit our ability to make distributions to our stockholders. Under the senior credit facility, Lamar Media would not be permitted to make distributions to us in order to satisfy our REIT distribution requirements, or make additional distributions up to 100% of our REIT taxable income, if Lamar Media was in default due to the failure to make a required payment (subject to a cure period in the case of payments of interest, reimbursement obligations in respect of letters of credit and fees) or in the event of a voluntary or involuntary bankruptcy proceeding. Under the indentures governing its outstanding senior subordinated notes and senior notes, Lamar Media may make distributions to us to satisfy our REIT distribution requirements and additional amounts intended to distribute up to 100% of our REIT taxable income, so long as Lamar Media is in compliance with certain restricted payment baskets and certain other conditions are met, including that no default or event of default exists or

would result therefrom. As of June 30, 2014, Lamar Media is permitted to make up to approximately \$2.2 billion in distributions pursuant to these baskets. In addition,

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under the indenture governing Lamar Media's senior notes, Lamar Media is permitted to make distributions to us outside of such restricted payment baskets to the extent we believe in good faith that we qualify as a REIT and such distributions are necessary to maintain our status as a REIT, subject to the conditions that (i) no payment or bankruptcy event of default exists and the obligations in respect of the senior notes have not otherwise been accelerated and (ii) two consecutive distributions pursuant to this provision shall not be permitted during the continuance of any single event of default. If these limits prevent us from satisfying our REIT distribution requirements, we could fail to qualify for taxation as a REIT. If these limits do not jeopardize our qualification for taxation as a REIT but do nevertheless prevent us from distributing 100% of our REIT taxable income, we will be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts.

***We may be required to borrow funds, sell assets, or raise equity to satisfy our REIT distribution requirements or maintain the asset tests.***

In order to meet the REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds, sell assets or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings. Any insufficiency of our cash flows to cover our REIT distribution requirements could adversely impact our ability to raise short- and long-term debt, to sell assets, or to offer equity securities in order to fund distributions required to maintain our qualification and taxation as a REIT and to avoid U.S. federal income and excise taxes. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our total leverage.

In addition, if we fail to comply with certain asset tests described under Material United States Federal Income Tax Considerations, at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive investments. These actions may reduce our income and amounts available for distribution to our stockholders.

***Our cash distributions are not guaranteed and may fluctuate.***

A REIT generally is required to distribute at least 90% of its REIT taxable income to its stockholders. We may have available NOLs that could reduce or substantially eliminate our REIT taxable income, and thus we may not be required to distribute material amounts of cash to qualify for taxation as a REIT. We expect that, for the foreseeable future, we may utilize available NOLs to reduce our REIT taxable income.

Upon completion of the merger, the board of directors of Lamar REIT, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our stockholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, any stock repurchase program, and general market demand for our advertising space available for lease. Consequently, our distribution levels may fluctuate.

***There are uncertainties relating to our distribution of non-REIT accumulated E&P.***

To qualify for taxation as a REIT, we will be required to distribute to our stockholders all of our non-REIT accumulated E&P, as measured for federal income tax purposes, prior to the end of our first taxable year as a REIT, which we expect will be the taxable period ending December 31, 2014. Failure to make the distribution of non-REIT accumulated E&P before December 31, 2014 could result in our disqualification for taxation as a REIT. While we estimate that we will declare and pay the non-REIT accumulated E&P distribution in connection with regular

quarterly distributions beginning in the second quarter of 2014 and no later than December 31, 2014, the determination of the timing and amount to be distributed in the distributions of non-REIT accumulated E&P

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is a complex factual and legal determination. We may have less than complete information at the time we undertake our analysis or may interpret the applicable law differently from the IRS. We currently believe and intend that our combined distributions made during 2014 will satisfy the requirements relating to the distribution of our non-REIT accumulated E&P. There are, however, substantial uncertainties relating to the computation of our non-REIT accumulated E&P, including the possibility that the IRS could, in auditing tax years through 2013, successfully assert that our taxable income should be increased, which would increase our non-REIT accumulated E&P. Moreover, although there are procedures available to cure a failure to distribute all of our non-REIT accumulated E&P, we cannot now determine whether we will be able to take advantage of them or the economic impact to us of doing so. If it is subsequently determined that we had undistributed non-REIT accumulated E&P as of the end of our first taxable year as a REIT or at the end of any subsequent taxable year, and we are not able to cure the failure to have distributed such E&P, we would fail to qualify as a REIT.

***We may not realize the anticipated tax benefits from the REIT conversion effective January 1, 2014 because the timing of the merger and the REIT conversion is not certain.***

We will complete the merger after the special meeting of stockholders, receipt of stockholder approval of the adoption of the merger agreement and the satisfaction or waiver of the other conditions to the merger. We anticipate that the REIT conversion will be effective January 1, 2014. However, the completion of the merger and the effective date of the REIT conversion could be delayed. In that event, the benefits attributable to our qualification and taxation as a REIT, including our ability to reduce our corporate level federal income tax through distributions to stockholders, would not commence January 1, 2014, and we would pay corporate level income taxes on our taxable income, to the extent NOLs are not available to reduce our taxable income, until such time as we became a REIT. Additionally, the board of directors of Lamar Advertising may decide not to elect REIT status, or to delay such election, if it determines in its sole discretion that it is not in the best interests of Lamar Advertising or its stockholders.

***Complying with REIT requirements may cause us to forego otherwise attractive opportunities.***

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of Lamar REIT common stock. Thus, compliance with these tests will require us to refrain from certain activities discussed in *Material United States Federal Income Tax Considerations* and may hinder our ability to make certain attractive investments, including investments in the businesses to be conducted by our TRSs, and to that extent limit our opportunities. Furthermore, acquisition opportunities in domestic and international markets may be adversely affected if we need or require the target company to comply with some REIT requirements prior to closing.

***Ownership limitations contained in the Lamar REIT charter may restrict stockholders from acquiring or transferring certain amounts of shares.***

In order for us to qualify as a REIT, no more than 50% of the value of the outstanding shares of our stock may be owned, directly or indirectly or through application of certain attribution rules by five or fewer individuals (as defined in the Code) at any time during the last half of a taxable year (other than the first taxable year for which an election to be a REIT has been made). To preserve our REIT qualification, the Lamar REIT charter generally prohibits any person or entity from owning actually and by virtue of the applicable constructive ownership provisions more than 5% of the outstanding shares of Lamar REIT common stock. These ownership limitations could restrict stockholders from acquiring or transferring certain amounts of shares of our stock. In connection with the REIT conversion, the board of directors will establish a separate share ownership limitation for certain members of the Reilly family and their affiliates that allows them to own actually and by virtue of the applicable constructive ownership provisions no more

than 19% of the outstanding shares of Lamar REIT common stock and, during the second half of any taxable year other than our first taxable year as a REIT, no more than 33% in value of the aggregate of the outstanding shares of all classes and series of our stock, in each case excluding any shares of our stock that are not treated as outstanding for federal income tax purposes.

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***Complying with REIT requirements may limit our ability to hedge effectively and increase the cost of our hedging, and may cause us to incur tax liabilities.***

The REIT provisions of the Code limit our ability to hedge liabilities. Generally, income from hedging transactions that we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets and income from certain currency hedging transactions related to our non-U.S. operations do not constitute gross income for purposes of the REIT gross income tests, provided certain requirements are satisfied. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of the REIT gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRSs would be subject to tax on income or gains resulting from hedges entered into by them or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in any of our TRSs generally will not provide any tax benefit, except for being carried forward for use against future taxable income in the applicable TRS.

***The current market price of Lamar Advertising Class A common stock may not be indicative of the market price of Lamar REIT Class A common stock following the REIT conversion and the distribution of non-REIT accumulated E&P.***

Lamar Advertising's current share price may not be indicative of how the market will value Lamar REIT Class A common stock following the REIT conversion because of the change in our organization from a taxable C corporation to a REIT and the change in our distribution policy. The Lamar Advertising Class A common stock price does not necessarily take into account these effects, and the stock price after the REIT conversion and the distribution of non-REIT accumulated E&P could be lower than the current price. Furthermore, one of the factors that may influence the price of Lamar REIT Class A common stock will be the yield from distributions on Lamar REIT Class A common stock compared to yields on other financial instruments. If, for example, an increase in market interest rates results in higher yields on other financial instruments, the market price of Lamar REIT Class A common stock could be adversely affected. The market price of the Lamar REIT Class A common stock will also be affected by general market conditions (as the price of the Lamar Advertising Class A common stock currently is) and will be potentially affected by the economic and market perception of REIT securities.

***We have no experience operating as a REIT, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of Lamar REIT common stock and ability to satisfy debt service obligations.***

Lamar REIT was formed on May 16, 2014 and has no operating history as a REIT. In addition, our senior management team has no experience operating a REIT. We cannot assure you that our past experience will be sufficient to operate our company successfully as a REIT. Failure to maintain REIT status could adversely affect our financial condition, results of operations, cash flow, per share trading price of Lamar REIT Class A common stock and ability to satisfy debt service obligations.

***The Lamar REIT charter, the Lamar REIT bylaws and Delaware law may inhibit a takeover that stockholders consider favorable and could also limit the market price of Lamar REIT stock.***

Provisions of the Lamar REIT charter, the Lamar REIT bylaws and applicable provisions of Delaware law may make it more difficult for or prevent a third party from acquiring control of Lamar REIT without the approval of the board of directors. These provisions:

impose restrictions on ownership and transfer of Lamar REIT common stock that are intended to facilitate our compliance with certain REIT rules relating to share ownership;

limit who may call a special meeting of stockholders;

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establish advance notice and informational requirements and time limitations on any director nomination or proposal that a stockholder wishes to make at a meeting of stockholders;

do not permit cumulative voting in the election of our directors, which would otherwise permit less than a majority of stockholders to elect directors; and

provide the board of directors the ability to issue additional classes and shares of preferred stock and to set voting rights, preferences and other terms of the preferred stock without stockholder approval.

In addition, Section 203 of the DGCL generally limits our ability to engage in any business combination with certain persons who own 15% or more of our outstanding voting stock or any of our associates or affiliates who at any time in the past three years have owned 15% or more of our outstanding voting stock.

These provisions may have the effect of entrenching our management team and may deprive you of the opportunity to sell your shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a control premium could reduce the price of Lamar REIT common stock.

***Legislative or other actions affecting REITs could have a negative effect on us or our stockholders.***

At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Federal and state tax laws are constantly under review by persons involved in the legislative process, the IRS, the United States Department of the Treasury, and state taxing authorities. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us or our stockholders. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws, regulations and administrative interpretations applicable to us or our stockholders may be changed. Accordingly, we cannot assure you that any such change will not significantly affect our ability to qualify for taxation as a REIT or the federal income tax consequences to you or us of such qualification.

On February 26, 2014, the Chairman of the Ways and Means Committee of the U.S. House of Representatives released draft proposals titled the Tax Reform Act of 2014 that include several provisions that, if enacted, would impact our ability to qualify as a REIT. The draft proposals would impose immediate corporate level tax on the built-in gain in the assets of every C corporation that elects to be treated as a REIT, effective for elections made after February 26, 2014. Further, the proposals would, effective December 31, 2016, exclude all tangible property with a depreciable class life of less than 27.5 years (such as our outdoor advertising structures and displays) from the definition of real property for purposes of the REIT asset and income tests. If any of these proposals or legislation containing similar provisions, with such effective dates, were to become law, it could eliminate our ability to qualify to be taxed as a REIT and/or subject us to significant amounts of U.S. federal income tax at the corporate level. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, which in turn could have an adverse impact on the value of our common stock.

***Distributions payable by REITs generally do not qualify for reduced tax rates.***

Certain distributions payable by corporations to individuals, trusts and estates that are U.S. stockholders, as defined in Material United States Federal Income Tax Considerations, are eligible for federal income tax at a reduced maximum rate of 20%. Distributions payable by REITs, in contrast, generally are not eligible for the reduced rates. The more favorable rates applicable to regular corporate distributions could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT

corporations that pay distributions, which could adversely affect the value of the stock of REITs, including Lamar REIT Class A common stock.

***Your investment has various tax risks.***

Although the provisions of the Code that will be generally relevant to an investment in shares of Lamar REIT Class A common stock are described in Material United States Federal Income Tax Considerations, we urge you to consult your tax advisor concerning the federal, state, local and foreign tax consequences to you with regard to an investment in shares of Lamar REIT Class A common stock.

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*The ability of the board of directors of Lamar REIT to revoke our REIT election, without stockholder approval, may cause adverse consequences to our stockholders.*

The Lamar REIT charter provides that the board of directors may revoke or otherwise terminate the REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to stockholders in computing our taxable income, and we will be subject to federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total return to our stockholders.

**Risks Factors Related to Our Business**

*The Company's substantial debt may adversely affect its business, financial condition and financial results.*

The Company has borrowed substantially in the past and will continue to borrow in the future. At June 30, 2014, Lamar Advertising Company's wholly owned subsidiary, Lamar Media, had \$1.93 billion of total debt outstanding, consisting of \$381.3 million in debt outstanding under its senior credit facility, \$510.0 million in aggregate principal amount outstanding of its 5 3/8% Senior Notes due 2024, \$1.04 billion in various series of senior subordinated notes, and \$1.6 million of other secured indebtedness. Despite the level of debt presently outstanding, the terms of the indentures governing its notes and the terms of its senior credit facility allow Lamar Media to incur substantially more debt, including approximately \$308.0 million available for borrowing as of June 30, 2014, under the revolving portion of its senior credit facility.

The Company's substantial debt and its use of cash flow from operations to make principal and interest payments on its debt may, among other things:

make it more difficult for the Company to comply with the financial covenants in its senior credit facility, which could result in a default and an acceleration of all amounts outstanding under the facility;

limit the cash flow available to fund the Company's working capital, capital expenditures, acquisitions or other general corporate requirements;

limit the Company's ability to obtain additional financing to fund future working capital, capital expenditures or other general corporate requirements;

place the Company at a competitive disadvantage relative to those of its competitors that have less debt;

force the Company to seek and obtain alternate or additional sources of funding, which may be unavailable, or may be on less favorable terms, or may require the Company to obtain the consent of lenders under its senior credit facility or the holders of its other debt;

limit the Company's flexibility in planning for, or reacting to, changes in its business and industry; and

increase the Company's vulnerability to general adverse economic and industry conditions. Any of these problems could adversely affect the Company's business, financial condition and financial results.

***Restrictions in the Company's and Lamar Media's debt agreements reduce operating flexibility and contain covenants and restrictions that create the potential for defaults, which could adversely affect the Company's business, financial condition and financial results.***

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

incur or repay debt;

dispose of assets;

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create liens;

make investments;

enter into affiliate transactions; and

pay dividends and make inter-company distributions.

At June 30, 2014, the terms of Lamar Media's senior credit facility restrict it from exceeding a specified senior debt ratio and Lamar Media is also subject to certain other financial covenants relating to the incurrence of additional debt. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources for a description of the specific financial ratio requirements under the senior credit facility.

The Company's ability to comply with the financial covenants in the senior credit facility and the indentures governing Lamar Media's outstanding notes (and to comply with similar covenants in any future agreements) depends on its operating performance, which in turn depends significantly on prevailing economic, financial and business conditions and other factors that are beyond the Company's control. Therefore, despite its best efforts and execution of its strategic plan, the Company may be unable to comply with these financial covenants in the future.

Although we are currently in compliance with all financial covenants, the Company's operating results were negatively impacted by the recent economic recession and there can be no assurance that the current economic environment will not further impact the Company's results and, in turn, its ability to meet these requirements in the future. If Lamar Media fails to comply with its financial covenants, the lenders under the senior credit facility could accelerate all of the debt outstanding, which would create serious financial problems and could lead to a default under the indentures governing Lamar Media's outstanding notes. Any of these events could adversely affect our business, financial condition and financial results.

In addition, these restrictions reduce the Company's operating flexibility and could prevent the Company from exploiting investment, acquisition, marketing, or other time-sensitive business opportunities.

***The Company's revenues are sensitive to general economic conditions and other external events beyond the Company's control.***

The Company rents advertising space on outdoor structures to generate revenues. Advertising spending is particularly sensitive to changes in economic conditions.

Additionally, the occurrence of any of the following external events could depress the Company's revenues:

a widespread reallocation of advertising expenditures to other available media by significant users of the Company's displays; and

a decline in the amount spent on advertising in general or outdoor advertising in particular.

***If the Company is unable to continue to grow through acquisitions, it could adversely affect our future financial performance. In addition, if we are unable to successfully integrate any completed acquisitions, our financial performance would also be adversely affected.***

The Company has historically grown through acquisitions. During the six months ended June 30, 2014, we completed acquisitions for a total cash purchase price of approximately \$9.2 million. We intend to continue to evaluate strategic acquisition opportunities as they arise.

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The future success of our acquisition strategy could be adversely affected by many factors, including the following:

the pool of suitable acquisition candidates is dwindling, and we may have a more difficult time negotiating acquisitions on favorable terms;

we may face increased competition for acquisition candidates from other outdoor advertising companies, some of which have greater financial resources than we do, which may result in higher prices for those businesses and assets;

we may not have access to the capital needed to finance potential acquisitions and may be unable to obtain any required consents from our current lenders to obtain alternate financing;

compliance with REIT requirements may hinder our ability to make certain investments and to that extent may limit our acquisition opportunities;

we may be unable to integrate acquired businesses and assets effectively with our existing operations and systems as a result of unforeseen difficulties that could divert significant time, attention and effort from management that could otherwise be directed at developing existing business;

we may be unable to retain key personnel of acquired businesses;

we may not realize the benefits and cost savings anticipated in our acquisitions; and

as the industry consolidates further, larger mergers and acquisitions may face substantial scrutiny under antitrust laws.

These obstacles to our opportunistic acquisition strategy may have an adverse effect on our future financial results.

***The Company could suffer losses due to asset impairment charges for goodwill and other intangible assets.***

The Company tested goodwill for impairment on December 31, 2013. Based on the Company's review at December 31, 2013, no impairment charge was required. The Company continues to assess whether factors or indicators become apparent that would require an interim impairment test between our annual impairment test dates. For instance, if our market capitalization is below our equity book value for a period of time without recovery, we believe there is a strong presumption that would indicate a triggering event has occurred and it is more likely than not that the fair value of one or both of our reporting units are below their carrying amount. This would require us to test the reporting units for impairment of goodwill. If this presumption cannot be overcome a reporting unit could be impaired under ASC 350 Goodwill and Other Intangible Assets and a non-cash charge would be required. Any such charge could have a material adverse effect on the Company's net earnings.

***The Company faces competition from larger and more diversified outdoor advertisers and other forms of advertising that could hurt its performance.***

While the Company enjoys a significant market share in many of its small and medium-sized markets, the Company faces competition from other outdoor advertisers and other media in all of its markets. Although the Company is one of the largest companies focusing exclusively on outdoor advertising in a relatively fragmented industry, it competes against larger companies with diversified operations, such as television, radio and other broadcast media. These diversified competitors have the advantage of cross-selling complementary advertising products to advertisers.

The Company also competes against an increasing variety of out-of-home advertising media, such as advertising displays in shopping centers, malls, airports, stadiums, movie theaters and supermarkets, and on taxis, trains and buses. To a lesser extent, the Company also faces competition from other forms of media, including radio, newspapers, direct mail advertising, telephone directories and the Internet. The industry competes for advertising revenue along the following dimensions: exposure (the number of impressions an advertisement makes),

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advertising rates (generally measured in cost-per-thousand impressions), ability to target specific demographic groups or geographies, effectiveness, quality of related services (such as advertising copy design and layout) and customer service. The Company may be unable to compete successfully along these dimensions in the future, and the competitive pressures that the Company faces could adversely affect its profitability or financial performance.

***Federal, state and local regulation impact the Company's operations, financial condition and financial results.***

Outdoor advertising is subject to governmental regulation at the federal, state and local levels. Regulations generally restrict the size, spacing, lighting and other aspects of advertising structures and pose a significant barrier to entry and expansion in many markets.

Federal law, principally the Highway Beautification Act of 1965 (the HBA), regulates outdoor advertising on Federal Aid Primary, Interstate and National Highway Systems roads. The HBA requires states, through the adoption of individual Federal/State Agreements, to effectively control outdoor advertising along these roads, and mandates a state compliance program and state standards regarding size, spacing and lighting. The HBA requires any state or political subdivision that compels the removal of a lawful billboard along a Federal Aid Primary or Interstate highway to pay just compensation to the billboard owner.

All states have passed billboard control statutes and regulations at least as restrictive as the federal requirements, including laws requiring the removal of illegal signs at the owner's expense (and without compensation from the state). Although the Company believes that the number of our billboards that may be subject to removal as illegal is immaterial, and no state in which we operate has banned billboards entirely, from time to time governments have required us to remove signs and billboards legally erected in accordance with federal, state and local permit requirements and laws. Municipal and county governments generally also have sign controls as part of their zoning laws and building codes. We contest laws and regulations that we believe unlawfully restrict our constitutional or other legal rights and may adversely impact the growth of our outdoor advertising business.

Using federal funding for transportation enhancement programs, state governments have purchased and removed billboards for beautification, and may do so again in the future. Under the power of eminent domain, state or municipal governments have laid claim to property and forced the removal of billboards. Under a concept called amortization by which a governmental body asserts that a billboard operator has earned compensation by continued operation over time, local governments have attempted to force removal of legal but nonconforming billboards (i.e., billboards that conformed to applicable zoning regulations when built but which do not conform to current zoning regulations). Although the legality of amortization is questionable, it has been upheld in some instances. Often, municipal and county governments also have sign controls as part of their zoning laws, with some local governments prohibiting construction of new billboards or allowing new construction only to replace existing structures. Although we have generally been able to obtain satisfactory compensation for those of our billboards purchased or removed as a result of governmental action, there is no assurance that this will continue to be the case in the future.

We have also introduced and intend to expand the deployment of digital billboards that display static digital advertising copy from various advertisers that change every 6 to 8 seconds. We have encountered some existing regulations that restrict or prohibit these types of digital displays but it has not yet materially impacted our digital deployment. Since digital billboards have only recently been developed and introduced into the market on a large scale, however, existing regulations that currently do not apply to them by their terms could be revised to impose greater restrictions. These regulations may impose greater restrictions on digital billboards due to alleged concerns over aesthetics or driver safety.

In January 2013, Scenic America, Inc., a nonprofit membership organization, filed a lawsuit against the U.S. Department of Transportation (USDOT) and the Federal Highway Administration (FHWA). The complaint

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alleged that (i) the FHWA exceeded its authority when the agency issued the 2007 Guidance to assist its division offices in evaluating state regulations that authorize the construction and operation of digital billboards that are in conformance with restrictions on intermittent, flashing or moving lights, which restrictions are contained in the individual Federal/State Agreements that implement the provisions of the HBA (the 2007 Guidance), and in issuing the 2007 Guidance, the FHWA violated the Administrative Procedures Act (APA) by not first engaging in formal rulemaking, (ii) the 2007 Guidance violated the HBA because it adopted a new lighting standard without first amending the provisions of the Federal/State Agreements and (iii) the 2007 Guidance violates the HBA because digital billboards are themselves inconsistent with customary use of outdoor advertising, as that term is used in the HBA. As the principal remedy for these alleged violations, the complaint sought an injunction vacating the 2007 Guidance. On June 20, 2014, the U.S. District Court for the District of Columbia dismissed all challenges made by Scenic America to the 2007 Guidance finding that (i) the 2007 Guidance was an interpretive and not a substantive rule and, therefore, did not violate the APA, (ii) the 2007 Guidance did not infringe on the Federal/State Agreements and (iii) the 2007 Guidance is consistent with customary use and, therefore, did not violate the HBA. Scenic America filed a notice of appeal from the District Court's judgment to the D.C. Circuit Court of Appeals on August 7, 2014.

On December 30, 2013, USDOT and FHWA published a Notice encouraging states to work with the FHWA to review their Federal/State Agreements, most of which were put in place in the late 1960s and early 1970s, to determine if amendments are advisable. FHWA encouraged each state to work with their FHWA division offices to amend its Federal/State Agreement so that it is consistent with the state's current outdoor advertising objectives and address the evolving technology being used or that could be used in the future by the outdoor industry. The Notice details a multi-step process to achieve this goal. The Notice does not make any reference to the 2007 Guidance, nor does it recommend or require any specific substantive amendments to a state's Federal/State Agreement. It is uncertain whether the FHWA Notice will have any impact on current federal, state or local regulation of outdoor advertising signs. To the extent that any Federal/State Agreements are amended in a manner that places new restrictions on outdoor advertising it could have a material adverse effect on our business, results of operations or financial condition.

Relatively few large scale studies have been conducted to date regarding driver safety issues, if any, related to digital billboards. On December 30, 2013, the results of a study conducted by USDOT and FHWA that looked at the effect of digital billboards and conventional billboards on driver visual behavior were issued. The conclusions of the report indicated that the presence of digital billboards did not appear to be related to a decrease in looking toward the road ahead and were generally within acceptable thresholds. The report cautioned, however, that it adds to the knowledge base but does not present definitive answers to the research questions investigated. Accordingly, the results of this or other studies may result in regulations at the federal or state level that impose greater restrictions on digital billboards. Any new restrictions on digital billboards could have a material adverse effect on both our existing inventory of digital billboards and our plans to expand our digital deployment, which could have a material adverse effect on our business, results of operations and financial condition.

***The Company's logo sign contracts are subject to state award and renewal.***

In 2013, the Company generated approximately 5% of its revenues from state-awarded logo sign contracts. In bidding for these contracts, the Company generally competes against smaller, local logo sign providers. A logo sign provider incurs significant start-up costs upon being awarded a new contract. These contracts generally have a term of five to ten years, with additional renewal periods. Some states reserve the right to terminate a contract early, and most contracts require the state to pay compensation to the logo sign provider for early termination. At the end of the contract term, the logo sign provider transfers ownership of the logo sign structures to the state. Depending on the contract, the logo provider may or may not be entitled to compensation for the structures at the end of the contract term.

Of the Company's 24 logo sign contracts in place at June 30, 2014, four are subject to renewal in 2014. The Company may be unable to renew its expiring contracts. The Company may also lose the bidding on new contracts.

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***The Company is controlled by significant stockholders who have the power to determine the outcome of all matters submitted to the stockholders for approval and whose interest in the Company may be different than yours.***

As of October 3, 2014, members of the Reilly family, including Kevin P. Reilly, Jr., the Company's Chairman and President, and Sean E. Reilly, the Company's Chief Executive Officer, and their affiliates owned in the aggregate approximately 16% of the Company's outstanding common stock, assuming the conversion of all Class B common stock to Class A common stock. As of that date, their combined holdings represented approximately 65% of the voting power of Lamar Advertising's outstanding capital stock, which would give the Reilly family and their affiliates the power to:

elect the Company's entire board of directors;

control the Company's management and policies; and

determine the outcome of any corporate transaction or other matter requiring stockholder approval, including charter amendments, mergers, consolidations and asset sales.

The Reilly family may have interests that are different than yours in making these decisions.

***If the Company's contingency plans relating to hurricanes fail, the resulting losses could hurt the Company's business.***

The Company has determined that it is uneconomical to insure against losses resulting from hurricanes and other natural disasters. Although the Company has developed contingency plans designed to mitigate the threat posed by hurricanes to advertising structures (e.g., removing advertising faces at the onset of a storm, when possible, which better permits the structures to withstand high winds during the storm), these plans could fail and significant losses could result.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus and the documents incorporated by reference contain statements about future events and expectations, or forward-looking statements, all of which are inherently uncertain. We have based those forward-looking statements on our current expectations and projections about future results. When we use words such as anticipates, intends, plans, believes, estimates, expects, or similar expressions, we identify forward-looking statements. Examples of forward-looking statements include statements we make regarding our ability to qualify or to remain qualified as a REIT, our expected date of conversion to a REIT, the amount and timing of our distribution of non-REIT accumulated E&P, future prospects of growth in the outdoor advertising industry, the level of future expenditures by companies in this industry and other trends in this industry, the effects of consolidation among companies in our industry, our ability to maintain or increase our market share, our future operating results, our future distributions to our stockholders, our future capital expenditure levels, our future financing transactions and our plans to fund our future liquidity needs. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, those described in the section entitled "Risk Factors" beginning on page 24 or incorporated by reference to this proxy statement/prospectus and other risks that are described in Lamar Advertising's filings with the SEC.

You should keep in mind that any forward-looking statement we make in this proxy statement/prospectus or elsewhere speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. In any event, these and other important factors, including those set forth under the caption "Risk Factors," may cause actual results to differ materially from those indicated by our forward-looking statements. We have no duty to, and do not intend to, update or revise the forward-looking statements we make in this proxy statement/prospectus, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that the future events or circumstances described in any forward-looking statement we make in this proxy statement/prospectus or elsewhere might not occur.

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**VOTING AND PROXIES**

This proxy statement/prospectus is furnished in connection with the solicitation of proxies by the board of directors of Lamar Advertising for use at the special meeting of stockholders to be held on November 17, 2014, or any adjournments or postponements thereof.

**Date, Time and Place of the Special Meeting**

The special meeting will be held on November 17, 2014 at 9:00 a.m., local time, at the offices of Lamar Advertising Company, 5321 Corporate Boulevard, Baton Rouge, Louisiana, 70808.

**Purpose of the Special Meeting**

The purposes of the special meeting are:

To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of August 27, 2014, by and between Lamar Advertising and Lamar REIT, which is part of the reorganization of Lamar Advertising's operations through which Lamar Advertising intends to qualify as a REIT for U.S. federal income tax purposes; and

To consider and vote upon a proposal to permit Lamar Advertising's board of directors to adjourn the special meeting if necessary for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the foregoing proposal.

**Stockholder Record Date for the Special Meeting**

Lamar Advertising's board of directors has fixed the close of business on October 3, 2014 as the record date for determining which Lamar Advertising stockholders are entitled to notice of, and to vote those shares by proxy or at the special meeting and at any adjournment of the special meeting. On the record date, there were 80,828,878 shares of Class A common stock outstanding and entitled to vote and 163 holders of record, 14,610,365 shares of Class B common stock outstanding and entitled to vote and 8 holders of record and 5,719.49 shares of Series AA preferred stock outstanding and entitled to vote and 3 holders of record.

During the ten-day period before the special meeting, Lamar Advertising will keep a list of stockholders entitled to vote at the special meeting available for inspection during normal business hours at Lamar Advertising's offices in Baton Rouge, Louisiana, for any purpose germane to the special meeting. The list of stockholders will also be provided and kept at the location of the special meeting for the duration of the special meeting, and may be inspected by any stockholder who is present.

**Quorum**

A quorum is necessary to hold the special meeting. The presence at the special meeting, in person or by proxy, of the holders of one-third of the shares of the Class A common stock, Class B common stock and Series AA preferred stock issued and outstanding on the record date will constitute a quorum. For the purposes of determining the presence of a quorum, abstentions will be included in determining the number of shares present and entitled to vote at the special meeting; however, because brokers, banks or other nominees are not entitled to vote on any of the proposals absent

specific instructions from the beneficial owner (as more fully described below), shares held by brokers, banks, or other nominees for which instructions have not been provided will not be included in the number of shares present and entitled to vote at the special meeting for the purposes of establishing a quorum. At the special meeting, each share of Class A common stock is entitled to one vote, each share of Class B common stock is entitled to ten votes, and each share of Series AA preferred stock is entitled to one vote on all matters properly submitted to the Lamar Advertising stockholders.

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### **Vote Required for Each Proposal**

**Proposal Number One:** The affirmative vote of the holders of a majority of the votes represented by the outstanding shares of Class A common stock, Class B common stock and Series AA preferred stock entitled to vote, voting together as a single class, is required for the adoption of the merger agreement.

**Proposal Number Two:** The affirmative vote of a majority of the votes represented by the shares of Class A common stock, Class B common stock and Series AA preferred stock, voting together as a single class, that are present or represented by proxy at the special meeting, is required to permit Lamar Advertising's board of directors to adjourn the special meeting, if necessary, to solicit further proxies.

**The board of directors of Lamar Advertising unanimously recommends that the Lamar Advertising stockholders vote FOR each of the proposals.**

### **Proxies**

If you are a holder of Class A common stock, Class B common stock or Series AA preferred stock on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. If you are a holder of Class A common stock. All shares of Class A common stock, Class B common stock or Series AA preferred stock represented by properly executed proxy cards received before or at the Lamar Advertising special meeting will, unless the proxies are revoked, be voted in accordance with the instructions indicated on those proxy cards. If no instructions are indicated on a properly executed proxy card, the shares will be voted **FOR** each of the proposals. You are urged to indicate how to vote your shares, whether you vote by proxy card.

If a properly executed proxy card is returned and the stockholder has abstained from voting on one or more of the proposals, the Class A common stock, Class B common stock or Series AA preferred stock represented by the proxy will be considered present at the special meeting for purposes of determining a quorum, but will not be considered to have been voted on the abstained proposals. For the proposal to adopt the merger agreement, abstentions have the same effect as a vote against the merger. For the proposal to adjourn the meeting to solicit additional proxies, abstentions have the same effect as a vote against such proposal.

If your shares are held in an account at a broker, bank or other nominee, you must instruct them on how to vote your shares. If an executed proxy card is returned by a broker, bank or other nominee holding shares that indicates that the broker, bank or other nominee does not have discretionary authority to vote on the proposals, the shares will not be considered present at the meeting for purposes of determining the presence of a quorum and will not be considered to have been voted on the proposals. Under applicable rules and regulations of the NASDAQ Global Select Market, brokers, banks or other nominees have the discretion to vote on routine matters, but do not have the discretion to vote on non-routine matters. Each of the proposals is a non-routine matter. Accordingly, your broker, bank or other nominee will vote your shares only if you provide instructions on how to vote by following the information provided to you by your broker, bank or other nominee. If you do not provide voting instructions, your shares will be considered broker non-votes because the broker, bank or other nominee will not have discretionary authority to vote your shares. Therefore, your failure to provide voting instructions to the broker, bank, or other nominee will have the same effect as a vote against adoption of the merger agreement.

### **Revoking Your Proxy**

You can change your vote at any time before your proxy is voted at the special meeting. To revoke your proxy, you must either (1) notify the secretary of Lamar Advertising in writing, (2) mail a new proxy card dated after the date of

the proxy you wish to revoke, or (3) attend the special meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy. If your shares are held through a broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote.

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**Adjournment or Postponement**

Although it is not currently expected, the special meeting may be adjourned to solicit additional proxies if there are not sufficient votes to adopt the merger agreement. In that event, Lamar Advertising may ask its stockholders to vote upon the proposal to consider the adjournment of the special meeting to solicit additional proxies, but not the proposal to adopt the merger agreement. If Lamar Advertising stockholders approve this proposal, we could adjourn the meeting and use the time to solicit additional proxies.

Additionally, at any time prior to convening the special meeting, we may seek to postpone the meeting if a quorum is not present at the meeting or as otherwise permitted by the Lamar Advertising charter, the Lamar Advertising bylaws or applicable law.

**Solicitation of Proxies**

Lamar Advertising will bear all expenses incurred in connection with the printing and mailing of this proxy statement/prospectus. Lamar Advertising will also request banks, brokers and other nominees holding shares of Class A common stock beneficially owned by others to send this proxy statement/prospectus to, and obtain proxies from, the beneficial owners and will, upon request, reimburse the holders for their reasonable expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone, other electronic means and personal solicitation by officers or employees of Lamar Advertising. No additional compensation will be paid to officers or employees for those solicitation efforts.

Lamar Advertising has hired Alliance Advisors, LLC to assist in obtaining proxies from its stockholders on a timely basis. Lamar Advertising will pay Alliance Advisors, LLC a fee of \$3,000, plus reasonable out-of-pocket expenses and disbursements, for these services.

**Other Matters**

Lamar Advertising is not aware of any business to be acted on at the special meeting, except as described in this proxy statement/prospectus. If any other matters are properly presented at the special meeting, or any adjournment or postponement of the special meeting, the persons appointed as proxies or their substitutes will have discretion to vote or act on the matter according to their best judgment and applicable law unless the proxy indicates otherwise.

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**BACKGROUND OF THE REIT CONVERSION AND THE MERGER**

As part of an ongoing strategic review of our business, the board of directors of Lamar Advertising and senior management regularly consider available tax planning strategies. We historically have had significant deferred tax assets related to our NOLs in federal and state taxing jurisdictions. As we expected to exhaust our available NOLs over the course of the next few years, senior management believed that an analysis of the feasibility of Lamar Advertising converting to a REIT for federal and, where applicable, state income tax purposes should be undertaken and presented to the board of directors. In June 2012, senior management began consulting with KPMG LLP and Goodwin Procter LLP regarding the tax implications of a possible REIT conversion.

During the second half of 2012, during regularly scheduled meetings of the board of directors, the feasibility of converting to a REIT was discussed. At these meetings, senior management reported on the rationale for a possible REIT conversion, the requirements to qualify as a REIT, including the REIT income and asset tests, distribution requirements and the requirement to distribute our non-REIT accumulated earnings and profits. As a result of these discussions, we engaged KPMG LLP in August 2012 to further evaluate and advise us regarding the tax implications of a possible REIT conversion. That evaluation was to include, among other things, undertaking an analysis regarding the amount of our non-REIT accumulated earnings and profits that we would need to distribute in connection with a REIT conversion and analyzing our ability to satisfy the REIT income and asset tests currently and in the future under a variety of possible scenarios. Also, during this period, the board of directors determined that it would be advisable to request that KPMG LLP and Goodwin Procter LLP prepare a private letter ruling request to the IRS with respect to a number of REIT qualification matters. In November 2012, we submitted the private letter ruling request to the IRS. This private letter ruling request is more fully described in the section entitled "Material United States Federal Income Tax Considerations."

In February 2013, we engaged J.P. Morgan Securities LLC to advise us with respect to the benefits and considerations of a possible REIT conversion. Throughout 2013, senior management met and spoke regularly with representatives of J.P. Morgan Securities LLC to review considerations around a possible REIT conversion, including valuation perspectives, balance sheet considerations, ability to grow and continued access to capital markets.

On February 28, 2013, at a regularly scheduled meeting of the board of directors, senior management provided the board of directors with an overview of the analysis completed to date by senior management and our advisors. Representatives of J.P. Morgan Securities LLC, Goodwin Procter LLP and Edwards Wildman Palmer LLP were present at the meeting. Representatives of J.P. Morgan Securities LLC reviewed with the board of directors the advantages and disadvantages regarding a possible REIT conversion, including the potential impact on stockholder value attributable to the REIT conversion. Representatives of J.P. Morgan Securities LLC also reviewed the impact of the possible REIT conversion on our continued ability to grow through strategic acquisitions, and on our ability to continue to access the capital markets as a REIT. In addition, representatives of J.P. Morgan Securities LLC reviewed the requirements to qualify as a REIT (including the REIT income and asset tests, distribution requirements and the distribution of non-REIT accumulated earnings and profits) and whether compliance with the REIT requirements would offset the expected advantages of the possible REIT conversion from a financial perspective. The board of directors also reviewed with senior management and our advisors the process for the determination and alternatives for payment of any required non-REIT accumulated earnings and profits distribution, as well as the timing and mechanics of distribution requirements and the utilization of NOLs to offset distribution requirements. Goodwin Procter LLP outlined the general structure of the proposed REIT conversion, indicating that the primary purpose of the merger was to facilitate compliance with REIT ownership limitations. Goodwin Procter LLP also reviewed the board's fiduciary duties under Delaware corporate law and the complexity of complying with the REIT requirements.

In April 2013, senior management estimated the value of Lamar Advertising's Class B common stock as of December 31, 2012 using applicable approaches, techniques, models and assumptions. This valuation was completed to assist the board of directors in determining the restrictions on ownership and transfer of Lamar

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REIT stock that are intended to facilitate compliance with certain REIT rules related to share ownership. Senior management's valuation included, among other things, consultation with an independent third-party valuation advisor.

During the remainder of 2013, we, along with our advisors, continued to discuss issues related to our private letter ruling request with the IRS. In the course of these discussions, the IRS indicated to us and our advisors that it had decided to study the current legal standards it uses to define real estate for purposes of the REIT provisions of the Code and would suspend issuing private letter rulings until this internal IRS study was complete.

On May 23, 2013, at a regularly scheduled meeting of the board of directors, senior management provided an overview of discussions to date with the IRS concerning our private letter ruling request. Senior management noted its understanding that the IRS's internal review is intended to determine if any changes or refinements should be made to its current legal standards. The board of directors was informed that, based on these discussions with the IRS and consultation with our advisors, senior management had no reason to conclude that we would not be in a position to complete the previously announced plan to convert to a REIT no earlier than January 1, 2014, subject to final board approval.

On September 26, 2013, at a regularly scheduled meeting of the board of directors, senior management provided an update to the board of directors on the status of the private letter ruling request and indicated that that process remained ongoing and there were no material updates on the status of the IRS internal review.

On November 14, 2013, we were advised by the IRS that it would resume issuing private letter rulings regarding the REIT provisions of the Code. We were also informed that the IRS was actively working on our private letter ruling request.

On November 19, 2013, in the course of our ongoing discussions with the IRS, we were informed that the IRS would no longer issue private letter rulings addressing whether outdoor advertising displays qualify as real property under the REIT rules because of the availability of the election under Code § 1033(g)(3) to treat outdoor advertising displays as real property for all purposes under Chapter 1 of the Code, which includes the REIT provisions. As a result, we amended our ruling request and represented to the IRS that we intend to make the election under Code §1033(g)(3) to treat our outdoor advertising displays as real property.

On December 12, 2013, at a regularly scheduled meeting of the board of directors, senior management reviewed the REIT distribution requirements, dividend policy and our current and expected future capital structure with respect to outstanding debt obligations. Senior management also reviewed the evaluation of our non-REIT accumulated earnings and profits and projected distribution requirements. Representatives of J.P. Morgan Securities LLC, Goodwin Procter LLP and Edwards Wildman Palmer LLP were present at the meeting. The structuring considerations relating to our assets and the use of TRSs to hold our transit advertising business, advertising services business, our foreign operations in Canada and Puerto Rico and certain miscellaneous investments following the REIT conversion were detailed. The board of directors also considered and reviewed potential concerns raised by the REIT conversion, including any limitations on our ability to buy non-qualifying assets or expand non-real estate activities, investor pressures against pursuing growth opportunities that are not immediately accretive and the impact of potential future legislative tax changes on REITs. Following this discussion, the board of directors unanimously approved an internal corporate restructuring that would transfer most of our transit advertising business, our advertising services business and our foreign operations in Canada and Puerto Rico to our TRSs to facilitate our compliance with the REIT income and asset test requirements for the 2014 taxable year.

On February 26, 2014, at a regularly scheduled meeting of the board of directors, senior management provided an update on the status of our private letter ruling request. Senior management also provided an update on the internal

corporate restructuring that was completed as of December 31, 2013.

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In April 2014, we received our private letter ruling from the IRS, confirming, among other matters, that our income from renting space on outdoor advertising displays qualifies as rents from real property for REIT purposes, as described further in the section entitled "Material United States Federal Income Tax Considerations."

On May 21, 2014, at a regularly scheduled meeting of the board of directors, after discussion and review of the benefits, detriments and procedural requirements specified above in connection with the proposed REIT conversion with senior management, the board of directors unanimously approved the commencement of the steps necessary for Lamar Advertising to qualify, no earlier than January 1, 2014, as a REIT for tax purposes and directed senior management to proceed with the proposed REIT conversion, subject to final board approval.

On August 26, 2014, at a special meeting of the board of directors of Lamar Advertising and Lamar REIT, the board of directors met with senior management to continue their review of the proposed REIT conversion. Representatives of Goodwin Procter LLP and Edwards Wildman Palmer LLP were also present at the meeting. The board of directors reviewed the merger agreement, the proposed Lamar REIT charter and the Lamar REIT bylaws and discussed the terms and conditions thereof. The board of directors also reviewed and discussed with management the restrictions on ownership and transfer included in the Lamar REIT charter. The board of directors reviewed the approaches, techniques, models and assumptions that were used by management in order to estimate the value of the Class B common stock. Management's valuation of the Class B common stock, which included an update as of March 31, 2014, included, among other things, consultation with an independent third-party valuation advisor. Following these discussions, the board of directors unanimously approved the Lamar REIT charter, the Lamar REIT bylaws and the merger agreement, and after determining that it is in the best interests of Lamar Advertising and its stockholders, unanimously recommended that Lamar Advertising stockholders vote for the adoption of the merger agreement.

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**REASONS FOR THE MERGER AND REIT CONVERSION**

The board of directors of Lamar Advertising has unanimously determined that the merger, which we believe is an important element of the REIT conversion, and the related transactions are fair to, and in the best interests of, Lamar Advertising and its stockholders. In reaching this determination, the board of directors consulted with management, as well as J.P. Morgan Securities LLC, KPMG LLP and its legal advisors. The factors considered by the board of directors in reaching its determination included, but were not limited to, the following:

***To increase stockholder value:*** As a REIT, we believe we will be able to increase the value of Lamar REIT common stock by reducing corporate level taxes on most of our domestic income, primarily the income we receive from leasing our outdoor advertising structures, which in turn may increase the amount of future distributions to stockholders;

***To establish regular distributions to stockholders:*** We believe our stockholders will benefit from establishing regular cash distributions, resulting in a yield-oriented stock;

***To expand our base of potential stockholders:*** By becoming a company that makes regular distributions to its stockholders, our stockholder base may expand to include investors attracted by yield, which may improve the liquidity of the Lamar REIT common stock and provide a broader stockholder base; and

***To comply with REIT qualification rules:*** The merger will facilitate our compliance with certain REIT rules by merging Lamar Advertising with and into Lamar REIT, the latter of which will adopt an amended and restated certificate of incorporation which implements share ownership and transfer restrictions necessary to facilitate our compliance with the REIT rules related to share ownership.

The board of directors of Lamar Advertising weighed the advantages of the REIT conversion against disadvantages and potential risks that include, but are not limited to, the fact that as a REIT we will be unable to retain earnings as we will be required each year to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding any net capital gain) and that we will need to comply with highly technical REIT qualification provisions, which may hinder our ability to make certain attractive investments, including investments in the businesses to be conducted by our TRSs. In addition, the board of directors of Lamar Advertising considered the potential risks discussed in Risk Factors Risks Related to the REIT Conversion and the Merger.

The foregoing discussion does not include all of the information and factors considered by the board of directors. The board of directors did not quantify or otherwise assign relative weights to the particular factors considered, but conducted an overall analysis of the information presented to and considered by it in reaching its determination.

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**TERMS OF THE MERGER**

*The following is a summary of the material terms of the merger agreement. For a complete description of all of the terms of the merger, you should refer to the copy of the merger agreement that is attached to this proxy statement/prospectus as Annex A and incorporated herein by reference. You should read carefully the merger agreement in its entirety as it is the legal document that governs the merger.*

**Structure and Completion of the Merger**

Lamar REIT is a newly formed, wholly owned subsidiary of Lamar Advertising. Lamar REIT currently holds a small amount of cash as its only asset. The merger agreement provides that Lamar Advertising will merge with and into Lamar REIT, at which time the separate corporate existence of Lamar Advertising will cease and Lamar REIT will be the surviving entity of the merger. Upon the effectiveness of the merger, the outstanding shares of Class A common stock of Lamar Advertising will be converted into the right to receive the same number of shares of Lamar REIT Class A common stock, the outstanding shares of Class B common stock of Lamar Advertising will be converted into the right to receive the same number of shares of Lamar REIT Class B common stock and the outstanding shares of Series AA preferred stock of Lamar Advertising will be converted into the right to receive the same number of shares of Lamar REIT Series AA preferred stock. The respective powers, preferences, rights, qualifications, limitations and restrictions, including voting rights, relating to the Lamar REIT Class A common stock, Lamar REIT Class B common stock and Lamar REIT Series AA preferred stock received in the merger will be identical to the respective powers, preferences, rights, qualifications, limitations and restrictions relating to the Class A common stock, Class B common stock and Series AA preferred stock immediately prior to the merger. In addition, upon the effectiveness of the merger, Lamar REIT will change its name to Lamar Advertising Company and will succeed to and continue to operate, directly or indirectly, the existing business of Lamar Advertising.

The board of directors of Lamar Advertising and the board of directors of Lamar REIT have approved the merger agreement, subject to stockholder approval. The merger will become effective at the time the certificate of merger is submitted for filing and accepted by the Secretary of State of the State of Delaware in accordance with the DGCL or at such later time as specified in the certificate of merger. We currently anticipate that the merger will be completed following the special meeting of stockholders, receipt of stockholder approval of the adoption of the merger agreement and the satisfaction or waiver of the other conditions to the merger as described in the section entitled Conditions to Completion of the Merger. However, the board of directors of Lamar Advertising reserves the right to cancel or defer the merger even if its stockholders vote to adopt the merger agreement and the other conditions to the completion of the merger are satisfied or waived, if it determines that the merger is no longer in the best interests of Lamar Advertising and its stockholders.

**Exchange of Stock Certificates**

***Surrender of Certificates.*** American Stock Transfer and Trust Company will act as exchange agent for the merger. As soon as reasonably practicable following completion of the merger, the exchange agent will mail to each registered holder of Class A common stock a letter of transmittal containing instructions for surrendering each holder's certificate. Holders who properly submit a letter of transmittal and surrender their Class A common stock certificates to the exchange agent will receive a certificate representing the same number of shares of Lamar REIT Class A common stock as reflected in the surrendered certificates representing shares of Class A common stock. The surrendered certificates will thereafter be cancelled. Upon the effectiveness of the merger, each certificate representing shares of Class A common stock will be deemed for all purposes to evidence a right to receive the same number of shares of Lamar REIT Class A common stock, as applicable, until such certificate is exchanged for a certificate representing an equal number of shares of Lamar REIT Class A common stock.

If you currently hold shares of Lamar Advertising common stock in uncertificated form, you will receive a notice of the completion of the merger and your shares of Lamar REIT common stock received in connection with the merger will continue to exist in uncertificated form.

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If you currently hold shares of Class B common stock or Series AA preferred stock, as soon as reasonably practicable following completion of the merger, Lamar REIT will send you a letter of transmittal explaining how to exchange your certificates representing shares of Class B common stock or Series AA preferred stock for certificates representing shares of Lamar REIT Class B common stock or Series AA preferred stock. Holders who properly submit a letter of transmittal and surrender their Class B common stock or Series AA preferred stock certificates to Lamar REIT will receive a certificate representing the same number of shares of Lamar REIT Class B common stock or Series AA preferred stock, respectively. The surrendered certificates will thereafter be cancelled. Upon the effectiveness of the merger, each certificate representing shares of Class B common stock or Series AA preferred stock will be deemed for all purposes to evidence a right to receive the same number of shares of Lamar REIT Class B common stock or Series AA preferred stock until such certificate is exchanged for a certificate representing an equal number of shares of Lamar REIT Class B common stock or Series AA preferred stock.

**Lost Certificates.** If any Lamar Advertising certificate is lost, stolen or destroyed, the owner of the certificate must provide an appropriate affidavit of that fact to the exchange agent and, if required by Lamar REIT, post a reasonable bond as indemnity against any claim that may be made against Lamar REIT with respect to such lost certificate.

**Stock Transfer Books.** At the completion of the merger, Lamar Advertising will close its stock transfer books, and no subsequent transfers of capital stock will be recorded on such books.

## **Other Effects of the Merger**

We expect the following to occur in connection with the merger:

**Organizational Documents of Lamar REIT.** The certificate of incorporation and bylaws of Lamar REIT will be amended prior to the merger and the certificate of incorporation, as so amended, will be the Lamar REIT charter and bylaws following the completion of the merger. Copies of the form of the Lamar REIT charter and Lamar REIT bylaws are set forth in [Annex B-1](#) and [Annex B-2](#), respectively, of this proxy statement/prospectus. See also the section entitled Description of Lamar REIT Capital Stock.

**Directors and Officers.** The directors and officers of Lamar Advertising serving as directors and officers of Lamar Advertising immediately prior to the effective time of the merger will be the directors and officers of Lamar REIT immediately after the merger.

**Stock Incentive Plans, Employee Stock Purchase Plan and Deferred Compensation Plan.** Lamar REIT will assume Lamar Advertising's Amended and Restated 1996 Equity Incentive Plan and the 2009 Employee Stock Purchase Plan, which we refer to collectively as the Plans, and each, a Plan, and all rights of participants to acquire shares of Class A common stock under any Plan will be converted into rights to acquire shares of Lamar REIT Class A common stock in accordance with the terms of the Plans. Lamar REIT will also assume Lamar Advertising's Deferred Compensation Plan.

**Distributions.** Lamar Advertising's obligations with respect to any distributions to the stockholders of Lamar Advertising that have been declared by Lamar Advertising but not paid prior to the completion of the merger will be assumed by Lamar REIT.

**Listing of Lamar REIT Class A common stock.** We expect that the Lamar REIT Class A common stock will trade on the NASDAQ under our current symbol LAMR following the completion of the merger.

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**Conditions to Completion of the Merger**

The board of directors of Lamar Advertising has the right to cancel or defer the merger even if stockholders of Lamar Advertising vote to adopt the merger agreement and the other conditions to the completion of the merger are satisfied or waived, if it determines that the merger is no longer in the best interests of Lamar Advertising and its stockholders. The respective obligations of Lamar Advertising and Lamar REIT to complete the merger require the satisfaction or, where permitted, waiver, of the following conditions:

adoption of the merger agreement by the requisite vote of the stockholders of Lamar Advertising and Lamar REIT;

the board of directors of Lamar Advertising shall not have determined that the transactions constituting the REIT conversion that impact Lamar Advertising REIT's qualification as a REIT for federal income tax purposes have not occurred or are not reasonably likely to occur;

Lamar REIT will have amended and restated its certificate of incorporation to read in substantially the form attached hereto as Annex B-1;

Lamar REIT will have amended its bylaws to read substantially in the form attached hereto as Annex B-2;

receipt by Lamar Advertising from its tax counsel of an opinion to the effect that the merger qualifies as a reorganization within the meaning of Section 368(a)(1)(F) of the Code and that each of Lamar Advertising and Lamar REIT is a party to a reorganization within the meaning of Section 368(b) of the Code;

approval for listing on the NASDAQ of Lamar REIT Class A common stock, subject to official notice of issuance;

the effectiveness of the Registration Statement, of which this proxy statement/prospectus is a part, without the issuance of a stop order or initiation of any proceeding seeking a stop order by the SEC;

the determination by the board of directors of Lamar Advertising, in its sole discretion, that no legislation or proposed legislation with a reasonable possibility of being enacted would have the effect of substantially (a) impairing the ability of Lamar REIT to qualify as a REIT, (b) increasing the federal tax liabilities of Lamar Advertising or of Lamar REIT resulting from the REIT conversion or (c) reducing the expected benefits to Lamar REIT resulting from the REIT conversion; and

receipt of all governmental approvals and third party consents to the merger, except for approvals or consents as would not reasonably be expected to materially and adversely affect the business, financial

condition or results of operations of Lamar REIT and its subsidiaries taken as a whole.

**Termination of the Merger Agreement**

The board of directors of Lamar Advertising has the right to terminate the merger agreement and abandon the merger at any time prior to its completion, before or after approval of the merger agreement by the stockholders of Lamar Advertising, in its sole discretion.

We have no current intention of abandoning the merger subsequent to the special meeting if stockholder approval is obtained and the other conditions to the merger are satisfied or waived. However, the board of directors of Lamar Advertising reserves the right to cancel or defer the merger or the REIT conversion even if stockholders of Lamar Advertising vote to adopt the merger agreement, which is an important element of the REIT conversion, and the other conditions to the completion of the merger are satisfied or waived, if it determines that the merger or the REIT conversion is no longer in the best interests of Lamar Advertising and its stockholders.

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**Regulatory Approvals**

We are not aware of any federal, state, local or foreign regulatory requirements that must be complied with or approvals that must be obtained prior to completion of the merger pursuant to the merger agreement and the transaction contemplated thereby, other than compliance with applicable federal and state securities laws and the filing and acceptance of a certificate of merger as required under the DGCL.

**Absence of Dissenters Rights for Holders of Lamar Advertising Class A Common Stock**

Pursuant to Section 262(b)(1) of the DGCL, the holders of Lamar Advertising Class A common stock will not be entitled to dissenters rights of appraisal as a result of the merger.

**Dissenters Rights for Holders of Lamar Advertising Class B common stock and Lamar Advertising Series AA preferred stock**

Holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who do not vote for the adoption of the merger agreement and who are otherwise eligible and who otherwise comply with the applicable statutory procedures of Section 262 of the DGCL will have the right to obtain an appraisal of the value of their shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock in connection with the merger. This means that such holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock are entitled to obtain a judicial determination of the fair value of their Lamar Advertising Class B common stock or of their Lamar Advertising Series AA preferred stock (exclusive of any element of value arising from the accomplishment or expectation of the merger) determined by the Court of Chancery of the State of Delaware (the Court of Chancery) and entitled to receive payment based upon that valuation, together with interest, if any, to be paid upon the amount determined to be a fair value, in lieu of any consideration to be received under the merger agreement.

The following is intended as a brief summary of the material provisions of the Delaware statutory procedures required to be followed by a holder of Lamar Advertising Class B common stock or a holder of Lamar Advertising Series AA preferred stock in order to properly demand and perfect appraisal rights. This summary, however, is not a complete statement of law pertaining to appraisal rights under Delaware law and is qualified in its entirety by the full text of Section 262 of the DGCL, which is attached hereto as Annex C. The preservation and exercise of appraisal rights requires strict and timely adherence to the applicable provisions of the DGCL. Failure to follow the requirements of Section 262 of the DGCL for demanding and perfecting appraisal rights may result in the loss of such rights.

If you, as a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock, wish to consider exercising your appraisal rights, you should carefully review the text of Section 262 of the DGCL contained in Annex C hereto and should consult your legal advisor since failure to timely and properly comply with the requirements of Section 262 of the DGCL will result in the loss of your appraisal rights under the DGCL. All demands for appraisal must be received prior to the vote on the merger agreement and should be addressed to Lamar Advertising Company, 5321 Corporate Boulevard, Baton Rouge, Louisiana 70808, Attention: Secretary, and should be executed by, or on behalf of, the record holder of the shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock. Holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who desire to exercise their appraisal rights must not vote in favor of adoption of the merger agreement and must continuously hold their shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock through the effective date of the merger.

Under Section 262 of the DGCL, where a merger agreement relating to a proposed merger is to be submitted for adoption at a meeting of stockholders, as in the case of the special meeting, the corporation, not less than 20 days prior to such meeting, must notify each of its stockholders who was a stockholder on the record date for notice of such meeting with respect to shares for which appraisal rights are available, that appraisal rights are so available,

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and must include in each such notice a copy of Section 262 of the DGCL. This proxy statement/prospectus constitutes such notice to the holders of Lamar Advertising Class B common stock and Lamar Advertising Series AA preferred stock and Section 262 of the DGCL is attached to this proxy statement/prospectus as Annex C.

If you, as a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock, wish to exercise appraisal rights you must not vote for the adoption of the merger agreement and must deliver to Lamar Advertising, before the vote on the proposal to adopt the merger agreement, a written demand for appraisal of your shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock. If you sign and return a proxy card that does not contain voting instructions you will effectively waive your appraisal rights because such shares represented by the proxy will, unless the proxy is revoked, be voted for the adoption of the merger agreement. Therefore, a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who submits a proxy and who wishes to exercise appraisal rights must submit a proxy containing instructions to vote against the adoption of the merger agreement or abstain from voting on the adoption of the merger agreement. However, neither voting against the adoption of the merger agreement, nor abstaining from voting or failing to vote on the proposal to adopt the merger agreement, will in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262 of the DGCL.

A demand for appraisal will be sufficient if it reasonably informs Lamar Advertising of the identity of the holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock and that such holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock intends thereby to demand appraisal of such holder's shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock. This written demand for appraisal must be separate from any proxy or vote abstaining from or voting against the adoption of the merger agreement. If you wish to exercise appraisal rights, you must be the record holder of such shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock on the date the written demand for appraisal is made and you must continue to hold such shares of record through the effective date of the merger. Accordingly, a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who is the record holder of shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock on the date the written demand for appraisal is made, but who thereafter transfers such shares prior to the effective date of the merger, will lose any right to appraisal in respect of such shares.

Only a holder of record of shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock on the record date for the special meeting is entitled to assert appraisal rights for such shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock registered in that holder's name. To be effective, a demand for appraisal by a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock must be made by, or on behalf of, such holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock of record. Beneficial owners who do not also hold their Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock of record may not directly make appraisal demands to Lamar Advertising. The beneficial holder must, in such cases, have the owner of record, such as a broker, bank or other nominee, submit the required demand in respect of those shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock. If shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made by or for the fiduciary; and if the shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a holder of record of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock; however, the agent must identify the record owner or owners of such Lamar

Advertising Class B common stock or Lamar Advertising Series AA preferred stock and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. A record owner, such as a broker, who holds shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock as a nominee for others, may exercise his

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or her right of appraisal with respect to the shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock as to which appraisal is sought. Where no number of shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock is expressly mentioned, the demand will be presumed to cover all shares of Lamar Advertising Class B common stock and Lamar Advertising Series AA preferred stock held in the name of the record owner.

If any a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who demands appraisal under the DGCL fails to perfect or has effectively withdrawn or lost its right of appraisal, each share of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock held by such holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock will be deemed to have been converted into and to have become, as of the effective time of the merger, the right to receive the merger consideration. A holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock may withdraw his or her demand for appraisal and agree to accept the merger consideration by delivering to us a written withdrawal of his or her demand for appraisal and acceptance of the merger consideration within 60 days after the effective date of the merger (or thereafter with the consent of the surviving entity). Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery will be dismissed as to any holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock without the approval of the Court of Chancery, and such approval may be conditioned upon such terms as the Court of Chancery deems just; provided, however, that any holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who has not commenced an appraisal action or joined that proceeding as a named party may withdraw his or her demand for appraisal and agree to accept the merger consideration offered within 60 days after the effective date.

Within 10 days after the effective date of the merger, the surviving entity will notify each holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who properly asserted appraisal rights under Section 262 of the DGCL and has not voted for the adoption of the merger agreement of the effective date of the merger. Within 120 days after the effective date of the merger, but not thereafter, either the surviving entity, or any holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who has complied with the requirements of Section 262 of the DGCL and who is otherwise entitled to appraisal rights, may file a petition in the Court of Chancery demanding a determination of the fair value of the shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock held by all holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock entitled to appraisal. A person who is the beneficial owner of shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock held in a voting trust or by a nominee on behalf of such person may, in such person's own name, file the petition described in the previous sentence. Upon the filing of the petition by a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock, service of a copy of such petition shall be made upon the surviving entity. The surviving entity of the merger does not have an obligation to file such a petition in the event there are dissenting holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock. Accordingly, the failure of a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock to file such a petition within the period specified could nullify the holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock's previously written demand for appraisal. Lamar Advertising has no present intent to cause an appraisal petition to be filed, and holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock seeking to exercise appraisal rights should not assume that the surviving entity will file such a petition or that it will initiate any negotiations with respect to the fair value of such shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock. Accordingly, holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who desire to have their shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA

preferred stock appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262 of the DGCL.

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The costs of the appraisal action may be determined by the Court of Chancery and made payable by the parties as the Court of Chancery deems equitable in the circumstances. The Court of Chancery also may order that all or a portion of the expenses incurred by any stockholder in connection with an appraisal, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all of the shares entitled to appraisal.

If a petition for appraisal is duly filed by a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock and a copy of the petition is delivered to the surviving entity of the merger, such surviving entity will then be obligated, within 20 days after receiving service of a copy of the petition, to provide the Court of Chancery with a duly verified list containing the names and addresses of all holders of Lamar Advertising Class B common stock and Lamar Advertising Series AA preferred stock who have demanded payment for their shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock and with whom agreements as to the value of their shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock have not been reached by the surviving entity. After notice to dissenting holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who demanded payment of their shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock, the Court of Chancery is empowered to conduct a hearing upon the petition, and to determine those holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who have complied with Section 262 of the DGCL and who have become entitled to the appraisal rights provided thereby. The Court of Chancery may require the holders of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who have demanded appraisal for their shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock fails to comply with that direction, the Court of Chancery may dismiss the proceedings as to that holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock.

Within 120 days after the effective date, any holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock (including any beneficial owner of shares entitled to appraisal rights) that has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving entity a statement setting forth the aggregate number of shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock not voted in favor of adoption of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of those shares. These statements must be mailed to the holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock within 10 days after a written request by such holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock for the information has been received by the surviving entity, or within 10 days after expiration of the period for delivery of demands for appraisal under Section 262 of the DGCL, whichever is later.

After determination of the holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock entitled to appraisal of their shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock (unless the Court of Chancery, in its discretion, proceeds to trial upon the appraisal prior to the final determination of the holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock entitled to an appraisal), the Court of Chancery will appraise the shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any. Unless the Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date

of the merger and the date of payment of the judgment. When the value is determined, the Court of Chancery will direct the payment of such value, with interest thereon, if any, to the holder of Lamar Advertising Class B common stock or Lamar Advertising Series

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AA preferred stock entitled to receive the same, upon surrender by such holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock of their certificates representing such shares.

Any holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock who has duly demanded and perfected an appraisal in compliance with Section 262 of the DGCL will not, after the effective date of the merger, be entitled to vote his or her shares for any purpose or be entitled to the payment of dividends or other distributions thereon, except dividends or other distributions payable to holders of record of shares of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock as of a date prior to the effective date of the merger.

If you desire to exercise appraisal rights as a holder of Lamar Advertising Class B common stock or Lamar Advertising Series AA preferred stock, you must not vote for the adoption of the merger agreement and you must strictly comply with the procedures set forth in Section 262 of the DGCL. Failure to take any required step in connection with the exercise of appraisal rights will result in the termination or waiver of such rights.

## **Restrictions on Sales of Lamar REIT Common Stock and Series AA Preferred Stock Issued Pursuant to the Merger**

The shares of Lamar REIT common stock to be issued in connection with the merger will, subject to the restrictions on the transfer and ownership of Lamar REIT common stock set forth in the Lamar REIT charter, be freely transferable under the Securities Act, except for shares issued to any stockholder who may be deemed to be an affiliate of Lamar Advertising for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under the common control with, Lamar Advertising and may include the executive officers, directors and significant stockholders of Lamar Advertising.

The shares of Lamar REIT Series AA preferred stock to be issued in connection with the merger will be issued pursuant to an exemption from registration under the Securities Act of 1933, as amended. These shares are not being registered pursuant to this registration statement and will not be so registered. Accordingly, shares of Lamar REIT Series AA preferred stock issued in the merger will be restricted securities under Rule 144 of the Securities Act. The certificate(s) representing shares of Lamar REIT Series AA preferred stock will bear appropriate legends to that effect, and any holder of shares of Lamar REIT Series AA preferred stock must hold the shares indefinitely unless their disposition is registered with the SEC and qualified by applicable state authorities or exemptions from such registration and qualification are available.

## **Accounting Treatment of the Merger**

For accounting purposes, the merger of Lamar Advertising with and into Lamar REIT will be treated as a transfer of assets and exchange of shares between entities under common control. The accounting basis used to initially record the assets and liabilities in Lamar REIT is the carryover basis of Lamar Advertising. Stockholder's equity of Lamar REIT will be that carried over from Lamar Advertising, after giving effect to the distribution of non-REIT accumulated E&P.

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**OTHER RESTRUCTURING TRANSACTIONS**

During the course of 2013 and the early part of 2014, we completed an internal corporate restructuring to transfer certain of our assets and activities to newly formed, wholly owned TRSs, resulting in a structure that is intended to be in compliance with certain REIT qualification requirements for the 2014 taxable year. Following this restructuring, we now hold and operate certain of our assets that cannot be held and operated directly by a REIT through TRSs. The assets held in our TRSs primarily consist of our transit advertising business, advertising services business and our foreign operations in Canada and Puerto Rico. Our TRS assets and operations will continue to be subject, as applicable, to U.S. federal and state corporate income taxes. Furthermore, our assets and operations outside the United States will continue to be subject to foreign taxes in the jurisdictions in which those assets and operations are located. Net income from our TRSs will either be retained by our TRSs and used to fund their operations, or distributed to us, where it will be reinvested by us in our business or be available for distribution to our stockholders.

**DIVIDEND AND DISTRIBUTION POLICY**

On June 30, 2014 the Company paid a cash dividend to its common stockholders of approximately \$79.0 million, or \$0.83 per share of common stock, in anticipation of commencing to operate as a REIT effective January 1, 2014. On August 26, 2014, Lamar Advertising's board of directors declared a cash dividend of \$0.83 per share of common stock, payable on September 30, 2014 to holders of record of Lamar Advertising Class A common stock and Class B common stock on September 22, 2014. We expect to continue to declare regular quarterly distributions to holders of Lamar REIT common stock on an ongoing basis, the amount of which will be determined, and is subject to adjustment, by the board of directors. Any such dividends will be paid on all shares of common stock outstanding at the time of such payment. To qualify as a REIT, we must distribute to our stockholders an amount at least equal to 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). Generally, we expect to distribute all or substantially all of our REIT taxable income so as to not be subject to the income or excise tax on undistributed REIT taxable income. We may utilize available federal NOLs to reduce our REIT taxable income, and thus we may not be required to distribute material amounts of cash to qualify for taxation as a REIT or we may be able to reduce our required distributions. The federal NOLs expire beginning in 2020 through 2032. See the section entitled "Material United States Federal Income Tax Considerations."

We expect that distributions will be declared quarterly. The amount, timing and frequency of distributions, however, will be at the sole discretion of the board of directors and will be declared based upon various factors, many of which are beyond our control, including:

our financial condition and operating cash flows;

our retention of cash to pursue acquisitions;

our operating and other expenses;

debt service requirements;

capital expenditure requirements;

the amount required to maintain REIT status and reduce any income and excise taxes that we otherwise would be required to pay;

limitations on distributions in our existing and future debt instruments;

our ability to utilize NOLs to offset our distribution requirements;

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limitations on our ability to fund distributions using cash generated through our TRSs; and

other factors that the board of directors may deem relevant.

Lamar REIT Series AA preferred stock will be entitled to preferential dividends, in an annual aggregate amount of \$364,904, before any dividends may be paid on Lamar REIT common stock.

We anticipate that distributions will generally be paid from cash from operations after debt service requirements and non-discretionary capital expenditures. To the extent that our cash available for distribution is insufficient to allow us to satisfy the REIT distribution requirements, we currently intend to borrow funds to make distributions consistent with this policy. Our ability to fund distri