LAMAR ADVERTISING CO/NEW
Form S-4
December 02, 2004

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As filed with the Securities and Exchange Commission on December 2, 2004

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Lamar Advertising Company

(Exact name of Registrant as Specified in its Charter)

Delaware	**7311**	**72-1449411**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

5551 Corporate Boulevard
Baton Rouge, Louisiana 70808
(225) 926-1000
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Kevin P. Reilly, Jr.

Chief Executive Officer
Lamar Advertising Company
5551 Corporate Boulevard
Baton Rouge, Louisiana 70808
(225) 926-1000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Matthew J. Gardella	**Brian B. Obie**	**David C. Baca**
Palmer & Dodge LLP	**Chief Executive Officer**	**Davis Wright Tremaine LLP**
111 Huntington Avenue	**Obie Media Corporation**	**1300 S.W. Fifth Avenue**
at Prudential Center	**4211 West 11th Avenue**	**24th Floor**
Boston, Massachusetts 02199	**Eugene, Oregon 97402**	**Portland, Oregon 97201**
(617) 239-0100	**(541) 686-8400**	**(503) 241-2300**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective time of this Registration Statement and the effective time of the merger contemplated by the Agreement and Plan of Merger by and among Lamar Advertising Company, OMC Acquisition Corporation, and Obie Media Corporation, dated as of September 17, 2004 (the Merger Agreement), which is attached as Annex A to the proxy statement/ prospectus forming a part of this Registration Statement.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Class A common stock, $.001 par value	(1)	N/A	$43,313,718.00(2)	$5,487.85

(1) In accordance with Rule 457(o) of the Securities Act of 1933, the number of shares being registered are not included in the table.
(2) The registration fee has been calculated pursuant to Rule 457(o) on the basis of the maximum aggregate offering price of the Lamar Class A common stock to be issued in connection with the merger of Obie Media Corporation into OMC Acquisition Corporation. Pursuant to the Merger Agreement, the number of shares of Lamar Class A common stock to be issued in the merger will be based on an exchange ratio equal to $43,313,718 divided by the total number of shares of common stock of Obie Media Corporation issued and outstanding immediately prior to closing, which is further divided by the average of the closing sale prices per share for Lamar Class A common stock on the Nasdaq National Market for each of the 20 consecutive trading days ending with the third complete trading day prior to the closing date. Because the exact number of shares of Lamar Class A common stock to be issued will be based on the twenty-day average trading price of Lamar Class A common stock determined three days prior to closing, the aggregate market value of the actual number of shares issued as of the closing date may be more or less than $43,313,718.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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OBIE MEDIA CORPORATION

4211 West 11th Avenue
Eugene, Oregon 97402

, 2004

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Dear Shareholders of Obie Media Corporation:

You are cordially invited to attend the special meeting of shareholders of Obie Media Corporation to be held at a.m., local time, on , 2005, at Obie s offices located at 4211 West 11th Avenue, Eugene, Oregon 97402. At the special meeting, you will be asked to consider and vote upon a proposal to (1) approve the merger among Obie, Lamar Advertising Company, and OMC Acquisition Corporation, pursuant to which Obie will become a wholly owned subsidiary of Lamar and you will become a stockholder of Lamar, and (2) adjourn the special meeting, if necessary. Upon the closing of the merger, all outstanding shares of Obie common stock will convert into the right to receive shares of Lamar Class A common stock, and, in certain circumstances, cash, with each Obie shareholder entitled to a pro rata share of the aggregate merger consideration valued at $43,313,718. Approximately 1,000,000 shares of Lamar Class A common stock will be issued to Obie shareholders in the transaction, based upon the average closing price of Lamar Class A common stock on , 2004.

Obie common stock is traded on the Nasdaq Small Cap Market under the symbol OBIE. Lamar common stock is traded on the Nasdaq National Market under the symbol LAMR.

Your board of directors has carefully considered and approved the merger and has determined that the merger is in your best interests. Accordingly, the Obie board of directors recommends that you vote **FOR** approval of the merger and **FOR** approval of the related adjournment proposal, if necessary. In connection with this determination, the Obie board has received the written opinion of D.A. Davidson & Co., which concludes that the consideration to be paid by Lamar in the merger is fair, from a financial point of view, to you. A copy of this opinion is attached to this proxy statement/ prospectus as Annex B and we urge you to read this opinion in its entirety. A copy of the merger agreement is also attached to this proxy statement/ prospectus as Annex A. We encourage you to read the merger agreement. Also enclosed is a proxy card so you can vote on the proposals without attending the special meeting.

THE MERGER INVOLVES CERTAIN RISKS TO OBIE MEDIA CORPORATION SHAREHOLDERS. SEE RISK FACTORS, BEGINNING ON PAGE .

It is important that your shares be represented at the special meeting. Whether or not you expect to attend in person, please promptly sign, date, and return the enclosed proxy card in the enclosed, postage prepaid envelope.

Thank you and we look forward to seeing you at the special meeting.

Very truly yours,

BRIAN B. OBIE
Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SHARES OF LAMAR ADVERTISING COMPANY COMMON STOCK TO BE ISSUED IN CONNECTION WITH THE MERGER OR DETERMINED IF THIS PROXY STATEMENT/ PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/ prospectus is dated , 2004, and is first being mailed to shareholders on or about , 2004.

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OBIE MEDIA CORPORATION

4211 West 11th Avenue
Eugene, Oregon 97402

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held on , 2005

Dear Shareholders of Obie Media Corporation:

A special meeting of the shareholders of Obie Media Corporation, an Oregon corporation (Obie), will be held at a.m., local time, on , 2005, at Obie s offices located at 4211 West 11th Avenue, Eugene, Oregon 97402, for the following purposes:

1. to consider and vote upon a proposal to approve the merger of Obie with OMC Acquisition Corporation, a wholly owned subsidiary of Lamar Advertising Company, and Obie Media Corporation;

2. to consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are insufficient votes at the time of the special meeting to approve the merger; and

3. to transact such other business as may be properly brought before the meeting.

Obie s board of directors, after carefully considering many factors, has unanimously determined that the proposed merger is advisable, fair to, and in the best interests of Obie and its shareholders and has unanimously approved the merger. Obie s board of directors unanimously recommends that you vote **FOR** the proposal to approve the merger at the special meeting and **FOR** approval of the related adjournment proposal. Please refer to the proxy statement/ prospectus accompanying this notice, which more fully describes the foregoing items of business.

All shareholders are cordially invited to attend the special meeting. Only shareholders of record at the close of business on , 2004, the record date fixed by the Obie board of directors, however, are entitled to receive notice of the meeting and to vote at the meeting or any adjournment or postponement of the meeting. Shareholders may vote in person or by proxy.

We will admit to the special meeting (1) all shareholders of record at the close of business on , 2004, (2) any persons holding proof of beneficial ownership as of that date, such as a letter or account statement from the person s broker or bank, (3) any persons who have been granted proxies, and (4) other persons that the Obie board of directors, in its sole discretion, may elect to admit. **All persons wishing to be admitted to the special meeting must present photo identification.** If you plan to attend the special meeting, please check the appropriate box on your proxy card according to the instructions provided.

By order of the Board of Directors,

DELORES M. MORD
Secretary

Eugene, Oregon
, 2004

Your vote is important. Whether or not you intend to be present at the meeting, please sign and date the enclosed proxy card and return it in the accompanying envelope to ensure that your shares will be voted.

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/ prospectus incorporates important business and financial information about Lamar and Obie from other documents that are not included in or delivered with this proxy statement/ prospectus. Such information is included in documents filed by Lamar and Obie with the Securities and Exchange Commission and is available to you without charge upon your written or oral request. You may obtain these documents by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Lamar Advertising Company 5551 Corporate Boulevard Baton Rouge, LA 70808 (225) 926-1000 *www.lamar.com*	Obie Media Corporation 4211 West 11th Avenue Eugene, OR 97402 (541) 686-8400 *www.obie.com*

You will not be charged for any of these documents that you request. If you wish to request documents, the applicable company must receive your request by (which is five business days before the scheduled date of the special meeting of Obie shareholders) in order for you to receive them before the special meeting. Information on the respective website of each company is NOT considered to be part of or incorporated by reference into this proxy statement/ prospectus unless specifically indicated to the contrary.

See Where You Can Find More Information beginning on page 84.

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QUESTIONS & ANSWERS ABOUT THE MERGER

The following are some questions that you, as a shareholder of Obie, may have about the merger and the answers to those questions. We urge you to read carefully the entire proxy statement/prospectus in order to consider all the information that might be important to you with respect to the merger and the other matters to be conducted at the special meeting. Additional important information is contained in the annexes to, and the documents incorporated by reference in, this proxy statement/prospectus.

Q: Why are Lamar and Obie proposing this merger?

A: Obie believes that the merger represents a unique opportunity to its shareholders to realize significant value for their shares as well as an opportunity to continue to participate in the out-of-home advertising industry by an investment in a well-capitalized, experienced company.

Lamar believes that the quality and location of Obie s billboards and the strength of Obie s transit business will expand and complement Lamar s existing business and will contribute to its goal of maintaining value for its stockholders.

Q: What risks should I consider?

A: You should review carefully our discussion of Risk Factors beginning on page 16.

Q: What will I receive in exchange for my Obie stock in the merger?

A. You will receive your proportional share of the merger consideration, which is valued at $43,313,718. Your Obie common stock will convert into the right to receive shares of Lamar Class A common stock and, in some circumstances, cash. You will receive cash instead of fractional shares and you *may* receive cash instead of some shares of Lamar stock if the price of Lamar stock falls below $30.00 per share.

Q: Will I be able to trade the shares of Lamar Class A common stock I receive in the merger?

A: The shares of Lamar Class A Common Stock will be quoted on the Nasdaq National Market under the symbol LAMR. You may freely trade these shares, unless you are an affiliate of Obie. Persons who are considered affiliates (generally directors, officers and 10% or greater shareholders) of Obie must either register their shares of Lamar stock for resale or fit within an exemption from registration under the Securities Act of 1933, as amended. Rule 145 is the most likely exemption an Obie affiliate would use to sell or otherwise transfer any of the shares of Lamar Class A common stock received in the merger. Generally speaking, under Rule 145 such persons may sell their shares of Lamar Class A common stock immediately upon receipt, subject to certain information requirements, volume limitations, and other conditions of Rule 144.

Q: What is the difference between the Lamar Class A common stock I will receive in exchange for my Obie stock in the merger and Lamar Class B common stock?

A: The Class A common stock and the Class B common stock have the same rights and powers, except that a share of Class A common stock entitles the holder to one (1) vote, while a share of Class B common stock entitles the holder to ten (10) votes. On , 2004, there were shares of Lamar Class A common stock outstanding, 15,672,527 shares of Lamar Class B common stock outstanding, and 5,719.49 shares of Lamar Series AA preferred stock outstanding, which constitute, in the aggregate %, % and less than 0.1%, respectively, of all outstanding votes. Accordingly, the holders of Lamar Class B common stock control approximately % of the voting stock of Lamar. References to Lamar stock in this proxy statement/prospectus refer to Lamar Class A common stock.

Q: What are the tax consequences of the merger to me?

A: For United States federal income tax purposes, (1) the receipt of Lamar stock in exchange for Obie stock generally will not cause you to recognize any taxable gain or loss, and (2) your income tax basis in the Lamar stock you receive in the merger will be equal to your basis in the shares of Obie stock you surrender in the exchange. If you receive a combination of cash and stock in exchange for your Obie shares, you will be required to recognize any gain to the extent that cash is received in the merger, and you will not be entitled to recognize any loss realized. See The Merger Material U.S. Federal Income Tax Consequences of the Merger.

We urge you to consult your tax advisor to explain the tax consequences of the merger to you, including whether you may be entitled to capital gains treatment for any gains you recognize. Tax matters are very complicated and, in many cases, tax consequences of the merger will depend on your particular facts and circumstances.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please complete, sign, and date your proxy card and return it as soon as possible in the enclosed prepaid envelope so that your shares may be represented at the special meeting. If you sign and send in your proxy card, your shares will be voted as you indicate in your proxy card. **If you sign and send in your proxy card, but do not indicate how you want to vote, we will count your proxy as a vote FOR the proposal to approve the merger and FOR approval of any adjournment of the special meeting, if necessary.** Abstaining, failing to vote or withholding your votes will have the effect of voting against the proposal to approve the merger, but will have no effect on the proposal to adjourn the special meeting, if necessary.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker or bank will vote your shares *only if* you provide instructions on how to vote. **As a general rule, your broker or bank does not have authority to vote on the proposal to approve the merger or the proposal to adjourn the special meeting, if necessary. Accordingly, your broker or bank will vote your shares held by it in street name with respect to the merger and adjournment proposals** ***only if*** **you provide instructions to it on how to vote.** Therefore, you should follow carefully the directions your broker or bank provides. Your failure to properly instruct your broker or bank to vote **FOR** the proposal to approve the merger will have the effect of voting your shares against the proposal to approve the merger, but will have no effect on the proposal to adjourn the special meeting, if necessary.

Q: Should I send in my Obie stock certificates now?

A: No. You should not send in your stock certificates at this time. Obie shareholders who hold their shares in certificated form will need to exchange their Obie stock certificates for Lamar Class A common stock and, in some circumstances, cash, after the merger is effective. Obie shareholders will receive instructions for exchanging Obie stock certificates following the effective date of the merger. Obie shareholders who hold their shares in book-entry form will receive instructions for exchanging their shares following the effective date of the merger. **Please *do* *not* send in your stock certificates with your proxy.**

Q: Can I change my vote after I have mailed my signed proxy?

A: Yes. You can change your vote in one of three ways at any time before your proxy is voted at the special meeting. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card dated after the date of your original proxy card. If you choose either of these two methods, the Secretary of Obie must receive your notice of revocation or your new proxy card at 4211 West 11th Avenue, Eugene, Oregon 97402 by the close of

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business on , 2005, which is one business day prior to the special meeting. Third, you can attend the special meeting and vote in person. Simply attending the meeting, however, will not revoke your proxy; you must also vote at the special meeting.

Q: When is the shareholder meeting?

A: The shareholder meeting will take place on at a.m., local time, on , 2005 at Obie s offices located at 4211 West 11th Avenue, Eugene, Oregon 97402. Upon receipt of the required shareholder vote, Obie may adjourn the special meeting, if necessary, to solicit additional proxies.

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

A: All Obie shareholders are invited to attend the special meeting. Only shareholders of record as of , 2004, however, will be entitled to vote in person at the special meeting. If a bank, broker, or other nominee holds your shares in street name, then you are not the shareholder of record and you must ask your bank, broker, or other nominee how you can vote in person at the special meeting.

Q: What vote is required for approval of the two proposals under consideration at the special meeting?

A: The merger proposal must be approved by a majority of the outstanding shares of Obie common stock entitled to vote. As of the record date, there were shares of Obie stock outstanding and entitled to vote. Accordingly, the merger will be approved only if at least shares of Obie Stock vote in favor of the proposal to approve the merger. Abstentions and the failure to vote have the effect of voting against the merger. You are entitled to vote on the proposal to approve the merger if you held Obie stock at the close of business on the record date, which is , 2004.

The adjournment proposal must be approved by the affirmative vote of a majority of the shares of Obie common stock present in person or by proxy at the special meeting, without regard to abstentions, even if there is no quorum at that meeting.

Q: When do you expect the merger to be completed?

A: We are working toward completing the merger as quickly as possible. If approved by the Obie shareholders, we expect to complete the merger on or about January , 2005.

Q: Whom should I call with questions?

A: You can call Gary Livesay, Obie s Vice President and Chief Financial Officer, at (541) 686-8400 with questions about the merger.

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SUMMARY

This summary highlights certain information that we believe is important to you in deciding how to vote on the proposals described in this document. It does not contain all of the information that may be important to you. We urge you to read carefully this entire proxy statement/prospectus and the other documents to which this proxy statement/prospectus refers you in order to help you understand the proposed transaction. See Where You Can Find More Information, beginning on page 84. Each topic in this summary refers to the page of this document on which that topic is discussed in more detail. The information contained on the respective websites for Lamar and Obie is not considered part of or incorporated by reference into this proxy statement/prospectus unless specifically indicated to the contrary.

The Companies

Lamar Advertising Company (see page 30)

5551 Corporate Boulevard
Baton Rouge, LA 70808
(225) 926-1000
http://www.lamar.com

Lamar is one of the largest and most experienced owners and operators of outdoor advertising structures in the United States. Lamar also operates the largest logo sign business in the United States. Lamar has a holding company structure, under which Lamar Advertising Company and its wholly-owned subsidiary, Lamar Media Corp., serve as holding companies for Lamar s indirect subsidiaries.

Obie Media Corporation (see page 31)

4211 West 11th Avenue
Eugene, OR 97402
(541) 686-8400
http://www.obie.com

Obie Media Corporation is an outdoor advertising company that markets advertising space primarily on transit vehicles and outdoor advertising displays such as billboards and wallscapes. Obie serves the transit districts of nine of the thirty largest U.S. markets (in terms of demographic market area) and the third largest Canadian market. Obie also owns and operates advertising displays on billboards and walls primarily in Washington, Oregon, California, Montana, Wyoming, Idaho, Utah, and South Dakota.

OMC Acquisition Corporation (see page 30)

OMC Acquisition Corporation is a Delaware corporation and a wholly owned subsidiary of Lamar that was organized solely for the purpose of effecting the merger with Obie. OMC Acquisition Corporation has carried on no other activities other than in connection with the merger.

The Merger

Summary of the Transactions (see page 59)

In the proposed merger, Obie will be merged into OMC Acquisition Corporation. OMC Acquisition Corporation will be the surviving corporation and will be renamed Lamar Obie, Inc.

The merger will become effective only if the Obie shareholders approve the merger and all other conditions to the merger are satisfied or waived. The merger agreement is attached as Annex A to this proxy statement/prospectus. We encourage you to read it because it is the legal document that governs the merger.

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What the Holders of Obie Common Stock Will Receive in the Merger (see page 59)

In the proposed merger, each holder of Obie stock will receive a pro rata share of the merger consideration valued at $43,313,718. When we complete the merger, each outstanding share of Obie common stock will convert into the right to receive Lamar Class A common stock and, in some circumstances, cash. Obie shareholders will receive cash instead of fractional shares of Lamar stock and may receive cash instead of some shares of Lamar stock if the price of Lamar stock falls below $30.00.

Throughout this proxy statement/prospectus, we often refer to the Lamar Class A common stock as Lamar stock and Obie common stock as Obie stock.

Material U.S. Federal Income Tax Consequences of the Merger (see page 60)

The merger will be treated as a reorganization within the meaning of Section 368 of the Internal Revenue Code in which no gain or loss will be recognized by Obie, Lamar, or OMC Acquisition Corporation as a result of the merger. In addition, you will not recognize gain or loss on the exchange of your shares of Obie stock for shares of Lamar stock, except you will recognize gain for any cash you receive.

Because the tax consequences of the merger depend upon your individual circumstances, we urge you to consult your own tax advisors about the federal, state, local, or foreign tax consequences of your receipt of the merger consideration in exchange for your Obie common stock.

Appraisal or Dissenters Rights (see page 63 and Annex C)

Under Oregon law, Obie shareholders are entitled to dissenters rights in connection with the merger so long as they follow the specific procedures set forth in the Oregon statute.

Obie s Reasons for the Merger (see page 50)

The Obie board of directors has concluded that the merger is advisable, fair to, and in the best interests of Obie and its shareholders. In reaching its decision, the Obie board of directors considered a variety of factors, without giving relative weight to any one factor, including the following:

- the merger consideration exceeds the value that could be expected to be realized in the foreseeable future by Obie shareholders if Obie continues as an independent entity;
- the combined company is expected to compete more effectively in the outdoor advertising market;
- the combined company will have greater depth of skill personnel, and expanded sales, art, and production services;
- the combined company will have better access to each company s existing company base and partners;
- the combined company will have a larger customer base, higher market profile, and greater financial strength, which will present greater opportunities for marketing the products and services of the combined company;
- Obie shareholders will have the opportunity to participate in the potential for growth of Lamar s business after the merger; and
- the combined company will be able to expand its offerings of products and services in the outdoor advertising market.

Lamar s Reasons for the Merger (see page 50)

In determining whether to approve the merger, Lamar s board of directors considered a variety of factors, including the degree to which Obie s billboard business complements Lamar s billboard business, both in terms of the quality of assets and their location in the Northwest, and the strengths of Obie s transit business, including: the number of larger markets served by Obie, its established management structure for serving those markets, and Obie s significant in-house production capabilities. Lamar s board of directors also considered Lamar s experience integrating past acquisitions and the anticipated process of integrating Obie into Lamar.

Fairness Opinion of Obie s Financial Advisor (see page 52 and Annex B)

In connection with the merger, the Obie board of directors received an opinion from its financial advisor, D.A. Davidson & Co. On October 1, 2004, D.A. Davidson & Co. delivered its written opinion to the Obie board of directors, concluding that, as of that date and based on and subject to the factors and assumptions set forth in the opinion, the merger consideration is fair, from a financial point of view, to Obie shareholders. The full text of this written opinion is attached as Annex B to this proxy statement/prospectus. We encourage you to read this opinion in its entirety carefully. **The opinion of D.A. Davidson & Co. is not a recommendation to any shareholder on whether to vote for or against the merger.**

The Special Meeting

General; Date; Time and Place (see page 27)

A special meeting of Obie shareholders will be held at a.m., local time, on , 2005, at Obie s headquarters at 4211 West 11th Avenue, Eugene, Oregon 97402. At the special meeting, Obie shareholders will be asked to approve the merger and, if necessary, the related adjournment proposal.

Record Date; Voting Power (see page 27)

If you owned shares of Obie stock as of the close of business on , 2004, the record date for the special meeting, you may vote on the proposal to approve the merger and other matters that may properly come before the meeting, including the related adjournment proposals. Obie shareholders will have one vote at the meeting for each share of common stock they owned on the record date. If you held your shares on the record date through a broker or bank, you may not vote the shares directly and must instruct the broker or bank to vote the shares on your behalf. Failure to do so will have the effect of casting your votes against the proposal to approve the merger, but will have no effect on the adjournment proposal.

On the record date, no directors and officers of Lamar owned shares of Obie stock, and directors and officers of Obie as a group owned shares, or approximately %, of the outstanding shares of Obie stock.

Quorum; Required Votes; Voting Agreement (see page 27 and Annex D)

The holders of a majority of the outstanding shares of Obie stock entitled to vote must be present, in person or by proxy, at the Obie special meeting for there to be a quorum.

To approve the merger, holders of a majority of the outstanding shares of Obie stock entitled to vote must vote in favor of the proposal to approve the merger. To approve the adjournment proposal, a majority of shares present in person or by proxy at the special meeting must vote to adopt the proposal. If you fail to vote, withhold your vote, or abstain from voting, the effect will be a vote against the proposal to approve the merger but will have no effect on any adjournment proposal. A broker or bank that holds your Obie stock in street name will not have authority to vote your shares unless you provide the broker or bank with voting instructions.

In connection with the merger, Brian B. Obie, Obie s Chairman of the Board, President, and Chief Executive Officer, who holds 1,693,147 shares, or 27.5% of Obie s stock, has entered into a voting agreement under which he has agreed to vote all of his Obie shares in favor of the proposal to approve the merger.

The merger does not require the approval of Lamar s stockholders.

Recommendation of the Obie Board of Directors (see page 29)

After careful consideration, on October 1, 2004, the Obie board of directors unanimously approved and adopted the merger agreement and voted to recommend that the shareholders of Obie vote in favor of the merger. For the factors considered by the Obie board of directors in reaching its decision to approve and recommend to the shareholders to approve the merger, see the section entitled Background and Reasons for the Merger Obie s Reasons for the Merger beginning on page 50. The Obie board of directors unanimously recommends that the Obie stockholders vote **FOR** the proposal to approve the merger and **FOR** the proposal to adjourn the Obie special meeting, if necessary, for the purpose of soliciting additional proxies.

Other Selected Information

Treatment of Obie Stock Options (see page 60)

Pursuant to the merger agreement, Obie will accelerate the vesting of its outstanding options and provide a period of not less than 30 days (ending before the effective time of the merger) during which the options may be exercised. Any options for Obie stock that remain outstanding at the effective time of the merger will be cancelled and will no longer represent the right to receive Obie stock or Lamar stock.

Treatment of Obie Benefits (see page 60)

The Obie employees who become employed by Lamar will be eligible to participate in Lamar s 401(k) plan and may transfer any assets they have in Obie s plan to Lamar s plan. Obie employees who become employed by Lamar will also be allowed to carry-over the years of service they currently have with Obie to Lamar s employee benefit plans.

Accounting Treatment (see page 60)

Lamar expects to account for the merger under the purchase method of accounting, which means the assets and liabilities of Obie, including its intangible assets, will be recorded on Lamar s balance sheet at their fair market values. Obie s results of operations and cash flows will be included in Lamar s financial statements prospectively as of the closing of the merger.

Regulatory Approvals (see page 65)

We are not aware of any federal or state regulatory requirements that we must comply with or approvals that we must obtain for closing the merger, other than compliance with federal securities laws.

Conditions to the Merger (see page 69 and Annex A)

The following conditions must be satisfied before completing the merger:

- Obie shareholders must approve the merger;
- none of the parties shall be subject to any court order, statute, rule, or regulation prohibiting the merger;
- the registration statement of which this proxy statement/prospectus forms a part must have been declared effective by the Securities and Exchange Commission, which is referred to as the SEC, and must not be the subject of any stop order or related proceeding;
- the shares of Lamar stock issued in the merger must be listed on the Nasdaq National Market;
- the parties to the merger agreement shall have performed their respective obligations and their respective representations and warranties shall be true;

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Obie and Lamar each shall have received an opinion from their respective counsel that the merger will qualify as a tax deferred reorganization;

Obie must meet certain conditions regarding the value of its assets and liabilities;

certain agreements must be executed and in effect;

not more than 5% of the shares of Obie stock shall be subject to a claim for dissenter s rights under the Oregon statute; and

other conditions regarding the resignation of Obie officers and the construction of certain advertising structures must be satisfied.

Termination of the Merger Agreement (see page 70 and Annex A)

We can mutually terminate the merger agreement without completing the merger. Either Lamar or Obie may be able to terminate the agreement if the merger is not completed by February 28, 2005, and under other circumstances, including the failure of the Obie shareholders to approve the merger.

Expenses (see page 71 and Annex A)

Each party is generally responsible for paying any expenses it incurs in connection with the merger. If the merger is not completed, Obie may be required to pay Lamar its expenses, up to $200,000, and a break-up fee of $1,090,803 under limited conditions.

Comparative Stockholder Rights (see page 73)

When we complete the merger, you will hold shares of Lamar stock. Your rights will then be governed by Lamar s certificate of incorporation and by-laws and Delaware law rather than by Obie s articles of incorporation and by-laws and Oregon law.

Comparative Stock Price Information (see page 15)

Lamar is quoted on the Nasdaq National Market. Obie stock is quoted on the Nasdaq Small Cap Market. The following table presents the market values of Lamar stock and Obie stock as of September 17, 2004, the last business day before we publicly announced the merger.

	Lamar Stock			Obie Stock		
	High	Low	Closing	High	Low	Closing
September 17, 2004	$42.26	$41.86	$42.00	$5.00	$4.57	$4.79

We encourage you to obtain current market quotations for Lamar stock and Obie stock.

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LAMAR ADVERTISING COMPANY AND SUBSIDIARIES

SELECTED HISTORICAL FINANCIAL INFORMATION

Lamar is providing the following information to aid your analysis of the financial aspects of the merger. The table below presents selected historical information from the consolidated statement of operations, statement of cash flows, and balance sheet of Lamar and its subsidiaries. Lamar derived this information from audited financial statements for the years ended December 31, 1999 through December 31, 2003 and from unaudited financial statements for the nine months ended September 30, 2003 and September 30, 2004.

In Lamar s opinion, the information for the nine months ended September 30, 2003 and September 30, 2004 reflects all adjustments, consisting only of normal recurring adjustments, necessary to present the results of operations and financial condition fairly. Results from interim periods should not be considered indicative of results for any other periods or for the year. This information is only a summary. You should read it in conjunction with Lamar s historical financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations, which are incorporated by reference into this proxy statement/prospectus.

	For the Years Ended December 31,					(Unaudited) Nine Months Ended	
	1999	2000	2001	2002	2003	September 30, 2003	September 30, 2004
					(Restated)	(Restated)	
	(Dollars in thousands, except per share data)						
Statement of Operations Data:							
Net revenues	$444,135	$ 687,319	$ 729,050	$775,682	$810,139	$604,119	$659,513
Operating expenses:							
Direct advertising expenses	143,090	217,465	251,483	274,772	292,017	219,489	224,543
General and administrative expenses	94,372	138,072	151,048	167,182	171,520	126,156	138,387
Depreciation and amortization	173,647	312,191	349,550	271,832	284,947	209,408	217,876
(Gain) loss on disposition of assets	(5,481)	(986)	(923)	(336)	(1,946)	(1,515)	1,617
Total operating expenses	405,628	666,742	751,158	713,450	746,538	553,538	582,423
Operating income (loss)	38,507	20,577	(22,108)	62,232	63,601	50,581	77,090
Other expense (income):							
Loss on extinguishment of debt	298			5,850	33,644	29,493	
Interest income	(1,421)	(1,715)	(640)	(929)	(502)	(283)	(235)
Interest expense	93,110	153,512	132,840	113,333	93,787	72,479	56,208
Total other expense	91,987	151,797	132,200	118,254	126,929	101,689	55,973
Income (loss) before income tax expense	(53,480)	(131,220)	(154,308)	(56,022)	(63,328)	(51,108)	21,117

(benefit) and cumulative effect of a change in accounting principle							
Income tax expense (benefit)	(9,712)	(37,115)	(45,674)	(19,694)	(23,573)	(18,369)	8,784

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	For the Years Ended December 31,					(Unaudited) Nine Months Ended	
	1999	2000	2001	2002	2003	September 30, 2003	September 30, 2004
					(Restated)	(Restated)	
	(Dollars in thousands, except per share data)						
Income (loss) before cumulative effect of a change in accounting principle, net	(43,768)	(94,105)	(108,634)	(36,328)	(39,755)	(32,739)	12,333
Cumulative effect of a change in accounting principle	767				40,240	40,240	
Net income (loss)	(44,535)	(94,105)	(108,634)	(36,328)	(79,995)	(72,979)	12,333
Preferred stock dividends	(365)	(365)	(365)	(365)	(365)	(273)	(273)
Net income (loss) applicable to common stock	$ (44,900)	$ (94,470)	$ (108,999)	$ (36,693)	$ (80,360)	$ (73,252)	$ 12,060
Earnings (loss) per common share basic and diluted:							
Earnings (loss) before a change in accounting principle	$ (0.64)	$ (1.04)	$ (1.11)	$ (0.36)	$ (0.39)	$ (0.32)	$ 0.12
Cumulative effect of a change in accounting principle	(0.01)				(0.39)	(0.39)	
Net earnings (loss)	$ (0.65)	$ (1.04)	$ (1.11)	$ (0.36)	$ (0.78)	$ (0.71)	$ 0.12
Statement of Cash Flow Data:							
Cash flows provided by operating activities(1)	$ 110,551	$ 177,601	$ 190,632	$ 240,443	$ 260,075	$ 171,130	$ 209,471
Cash flows used in investing activities(1)	$ (950,650)	$ (435,595)	$ (382,471)	$ (155,763)	$ (210,041)	$ (183,353)	$ (181,091)
Cash flows (used in) provided by financing activities(1)	$ 719,903	$ 321,933	$ 132,384	$ (81,955)	$ (57,847)	$ 3,105	$ (24,191)
Balance Sheet Data(2):							
Cash and cash equivalents	$ 8,401	$ 72,340	$ 12,885	$ 15,610	$ 7,797	$ 6,492	$ 11,986
Working capital	43,112	72,526	27,261	95,922	69,902	91,040	58,041
Total assets	3,209,270	3,642,844	3,671,652	3,888,106	3,669,373	3,733,610	3,672,681
Total debt (including current maturities)	1,615,781	1,738,280	1,811,585	1,994,433	1,704,863	1,765,429	1,660,642
Total long-term obligations	1,733,035	1,824,928	1,877,532	1,856,372	1,905,497	1,969,866	1,819,796

Stockholders equity	1,391,529	1,689,455	1,672,221	1,709,173	1,689,661	1,692,952	1,733,226

(1) Cash flows from operating, investing, and financing activities are obtained from Lamar s consolidated statements of cash flows prepared in accordance with GAAP.

(2) As of the end of the period.

OBIE MEDIA CORPORATION

SELECTED HISTORICAL FINANCIAL INFORMATION

Obie is providing the following information to aid your analysis of the financial aspects of the merger. The table below presents selected historical information from the consolidated statement of operations, statement of cash flows, and balance sheet of Obie and its subsidiaries. Obie derived this information from audited financial statements for the years ended November 30, 1999 through November 30, 2003 and from unaudited financial statements for the nine months ended August 31, 2003 and August 31, 2004.

In Obie s opinion, the information for the nine months ended August 31, 2003 and August 31, 2004 reflects all adjustments, consisting only of normal recurring adjustments, necessary to present the results of operations and financial condition fairly. Results from interim periods should not be considered indicative of results for any other periods or for the year. This information is only a summary. You should read it in conjunction with Obie s historical financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations. See page 32 and pages F-1 through F-31.

	Years Ended November 30,					Nine Months Ended	
	1999	2000	2001	2002	2003	August 31, 2003	August 31, 2004
						(Unaudited)	
	(Dollars in thousands, except per share data)						
Statement of Operations Data:							
Net sales	$36,460	$48,304	$42,892	$44,283	$43,117	$30,696	$35,001
Production, occupancy and sales	26,438	35,609	34,644	33,348	33,348	23,619	25,185
General and administrative	4,677	6,882	9,191	7,892	7,324	5,450	6,569
Depreciation and amortization	1,513	1,871	2,077	2,181	1,752	1,370	1,450
Start-up costs	668	116					
Contract settlement	(1,077)						
Operating income (loss)	4,241	3,826	(3,020)	862	693	258	1,797
Income (loss) from continuing operations	2,012	1,618	(3,434)	(862)	(2,143)	(1,604)	(1,090)
Loss on discontinued operations			(3,814)	(1,154)	(764)	(307)	(53)
Net income (loss) available for common shareholders	$ 2,012	$ 1,618	$ (7,248)	$ (2,017)	$ (2,907)	$ (1,911)	$ (1,142)
Basic net income (loss) per share:							
Income (loss) from continuing operations	$ 0.40	$ 0.27	$ (0.58)	$ (0.14)	$ (0.36)	$ (0.27)	$ (0.18)
Loss from discontinued operations	$	$	$ (0.65)	$ (0.20)	$ (0.13)	$ (0.05)	$ (0.01)
Net income (loss) per share	$ 0.40	$ 0.27	$ (1.23)	$ (0.34)	$ (0.49)	$ (0.32)	$ (0.19)
Diluted net income (loss) per share:							
Income (loss) from continuing operations	$ 0.39	$ 0.27	$ (0.58)	$ (0.14)	$ (0.36)	$ (0.27)	$ (0.18)
Loss from discontinued operations	$	$	$ (0.65)	$ (0.20)	$ (0.13)	$ (0.05)	$ (0.01)
Net income (loss) per share	$ 0.39	$ 0.27	$ (1.23)	$ (0.34)	$ (0.49)	$ (0.32)	$ (0.19)
EBITDA(1)	5,754	5,697	(5,849)	1,889	1,681	1,321	3,194
Balance Sheet Data:							
Working capital (deficit)	$ 2,958	$10,544	$ 4,415	$ 7,148	$ 4,927	$ (7,898)	$ 4,376
Total assets	32,704	38,937	44,161	38,127	35,446	35,081	35,899
	4,919	13,695	13,881	17,707	17,247	3,637	18,551

Total long-term debt, less current portion							
Shareholders equity	17,365	19,225	12,149	10,127	7,179	8,164	6,098

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	Years Ended November 30,					Nine Months Ended	
	1999	2000	2001	2002	2003	August 31, 2003	August 31, 2004
						(Unaudited)	
	(Dollars in thousands)						
Cash Flow Data:							
Net cash provided by (used in) operations	251	799	(1,232)	1,091	1,488	168	419
Cash provided by (used in) investing activities	(3,265)	(5,261)	(1,327)	(1,195)	(636)	(414)	(1,195)
Cash provided by (used in) financing activities	2,724	5,064	2,316	1,521	(674)	(578)	(326)

(1) Obie believes that EBITDA is widely used as one measure to evaluate the financial performance of companies in the out-of-home advertising industry, and therefore, is an appropriate supplemental measure regarding the operating performance of its business. Obie believes that EBITDA can assist you in comparing out-of-home advertising company performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending on accounting methods used (particularly when acquisitions are involved) or non-operating factors (such as historical cost basis). Accordingly, this information has been disclosed to facilitate the comparative analysis of Obie s operating performance relative to other companies in the out-of-home advertising industry. EBITDA a non-GAAP financial measure, is defined as operating income before depreciation and amortization expense. EBITDA should not be considered in isolation or as a substitute for net income (loss), cash provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles, or as a measure of profitability or liquidity. Following is a reconciliation of EBITDA to net income (loss):

	Years Ended November 30,					Nine Months Ended	
	1999	2000	2001	2002	2003	August 31, 2003	August 31, 2004
						(Unaudited)	
	(Dollars in thousands)						
Reported net income (loss)	$2,012	$1,618	$(7,248)	$(2,017)	$(2,907)	$(1,911)	$(1,142)
Interest expense	942	1,121	1,337	1,725	2,334	1,753	1,814
Depreciation and amortization	1,513	1,871	2,077	2,181	1,752	1,370	1,450
Loss on extinguishment of debt							961
Provision (benefit) for income taxes	1,287	1,087	(2,015)	0	502	109	111
EBITDA	$5,754	$5,697	$(5,849)	$ 1,889	$ 1,681	$ 1,321	$ 3,194

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COMPARATIVE PER SHARE DATA

The following table sets forth selected historical earnings per share and book value per share information of Lamar and Obie and unaudited pro forma combined earnings per share and book value per share information after giving effect to the transaction, assuming 0.1717 of a share of Lamar stock had been issued in exchange for each outstanding share of Obie stock. You should read this information in conjunction with the selected historical financial information of Lamar and Obie included elsewhere in this proxy statement/prospectus or incorporated in this proxy statement/prospectus by reference. See Where You Can Find More Information, beginning on page 84. The companies may have performed differently had they actually been combined during the periods presented below. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the proposed merger.

The historical earnings per share information for fiscal year 2003 is derived from audited consolidated financial statements of Lamar and Obie as of and for the year ended December 31, 2003 and November 30, 2003, respectively. The historical earnings per share and book value per share information for (a) Lamar for the nine months ended September 2004 is derived from unaudited condensed consolidated financial statements of Lamar as of and for the nine months ended September 30, 2004 and (b) for Obie for the nine months ended August 2004 is derived from unaudited condensed consolidated financial statements of Obie as of and for the nine months ended August 31, 2004. The unaudited pro forma combined share, earnings per share and book value per share information is calculated assuming an exchange ratio of 0.1717, which is what the exchange ratio would have been if the merger had closed on September 17, 2004, the date the merger agreement was signed. Because the number of shares of Lamar stock to be issued in the merger will not be known until shortly before the completion of the merger, the actual exchange ratio as of the closing will be different from the assumed exchange ratio used for the purpose of presenting the information set forth in the following tables.

	Lamar Common Stock	
	Historical	Pro Forma Per Share
Income (loss) per share:		
Year ended December 31, 2003 (Restated):		
Basic	$ (0.78)	$ (0.80)
Diluted	$ (0.78)	$ (0.80)
Nine Months ended September 30, 2004:		
Basic	$ 0.12	$ 0.10
Diluted	$ 0.12	$ 0.10
Dividends per share:		
Year ended December 31, 2003 (Restated)	N/A	N/A
Nine Months ended September 30, 2004	N/A	N/A
Book value per share:		
Year ended December 31, 2003 (Restated):		
Basic	$ 16.46	$ 16.71
Diluted	$ 16.40	$ 16.65
Nine Months ended September 30, 2004:		
Basic	$ 16.68	$ 16.93
Diluted	$ 16.59	$ 16.84

	Obie Common Stock	
	Historical	**Pro Forma Equivalent Per Share**
Income (loss) per share:		
Year ended November 30, 2003	$(0.49)	$(0.14)
Nine Months ended August 31, 2004	$(0.19)	0.02
Dividends per share:		
Year ended November 30, 2003	N/A	N/A
Nine Months ended August 31, 2004	N/A	N/A
Book value per share		
Year ended November 30, 2003	$ 1.21	$ 2.86
Nine Months ended August 31, 2004	$ 1.02	2.89

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COMPARATIVE STOCK PRICES AND DIVIDENDS

Lamar stock is quoted on the Nasdaq National Market under the trading symbol LAMR. Obie stock is quoted on the Nasdaq Small Cap Market under the trading symbol OBIE. The following table presents the high and low bid prices per share of Lamar stock and Obie stock as reported on the Nasdaq National Market and Nasdaq Small Cap Market, respectively.

	Lamar Stock		Obie Stock	
	High	Low	High	Low
Fiscal Year 2002				
First Quarter	$43.50	$33.35	$3.40	$1.84
Second Quarter	$45.66	$32.90	$3.84	$2.95
Third Quarter	$37.72	$25.48	$3.67	$2.30
Fourth Quarter	$36.80	$27.55	$3.50	$1.65
Fiscal Year 2003				
First Quarter	$38.04	$27.65	$3.40	$2.14
Second Quarter	$37.98	$28.71	$2.54	$1.77
Third Quarter	$35.57	$28.95	$2.07	$1.74
Fourth Quarter	$37.69	$29.30	$2.71	$2.07
Fiscal Year 2004				
First Quarter	$41.85	$36.56	$3.77	$2.50
Second Quarter	$44.66	$38.83	$3.75	$2.60
Third Quarter	$44.11	$38.62	$6.01	$3.15
Fourth Quarter (through October 26, 2004)	N/A	N/A	$6.84	$4.19

Recent Closing Prices

The following table sets forth the high, low, and closing sales prices per share of Lamar stock and of Obie stock as reported on the Nasdaq National Market and Nasdaq Small Cap Market, respectively, on September 17, 2004, the last trading day before our execution and public announcement of the merger agreement, and on , 2004, the last practicable trading day before the date of this document.

	Lamar Stock			Obie Stock		
	High	Low	Closing	High	Low	Closing
September 17, 2004	$42.26	$41.86	$42.00	$5.00	$4.57	$4.79
, 2004	$	$	$	$	$	$

The market price of Lamar stock is likely to fluctuate prior to the merger. You should obtain current market quotations. We cannot predict the future prices of Lamar stock or on which markets Lamar stock will be traded in the future.

Dividend Information

No cash dividends have ever been paid or declared on the shares of Lamar stock or on the shares of Obie stock. Lamar does not intend to pay cash dividends on the Lamar stock in the foreseeable future. Any future payment of dividends on Lamar stock will be at the discretion of Lamar s board of directors and will depend upon, among other things, Lamar s earnings, financial condition, capital requirements, level of indebtedness, and other factors that Lamar s board of directors deems relevant. In addition, covenants in certain of Lamar s debt agreements and instruments restrict the payment of dividends.

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RISK FACTORS

You should carefully consider the following risks before deciding whether to vote to approve the merger. In addition, you should read and consider the risks associated with each of the businesses of Lamar and Obie because these risks will also affect the combined company. These risks can be found in Lamar s Annual Report on Form 10-K/A for the year ended December 31, 2003 and in Obie s Annual Report on Form 10-K for the year ended November 30, 2003, which are filed with the SEC and incorporated by reference into this proxy statement/ prospectus. You should also read and consider the other information in this proxy statement/ prospectus and the other documents incorporated by reference in this proxy statement/ prospectus. See the sections entitled Where You Can Find More Information beginning on page 84 and Note Regarding Forward-Looking Statement beginning on page 84.

Risks Related to the Merger

Officers and directors of Obie have conflicts of interest that may have influenced their decisions regarding the merger.

You should be aware of potential conflicts of interest, and the benefits available to officers and directors of Obie, when considering the Obie board s recommendation of the merger. The officers and directors of Obie have interests in the merger that are in addition to, or different from, their interests as Obie shareholders. The Obie board was aware of these conflicts of interest when it approved the merger. These interests include the rights of Obie s officers and directors to indemnification with respect to acts and omissions in their capacities as officers and directors of Obie as well as the fact that Obie leases its corporate offices and certain of its billboards from officers of the company and their affiliates. For a more detailed discussion of potential conflicts of interests of Obie management, see Background and Reasons for the Merger Potential Conflicts of Interests of Obie Management in the Merger on page 58 of this proxy statement/prospectus.

In some circumstances, Lamar will have the right to substitute cash for a portion of the shares that Obie shareholders will receive in the merger.

If the twenty-day average closing price of Lamar stock, calculated as of the trading day preceding the closing date by three calendar days, is below $30.00, then Lamar has the right, in its sole discretion, to substitute cash for a portion of the shares of Lamar stock issued to each Obie shareholder as merger consideration, as set forth below:

If the twenty-day average closing price of Lamar stock is:	Then Lamar has a right to substitute cash for shares of Lamar stock up to the following aggregate amount:
Greater than $30.00	$ 0
$30.00 or less but greater than $22.00	$10,756,696
$22.00 or less	$21,083,124

Former Obie shareholders may be unable to sell their shares of Lamar stock immediately upon closing of the merger.

Former Obie shareholders will experience a delay between the time at which the merger is completed and the time at which they actually receive stock certificates evidencing their Lamar stock. Until stock certificates are received, former Obie shareholders may not be able to sell their Lamar shares in the open market and, therefore, may be unable to avoid losses resulting from any decrease in the trading price of Lamar stock during this period. In addition, because of restrictions on trading imposed by Rule 144 and Rule 145 under the Securities Act, affiliates of Obie may be unable to avoid losses resulting from any decrease in the trading price of Lamar stock following the effective date of the merger. Stock price changes may result from a variety of factors that are beyond the control of Lamar and Obie, including general market and economic conditions as well as factors that are directly attributable to Lamar s performance.

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Risks Related to Lamar

Lamar s substantial indebtedness could adversely affect its business and may create a need to borrow additional money in the future to make the significant fixed payments on its debt and operate its business.

Lamar has borrowed substantial amounts of money in the past and may borrow more money in the future. At September 30, 2004, Lamar Advertising Company had approximately $287.5 million of convertible notes outstanding. At September 30, 2004, Lamar Media had approximately $1.4 billion of debt outstanding consisting of approximately $975.0 million in bank debt, $389.1 million in various series of senior subordinated notes and $9.0 million in various other short-term and long-term debt. In addition, the indentures governing Lamar Media s notes and bank credit facility allow it to incur substantial additional indebtedness in the future. As of September 30, 2004, Lamar Media had approximately $216.1 million available to borrow under its bank credit facility. Lamar s substantial indebtedness and the fact that a large part of Lamar s cash flow from operations must be used to make principal and interest payments on its debt may have important consequences, including:

- limiting cash flow available to fund Lamar s working capital, capital expenditures, potential acquisitions, or other general corporate requirements;
- increasing Lamar s vulnerability to general adverse economic and industry conditions;
- limiting Lamar s ability to obtain additional financing to fund future working capital, capital expenditures, potential acquisitions, or other general corporate requirements;
- limiting Lamar s flexibility in planning for, or reacting to, changes in its business and industry;
- placing Lamar at a competitive disadvantage compared to its competitors with less indebtedness; and
- making it more difficult for Lamar to comply with financial covenants in its bank credit facility.

In addition, if Lamar s operations generate less cash from operations in the future, it may need to borrow funds in order to be able to make principal and interest payments on its debt. Lamar may not have sufficient capacity under its existing debt arrangements to borrow such funds in the future. Lamar also finances most of its acquisitions through borrowings under its bank credit facility. Since its borrowing capacity under its credit facility is limited, Lamar may not be able to continue to finance future acquisitions at its historical rate with borrowings under its credit facility. Lamar may need to borrow additional amounts or seek other sources of financing to fund future acquisitions. Such additional financing may not be available on favorable terms. Lamar may need the consent of the banks under its credit facility, or the holders of other indebtedness, to borrow additional money.

Restrictions in Lamar s, and its wholly owned, direct subsidiary, Lamar Media s, debt agreements reduce operating flexibility and contain covenants and restrictions that create the potential for defaults.

The terms of Lamar s various debt instruments and agreements restrict its ability to:

- incur additional debt or repay debt;
- dispose of assets;
- create liens or security interests on its assets, which may hinder its ability to borrow additional funds;
- make investments;
- enter into affiliate transactions; and
- pay dividends.

These agreements also require Lamar and its subsidiaries to maintain specified financial ratios and levels including:

- a minimum interest coverage ratio;
- a minimum fixed charges ratio;
- a maximum senior debt ratio; and
- a maximum total debt ratio.

If Lamar fails to comply with these ratios in the future, its lenders have the right to cause all amounts outstanding under the bank credit facility to become immediately due. If this were to occur, and the lenders decided to exercise their right to accelerate the indebtedness, it would create serious financial problems for Lamar and could lead to an event of default under the debt agreements. Any of these events could have a material adverse effect on its business, financial condition, and results of operations. Lamar s ability to comply with these restrictions, and any similar restrictions in future agreements, depends on its operating performance. Because its performance is subject to economic, financial, and business conditions and other factors, many of which are beyond Lamar s control, it may be unable to comply with these restrictions in the future.

Lamar s business is derived from advertising, which is particularly sensitive to changes in economic conditions and advertising trends.

Lamar sells advertising space to generate revenues. Advertising spending is particularly sensitive to changes in general economic conditions, and advertising spending typically decreases during adverse economic conditions. A decrease in demand for advertising space could adversely affect Lamar s business by reducing revenues, increasing costs, and adversely impacting profits and cash flows. A reduction in demand for advertising displays could result from:

- a decline in the economy in general or in the particular markets in which Lamar conducts its business;
- a decline in advertising spending in general or in outdoor advertising in particular;
- a general shift in spending from outdoor advertising to other types of advertising;
- cost increases that increase the price of Lamar s products and services, which cause customers to purchase products and services from Lamar s competitors or to use other forms of advertising; and
- the ability of diversified competitors to cross-sell their products and services to customers when advertising budgets are limited.

Lamar s continued growth by acquisitions may become more difficult and involves costs and uncertainties.

Historically, a significant portion of Lamar s growth in inventory of advertising displays has been through acquisitions. Lamar s growth strategy has involved in the past and is likely to involve in the future acquiring outdoor advertising businesses and assets in markets where it currently competes as well as in new markets. The following factors may affect Lamar s ability to continue to pursue this strategy effectively:

- a lack of suitable acquisition candidates, particularly because of the consolidation of the outdoor advertising industry, may result in fewer acquisitions and less favorable terms if competition for these acquisitions intensifies;
- Lamar s competitors, which may have greater financial resources, may commence pursuing or may continue to pursue acquisitions as a growth strategy, which may result in fewer acquisition opportunities and higher prices for those opportunities;

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Lamar may not have access to sufficient capital resources on acceptable terms, if at all, to finance its acquisitions and may not be able to obtain required consents from its lenders;

Lamar may be unable to integrate acquired businesses and assets with its existing operations effectively, or such integration could require significantly more management time and attention than anticipated, thereby diverting management s time and resources away from existing business; and

Lamar may not realize the benefits and cost savings that it anticipates from its acquisitions, which in turn could adversely affect profits and results from operations.

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

Lamar may be unable to compete successfully against the current and future forms of outdoor advertising and other media. The competitive pressure that it faces could adversely affect its profitability or financial performance. Although Lamar is the largest company focusing exclusively on outdoor advertising, it faces competition from larger companies with more diversified operations that also include television, radio, and other broadcast media. Lamar s diversified competitors have the opportunity to cross-sell their different advertising products to their customers. Lamar also faces competition from other forms of media, including newspapers, direct mail advertising, and the Internet. It must also compete with an increasing variety of other out-of-home advertising media that include advertising displays in shopping centers, malls, airports, stadiums, movie theaters, and supermarkets, and on taxis, trains, and buses.

Lamar s operations are impacted by the regulation of outdoor advertising by federal, state, and local governments.

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

The federal government conditions highway assistance on states and imposes location restrictions on the placement of billboards on primary and interstate highways. Federal laws also impose size, spacing, and other limitations on billboards. Some states have adopted standards more restrictive than those imposed by the federal government. Local governments generally control billboards as part of their zoning regulations. Some local governments have enacted ordinances requiring the removal of billboards by a future date. In addition, four states have banned billboard advertising altogether. Other states prohibit the construction of new billboards and the reconstruction of significantly damaged billboards or allow new construction only to replace existing structures.

Local laws that require the removal of a billboard without compensation have been challenged in state and federal courts with conflicting results. Accordingly, Lamar may not be successful in negotiating acceptable arrangements when Lamar s displays have been subject to removal under these types of local laws.

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

Lamar s logo sign contracts are subject to state award and renewal.

For the year ended December 31, 2003, approximately 5% of Lamar s net revenues were derived from state-awarded logo sign service contracts. Lamar currently competes against three other logo sign providers, as well as numerous local companies, for these service contracts. Even when Lamar is awarded a service contract, the award may be challenged under state contract bidding requirements. If an award is challenged, Lamar may incur delays and litigation costs.

When Lamar is awarded a service contract, it usually incurs significant start-up costs, which are generally financed through Lamar s debt facilities. Without access to adequate capital, Lamar may be unable to incur these costs with its available cash and may be forced to forgo any newly-awarded service contracts.

Generally, state-awarded logo sign service contracts have a term of five to ten years, with additional renewal periods. Some states have the right to terminate a contract early; but in most cases must pay compensation to the logo sign provider for early termination. At the end of the term of the contract, ownership of the structures is transferred to the state.

Lamar may be unable to renew its expiring contracts or to obtain new service contracts. Moreover, Lamar cannot predict what remaining states, if any, will start logo sign programs or convert state-run logo sign programs to privately operated programs.

Lamar is controlled by significant stockholders who are able to control the outcome of all matters submitted to Lamar s stockholders for approval and whose interests may be different than yours.

As of November 30, 2004, Lamar s president and chief executive officer and certain other family members, owned, in the aggregate, approximately 16.0% of the outstanding shares of Lamar s Class A common stock. However, this same group holds 100% of Lamar s Class B common stock, which entitles the holders to 10 votes per share, compared to 1 vote per share for Class A common stockholders. Thus, this group of individuals effectively controls 63.6% of Lamar s voting stock. Class A common stock does not have class voting rights and former Obie shareholders will hold less than 1.0% of Lamar s voting stock following the merger Accordingly, the individuals holding the Class B common stock effectively control all matters submitted to shareholders for their approval, including the power to:

- elect Lamar s entire board of directors;
- control Lamar s management and policies; and
- determine the outcome of any corporate transaction or other matters required to be submitted to Lamar s stockholders for approval, including the amendment of its certificate of incorporation, mergers, consolidations, and the sale of all or substantially all of its assets.

Further, subject to contractual restrictions and general fiduciary obligations, Lamar may engage in transactions with management or its principal stockholders or with entities in which members of management or Lamar s principal stockholders have an interest.

Many of Lamar s advertising properties and structures are susceptible to uninsured losses due to severe weather and other natural disasters; such losses could adversely affect Lamar s business through reduced revenues, higher costs, and lower profits.

Many of Lamar s advertising properties and structures are located in areas subject to extreme weather such as hurricanes and severe rain and wind. Lamar believes that it is not economical to obtain insurance against losses from such phenomena and instead has developed contingency plans. For example, Lamar attempts to remove the advertising faces on billboards at the onset of a storm, when possible, in order to help the structures withstand high winds. Lamar then replaces these advertising faces after the storm passes. Lamar has also built these structures in ways that it hopes will help the structures to survive severe weather. These plans, however, may be ineffective and may result in the destruction of these structures and properties. The destruction of these properties may result in lower revenues as advertising fees generally are not collected until the structures are repaired or replaced, and in additional costs for materials and labor costs associated with servicing, building, repairing, and rebuilding such structures, and in lower profits.

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Lamar s by-laws and certificate of incorporation contain certain anti-takeover provisions that may make it harder for stockholders to realize a premium over the common stock s market price or that may affect the market price of Lamar stock.

Provisions of Lamar s certificate of incorporation and by-laws may discourage a third party from offering to acquire Lamar. These provisions, therefore, may inhibit the holders of Lamar stock from realizing a premium over the prevailing market price of the stock.

These provisions may also adversely affect the market price of Lamar stock. For example, under Lamar s certificate of incorporation, Lamar s board of directors is authorized to issue preferred stock with such designations, rights, and preferences as it determines without the need for shareholder approval. If issued, such preferred stock could discourage, delay, or prevent a change in control of Lamar. In addition, outstanding shares of preferred stock may adversely affect the voting and dividend rights, rights upon liquidation, and other rights of common stockholders. Lamar does not currently intend to issue any shares of this type of preferred stock but retains the right to do so in the future.

Furthermore, Lamar is subject to Section 203 of the Delaware General Corporation Law, which may discourage takeover attempts. Section 203 generally prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder.

You may not receive any cash dividends on the Lamar stock.

Lamar has never paid cash dividends on its Class A common stock and does not plan to pay dividends in the foreseeable future but retains the right to do so. Lamar is restricted in its ability to pay dividends by provisions in its debt agreements and instruments.

Lamar faces different market risks from those faced by Obie and these risks may cause the value of the shares of Lamar stock issued to you to decline.

The business, strategy, and financial condition of Lamar are somewhat different from that of Obie. Lamar s results of operations, as well as the price of Lamar stock, will be affected by various factors different from those affecting Obie s results of operations and its common stock price. Future events that may not have affected the price of Obie stock may cause the price of Lamar stock to fall. For a discussion of the businesses of Lamar and Obie and of factors to consider in connection with those businesses, see the documents incorporated by reference in this proxy statement/ prospectus and referred to under Where You Can Find More Information beginning on page 84.

Lamar may be unable to integrate Obie s operations successfully and retain key Obie employees.

The merger involves the integration of two companies that previously operated independently. Although the businesses of the two companies are complementary, the integration of the respective departments, systems, business units, operating procedures, information technologies, and personnel will present a significant challenge to management, which may detract from developing Lamar s existing business. We cannot assure you that Lamar will be able to integrate and manage these operations effectively or maintain or improve the historical financial performances of Lamar and Obie. The failure to integrate these systems and procedures successfully could have a material adverse effect on Lamar s results of operations and financial condition.

The difficulties of combining the respective operations of Lamar and Obie include:

integrating Obie s operations, resources, and products;

coordinating geographically distant operations;

combining different corporate cultures;

assimilating personnel with diverse business backgrounds and training;

- retaining key employees;
- maintaining customer satisfaction;
- coordinating sales and marketing activities; and
- managing any potential, unknown liabilities associated with the merger and the combined operations.

Lamar may be unable to realize the expected cost savings and other synergies from the merger.

Even if Lamar is able to integrate the operations of Obie successfully, we cannot assure you that this integration will produce the cost savings, synergies, or revenue enhancements that Lamar expects to result from this integration or that these benefits will be achieved within the expected timeframe. The cost savings and other synergies from the merger may be offset by costs incurred in integrating Obie s operations, as well as by increases in other expenses, by operating losses, or by problems with Lamar s or Obie s businesses unrelated to the merger.

All of Lamar s debt obligations and preferred stock will have priority over our common stock with respect to payment in the event of a liquidation, dissolution, or winding up.

Were Lamar to liquidate, dissolve, or wind up, shares of stock would rank below all of the significant debt claims against Lamar as well as any liquidation preference claims held by the preferred shareholders. As a result, holders of Lamar stock will not be entitled to receive any payment or other distribution of assets upon Lamar s liquidation, dissolution, or winding up until Lamar has satisfied its obligations to its debt holders.

Risks Related to Obie

If the merger is not concluded, Obie will remain an independent company owned by its stockholders. As an independent company, Obie will face a number of risks, including the following:

Failure to close the merger may result in significant expense for Obie, including the opportunity cost incurred by management in pursuing the merger.

If the merger agreement is terminated prior to the closing of the merger or if the merger is not completed under certain limited conditions, Obie may be liable to Lamar for a break-up fee of up to $1,090,803 and transaction expenses of up to $200,000. In addition, a failure to close the merger is likely to have a negative effect upon Obie s financial results, as the merger transaction has been a significant distraction from the efforts of Obie s management to pursue the goals and objectives of Obie as an independent company.

Failure to close the merger may limit Obie s ability to meet the bonding requirements necessary to maintain and expand Obie s agreements with transit districts.