UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2019

or

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

For the transition period from __________ to __________

Commission File Number 1-36756

Lamar Advertising Company

Commission File Number 1-12407

Lamar Media Corp.

(Exact name of registrants as specified in their charters)

Delaware	**72-1449411**
Delaware	**72-1205791**
(State or other jurisdiction of incorporation or organization)	***(I.R.S Employer Identification No.)***
5321 Corporate Blvd., Baton Rouge, LA	**70808**
(Address of principal executive offices)	**(Zip Code)**

Registrants' telephone number, including area code: (225) 926-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.001 par value	LAMR	The NASDAQ Stock Market, LLC

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether each registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether Lamar Advertising Company is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if Lamar Advertising Company has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether Lamar Media Corp. is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if Lamar Media Corp. has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether Lamar Advertising Company is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

Indicate by check mark whether Lamar Media Corp. is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

The number of shares of Lamar Advertising Company's Class A common stock outstanding as of November 1, 2019: 86,011,343

The number of shares of the Lamar Advertising Company's Class B common stock outstanding as of November 1, 2019: 14,420,085

The number of shares of Lamar Media Corp. common stock outstanding as of November 1, 2019: 100

This combined Form 10-Q is separately filed by (i) Lamar Advertising Company and (ii) Lamar Media Corp. (which is a wholly owned subsidiary of Lamar Advertising Company). Lamar Media Corp. meets the conditions set forth in general instruction H(1) (a) and (b) of Form 10-Q and is, therefore, filing this form with the reduced disclosure format permitted by such instruction.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included in this report is forward-looking in nature within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. This report uses terminology such as "anticipates," "believes," "plans," "expects," "future," "intends," "may," "will," "should," "estimates," "predicts," "potential," "continue" and similar expressions to identify forward-looking statements. Examples of forward-looking statements in this report include statements about:

- our future financial performance and condition;
- our business plans, objectives, prospects, growth and operating strategies;
- our future capital expenditures and level of acquisition activity;
- market opportunities and competitive positions;
- our future cash flows and expected cash requirements;
- estimated risks;
- our ability to maintain compliance with applicable covenants and restrictions included in Lamar Media's senior credit facility and the indentures relating to its outstanding notes;
- stock price;
- estimated future dividend distributions; and
- our ability to remain qualified as a Real Estate Investment Trust ("REIT").

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors, including but not limited to the following, any of which may cause the actual results, performance or achievements of Lamar Advertising Company (referred to herein as the "Company" or "Lamar Advertising") or Lamar Media Corp. (referred to herein as "Lamar Media") to differ materially from those expressed or implied by the forward-looking statements:

- the state of the economy and financial markets generally and their effects on the markets in which we operate and the broader demand for advertising;
- the levels of expenditures on advertising in general and outdoor advertising in particular;
- risks and uncertainties relating to our significant indebtedness;
- the demand for outdoor advertising and its continued popularity as an advertising medium;
- our need for, and ability to obtain, additional funding for acquisitions, operations and debt refinancing;
- increased competition within the outdoor advertising industry;
- the regulation of the outdoor advertising industry by federal, state and local governments;
- our ability to renew expiring contracts at favorable rates;
- the integration of businesses and assets that we acquire and our ability to recognize cost savings and operating efficiencies as a result of these acquisitions;
- our ability to successfully implement our digital deployment strategy;
- the market for our Class A common stock;
- changes in accounting principles, policies or guidelines;
- our ability to effectively mitigate the threat of and damages caused by hurricanes and other kinds of severe weather;
- our ability to qualify as a REIT and maintain our status as a REIT; and
- changes in tax laws applicable to REIT's or in the interpretation of those laws.

The forward-looking statements in this report are based on our current good faith beliefs, however, actual results may differ due to inaccurate assumptions, the factors listed above or other foreseeable or unforeseeable factors. Consequently, we cannot guarantee that any of the forward-looking statements will prove to be accurate. The forward-looking statements in this report speak only as of the date of this report, and Lamar Advertising and Lamar Media expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained in this report, except as required by law.

For a further description of these and other risks and uncertainties, the Company encourages you to read carefully Item 1A to the combined Annual Report on Form 10-K/A for the year ended December 31, 2018 of the Company and Lamar Media (the “2018 Combined Form 10-K/A”), filed on February 26, 2019 and as such risk factors may be updated or supplemented, from time to time, in our combined Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

CONTENTS

PART I — FINANCIAL INFORMATION

ITEM 1. — FINANCIAL STATEMENTS

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)

	September 30, 2019 (Unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,287	$ 21,494
Receivables, net of allowance for doubtful accounts of $14,515 and $11,161 in 2019 and 2018, respectively	265,061	235,576
Prepaid lease and contract expenses	—	80,684
Other current assets	28,205	25,915
Total current assets	316,553	363,669
Property, plant and equipment	3,643,165	3,525,725
Less accumulated depreciation and amortization	(2,302,396)	(2,230,677)
Net property, plant and equipment	1,340,769	1,295,048
Operating lease right of use assets	1,296,312	—
Goodwill	1,902,685	1,919,386
Intangible assets, net	1,019,653	915,453
Other assets	55,764	51,085
Total assets	$ 5,931,736	$ 4,544,641
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 17,939	$ 21,246
Current maturities of long-term debt, net of deferred financing costs of $6,048 and $5,245 in 2019 and 2018, respectively	218,105	204,120
Current operating lease liabilities	168,572	—
Accrued expenses	85,268	122,467
Deferred income	130,289	107,202
Total current liabilities	620,173	455,035
Long-term debt, net of deferred financing costs of $19,861 and $20,619 in 2019 and 2018, respectively	2,835,696	2,684,568
Operating lease liabilities	1,043,894	—
Deferred income tax liabilities	5,389	20,734
Asset retirement obligation	225,834	222,989
Other liabilities	32,929	29,531
Total liabilities	4,763,915	3,412,857
Stockholders' equity:		
Series AA preferred stock, par value $.001, $63.80 cumulative dividends, 5,720 shares authorized; 5,720 shares issued and outstanding at 2019 and 2018	—	—
Class A common stock, par value $.001, 362,500,000 shares authorized; 86,512,081 and 85,551,595 shares issued at 2019 and 2018, respectively; 86,011,343 and 85,162,692 outstanding at 2019 and 2018, respectively	87	86
Class B common stock, par value $.001, 37,500,000 shares authorized, 14,420,085 shares issued and outstanding at 2019 and 2018	14	14
Additional paid-in capital	1,916,026	1,852,421
Accumulated comprehensive income	384	12
Accumulated deficit	(714,596)	(695,337)
Cost of shares held in treasury, 500,738 and 388,903 shares at 2019 and 2018, respectively	(34,094)	(25,412)
Stockholders' equity	1,167,821	1,131,784
Total liabilities and stockholders' equity	$ 5,931,736	$ 4,544,641

See accompanying notes to condensed consolidated financial statements.

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited)
(In thousands, except share and per share data)

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Statements of Income				
Net revenues	$ 457,786	$ 418,498	$ 1,290,985	$ 1,199,324
Operating expenses (income)				
Direct advertising expenses (exclusive of depreciation and amortization)	148,846	140,699	435,706	419,776
General and administrative expenses (exclusive of depreciation and amortization)	80,561	73,166	238,270	213,060
Corporate expenses (exclusive of depreciation and amortization)	23,185	20,776	58,888	62,027
Depreciation and amortization	63,951	55,089	187,150	167,251
(Gain) loss on disposition of assets	(199)	407	(5,360)	7,265
	316,344	290,137	914,654	869,379
Operating income	141,442	128,361	376,331	329,945
Other expense (income)				
Loss on extinguishment of debt	—	—	—	15,429
Interest income	(168)	(157)	(553)	(313)
Interest expense	38,323	31,850	114,240	97,321
	38,155	31,693	113,687	112,437
Income before income tax expense	103,287	96,668	262,644	217,508
Income tax expense (benefit)	3,578	2,612	(6,714)	7,969
Net income	99,709	94,056	269,358	209,539
Cash dividends declared and paid on preferred stock	91	91	273	273
Net income applicable to common stock	$ 99,618	$ 93,965	$ 269,085	$ 209,266
Earnings per share:				
Basic earnings per share	$ 0.99	$ 0.95	$ 2.69	$ 2.12
Diluted earnings per share	$ 0.99	$ 0.95	$ 2.69	$ 2.12
Cash dividends declared per share of common stock	$ 0.96	$ 0.91	$ 2.88	$ 2.73
Weighted average common shares used in computing earnings per share:				
Weighted average common shares outstanding basic	100,329,262	98,943,535	100,019,765	98,596,828
Weighted average common shares outstanding diluted	100,522,177	99,253,008	100,210,143	98,870,116
Statements of Comprehensive Income				
Net income	$ 99,709	$ 94,056	$ 269,358	$ 209,539
Other comprehensive (loss) income				
Foreign currency translation adjustments	(174)	221	372	(599)
Comprehensive income	$ 99,535	$ 94,277	$ 269,730	$ 208,940

See accompanying notes to condensed consolidated financial statements.

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share and per share data)

	Series AA PREF Stock	Class A CMN Stock	Class B CMN Stock	Treasury Stock	Add'l Paid in Capital	Accumulated Comprehensive Income (Loss)	Accumulated Deficit	Total
Balance, December 31, 2018	$ —	86	14	(25,412)	1,852,421	12	(695,337)	$ 1,131,784
Non-cash compensation	—	—	—	—	1,178	—	—	1,178
Issuance of 286,350 shares of common stock through performance stock awards	—	—	—	—	19,919	—	—	19,919
Exercise of 186,521 shares of stock options	—	—	—	—	7,352	—	—	7,352
Issuance of 44,161 shares of common stock through employee purchase plan	—	—	—	—	2,521	—	—	2,521
Purchase of 111,835 shares of treasury stock	—	—	—	(8,682)	—	—	—	(8,682)
Foreign currency translation	—	—	—	—	—	259	—	259
Net income	—	—	—	—	—	—	51,253	51,253
Dividends/distributions to common shareholders ($0.96 per common share)	—	—	—	—	—	—	(95,915)	(95,915)
Dividends ($15.95 per preferred share)	—	—	—	—	—	—	(91)	(91)
Balance, March 31, 2019	$ —	86	14	(34,094)	1,883,391	271	(740,090)	$ 1,109,578
Non-cash compensation	—	—	—	—	1,425	—	—	1,425
Exercise of 85,379 shares of stock options	—	—	—	—	3,943	—	—	3,943
Issuance of shares 31,455 of common stock through employee purchase plan	—	—	—	—	1,796	—	—	1,796
Foreign currency translation	—	—	—	—	—	287	—	287
Net income	—	—	—	—	—	—	118,396	118,396
Dividends/distributions to common shareholders ($0.96 per common share)	—	—	—	—	—	—	(96,039)	(96,039)
Dividends ($15.95 per preferred share)	—	—	—	—	—	—	(91)	(91)
Balance, June 30, 2019	$ —	86	14	(34,094)	1,890,555	558	(717,824)	$ 1,139,295
Non-cash compensation	—	—	—	—	968	—	—	968
Exercise of 28,152 shares of stock options	—	—	—	—	1,466	—	—	1,466
Issuance of shares 26,726 of common stock through employee purchase plan	—	—	—	—	1,840	—	—	1,840
Issuance of 266,410 shares of common stock for cash	—	1	—	—	21,197	—	—	21,198
Foreign currency translation	—	—	—	—	—	(174)	—	(174)
Net income	—	—	—	—	—	—	99,709	99,709
Dividends/distributions to common shareholders ($0.96 per common share)	—	—	—	—	—	—	(96,390)	(96,390)
Dividends ($15.95 per preferred share)	—	—	—	—	—	—	(91)	(91)
Balance, September 30, 2019	$ —	87	14	(34,094)	1,916,026	384	(714,596)	$ 1,167,821

See accompanying notes to condensed consolidated financial statements

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share and per share data)

	Series AA PREF Stock	Class A CMN Stock	Class B CMN Stock	Treasury Stock	Add'l Paid in Capital	Accumulated Comprehensive Income (Loss)	Accumulated Deficit	Total
Balance, December 31, 2017	$ —	84	14	(21,300)	1,762,499	1,302	(639,106)	$ 1,103,493
Non-cash compensation	—	—	—	—	956	—	—	956
Issuance of 150,259 shares of common stock through performance stock awards	—	—	—	—	11,012	—	—	11,012
Exercise of 54,480 shares of stock options	—	—	—	—	1,836	—	—	1,836
Issuance of 39,514 shares of common stock through employee purchase plan	—	—	—	—	2,138	—	—	2,138
Purchase of 57,619 shares of treasury stock	—	—	—	(4,112)	—	—	—	(4,112)
Foreign currency translation	—	—	—	—	—	(543)	—	(543)
Net income	—	—	—	—	—	—	15,052	15,052
Dividends/distributions to common shareholders ($0.91 per common share)	—	—	—	—	—	—	(89,542)	(89,542)
Dividends ($15.95 per preferred share)	—	—	—	—	—	—	(91)	(91)
Balance, March 31, 2018	$ —	84	14	(25,412)	1,778,441	759	(713,687)	$ 1,040,199
Non-cash compensation	—	—	—	—	1,302	—	—	1,302
Exercise of 132,898 shares of stock options	—	—	—	—	5,001	—	—	5,001
Issuance of 28,864 shares of common stock through employee purchase plan	—	—	—	—	1,676	—	—	1,676
Issuance of 213,276 shares of common stock for cash	—	1	—	—	15,061	—	—	15,062
Foreign currency translation	—	—	—	—	—	(277)	—	(277)
Net income	—	—	—	—	—	—	100,431	100,431
Dividends/distributions to common shareholders ($0.91 per common share)	—	—	—	—	—	—	(89,783)	(89,783)
Dividends ($15.95 per preferred share)	—	—	—	—	—	—	(91)	(91)
Balance, June 30, 2018	$ —	85	14	(25,412)	1,801,481	482	(703,130)	$ 1,073,520
Non-cash compensation	—	—	—	—	886	—	—	886
Exercise of 125,694 shares of stock options	—	—	—	—	4,592	—	—	4,592
Issuance of 28,877 shares of common stock through employee purchase plan	—	—	—	—	1,675	—	—	1,675
Issuance of 163,137 shares of common stock for purchase of assets	—	—	—	—	12,282	—	—	12,282
Amortization of at-the-money transaction costs	—	—	—	—	(5)	—	—	(5)
Foreign currency translation	—	—	—	—	—	221	—	221
Net income	—	—	—	—	—	—	94,056	94,056
Dividends/distributions to common shareholders ($0.91 per common share)	—	—	—	—	—	—	(90,177)	(90,177)
Dividends ($15.95 per preferred share)	—	—	—	—	—	—	(91)	(91)
Balance, September 30, 2018	$ —	85	14	(25,412)	1,820,911	703	(699,342)	$ 1,096,959

See accompanying notes to condensed consolidated financial statements

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Cash flows from operating activities:		
Net income	$ 269,358	$ 209,539
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	187,150	167,251
Stock-based compensation	18,078	22,745
Amortization included in interest expense	4,012	3,662
(Gain) loss on disposition of assets	(5,360)	7,265
Loss on extinguishment of debt	—	15,429
Deferred tax (benefit) expense	(14,459)	1,575
Provision for doubtful accounts	7,607	5,547
Changes in operating assets and liabilities		
(Increase) decrease in:		
Receivables	(35,739)	(31,672)
Prepaid lease expenses	21,201	(24,989)
Other assets	(7,688)	1,698
Increase (decrease) in:		
Trade accounts payable	2,829	1,268
Accrued expenses	(18,015)	(20,708)
Operating lease liabilities	(41,215)	—
Other liabilities	20,211	11,479
Net cash provided by operating activities	407,970	370,089
Cash flows from investing activities:		
Acquisitions	(214,559)	(48,141)
Capital expenditures	(97,680)	(82,174)
Proceeds received from property insurance claims	210	4,222
Proceeds from disposition of assets	2,658	5,760
(Increase) decrease in notes receivable	(448)	7
Net cash used in investing activities	(309,819)	(120,326)
Cash flows from financing activities:		
Cash used for purchase of treasury stock	(8,682)	(4,112)
Net proceeds from issuance of common stock	40,136	31,990
Principal payments on long-term debt	(24,446)	(20,119)
Payments on revolving credit facility	(495,000)	(368,000)
Proceeds received from revolving credit facility	430,000	275,000
Redemption of senior subordinated notes	—	(509,790)
Proceeds received from note offering	255,000	—
Proceeds received from accounts receivable securitization program	9,000	—
Payments on accounts receivable securitization program	(9,000)	—
Proceeds received from senior credit facility term loans	—	599,250
Debt issuance costs	(4,454)	(6,374)
Distributions to non-controlling interest	(439)	(388)
Dividends/distributions	(288,617)	(351,400)
Net cash used in financing activities	(96,502)	(353,943)
Effect of exchange rate changes in cash and cash equivalents	144	(682)
Net increase (decrease) in cash and cash equivalents	1,793	(104,862)
Cash and cash equivalents at beginning of period	21,494	115,471
Cash and cash equivalents at end of period	$ 23,287	$ 10,609
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 113,580	$ 110,576
Cash paid for foreign, state and federal income taxes	$ 12,532	$ 7,983

See accompanying notes to condensed consolidated financial statements.

1. Significant Accounting Policies

The information included in the foregoing interim condensed consolidated financial statements is unaudited. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position and results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year. These interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and the notes thereto included in the 2018 Combined Form 10-K/A. Subsequent events, if any, are evaluated through the date on which the financial statements are issued.

2. Revenues

On January 1, 2018, we adopted FASB Accounting Standards Update ("ASU") No. 2014-09 (Codified as ASC 606), *Revenue from Contracts with Customers* using the cumulative effect transition method applied to those contracts which were not completed as of January 1, 2018 and are not accounted for under ASC 840, *Leases*. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606 and ASC 840, while comparative information has not been adjusted and continues to be reported under ASC 605.

The majority of our billboard, logo, and transit advertising space contracts commencing prior to January 1, 2019 are accounted for under ASC 840 and will continue to be accounted for under the topic until they are completed or modified. Advertising space contracts commencing or amended on or after January 1, 2019 which do not meet the criteria of a lease under ASC 842 are accounted for under ASC 606, *Revenue*. The majority of our new and modified advertising space contracts do not meet the definition of a lease under ASC 842.

Due to the transition of our advertising space contracts into ASC 606 we are now required to capitalize our costs to fulfill a contract and expense the costs over the contract period. These costs include our costs to install advertising copy onto billboards. These costs were expensed as incurred under ASC 840. During the period ended September 30, 2019, we capitalized $19,348 of costs to fulfill a contract which is included in other current assets on the Condensed Consolidated Balance Sheets, net of expensed costs of $9,364. The expensed costs are recorded in direct advertising expenses (exclusive of depreciation and amortization) in the Condensed Consolidated Statements of Income and Comprehensive Income.

Revenue Recognition

Advertising revenues: The majority of our revenues are derived from contracts for advertising space on billboard, logo and transit displays. Our contracts commencing prior to January 1, 2019 are accounted for under ASC 840, *Leases*. The majority of our contracts amended or commencing on or after January 1, 2019 are accounted for under ASC 606, *Revenue.* The contract revenues, under ASC 840, *Leases* and ASC 606, *Revenue*, are recognized ratably over their contract life.

Other revenues: Our other component of revenue primarily consists of production services which includes creating and printing the advertising copy. As of January 1, 2018 revenue for production contracts is recognized under ASC 606. Contract revenues for production services are recognized upon satisfaction of the contract which is typically less than one week.

Arrangements with multiple performance obligations: Our contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on the relative standalone selling price. We determine standalone selling prices based on the prices charged to customers using expected cost plus margin.

Deferred revenues: We record deferred revenues when cash payments are received or due in advance of our performance obligation. The term between invoicing and when a payment is due is not significant. For certain services we require payment before the product or services are delivered to the customer. The balance of deferred income is considered short-term and will be recognized in revenue within twelve months.

(In thousands, except share and per share data)

Practical expedients and exemptions: Upon our transition to ASC 606 from ASC 840, the Company is utilizing the following practical expedients and exemptions from ASC 606. We generally expense sales commissions when incurred because the amortization period is one year or less. These costs are recorded within direct advertising expense (exclusive of depreciation and amortization). We do not disclose the value of unsatisfied performance obligations as the majority of our contracts with customers have an original expected length of less than one year. For contracts with customers which exceed one year, the future amount to be invoiced to the customer corresponds directly with the value to be received by the customer.

The following table presents our disaggregated revenue by source including both revenues accounted for under ASC 840 and ASC 606 for the three and nine months ended September 30, 2019 and September 30, 2018.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Billboard Advertising	$ 404,046	$ 364,604	$ 1,134,039	$ 1,042,774
Logo Advertising	21,056	20,796	62,779	62,803
Transit Advertising	32,684	33,098	94,167	93,747
Net Revenues	$ 457,786	$ 418,498	$ 1,290,985	$ 1,199,324

3. Leases

On January 1, 2019, the Company adopted ASC 842, *Leases*, using a modified retrospective transition with January 1, 2019 as the effective date of our initial application. We also elected the package of practical expedients, which permitted us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We also elected the practical expedient pertaining to land easements, which allows the Company not to reassess its accounting treatment for our previously existing land easements as to whether they qualify as a lease under ASC 842.

The Company is party to various operating leases for production facilities, vehicles and sites upon which advertising structures are built, including our billboard land leases, leases of logo structures and leases of transit advertising space. The leases expire at various dates, have varying options to renew and cancel, and may contain escalation provisions. We expense our non-variable lease payments ratably over the lease term. Also, certain of our leases contain variable lease payments based on percentage of revenue or consumer price index or other inflation-based indices. The variable lease costs are expensed in the period incurred.

The key estimates for our leases include (1) the discount rate used to discount the unpaid lease payment to present value and (2) lease term. Our leases generally do not include a readily determinable implicit rate, therefore, using a portfolio approach, we determine our collateralized incremental borrowing rate to discount the lease payment based on the information available at lease commencement. Our lease terms include the noncancellable period of the lease plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend the lease controlled by the lessor.

During the three and nine months ended September 30, 2019, we had operating lease costs of $78,261 and $233,427, respectively, and variable lease costs of $19,030 and $55,047, respectively, which are recorded in direct advertising expenses (exclusive of depreciation and amortization). Also, for the three and nine months ended September 30, 2019, we recorded a loss of $36 and gain of $3,875, respectively, in (gain) loss of disposition of assets related to the amendment and termination of lease agreements. Cash payments of $262,327 were made reducing our operating lease liabilities for the nine months ended September 30, 2019 and are included in cash flows provided by operating activities in the Condensed Consolidated Statements of Cash Flows.

We elected the short-term lease exemption which applies to certain of our vehicle agreements. This election allows the Company to not recognize lease right of use assets (ROU assets) or lease liabilities for agreements with a term of twelve months or less. We recorded $1,131 and $3,357 in direct advertising expenses (exclusive of depreciation and amortization) for these agreements during the three and nine months ended September 30, 2019, respectively.

(In thousands, except share and per share data)

Our operating leases have a weighted-average remaining lease term of 12.2 years. The weighted-average discount rate of our operating leases is 4.85%. Also, during the period ended September 30, 2019, we obtained $31,620 of leased assets in exchange for new operating lease liabilities, which includes liabilities obtained through acquisitions.

The following is a summary of the maturities of our operating lease liabilities as of September 30, 2019:

2019	$	38,917
2020		213,328
2021		185,398
2022		164,980
2023		141,834
Thereafter		898,859
Total undiscounted operating lease payments		1,643,316
Less: Imputed interest		(430,850)
Total operating lease liabilities	$	1,212,466

The following is a summary of minimum annual rental payments required under our operating lease that have original or remaining lease terms in excess of one year as of December 31, 2018:

2019	$	254,866
2020	$	188,138
2021	$	165,642
2022	$	144,814
2023	$	122,814
Thereafter	$	819,004

4. Acquisitions

Nine months ended September 30, 2019

During the nine months ended September 30, 2019, the Company completed several acquisitions of outdoor advertising assets for a net cash purchase price of $214,559. This amount includes $215,869 of outdoor advertising assets purchased in 2019, offset by $1,310 in post-closing adjustments to acquired working capital related to the purchase of Fairway Outdoor Advertising ("Fairway") in 2018.

(In thousands, except share and per share data)

Each of these acquisitions was accounted for under the acquisition method of accounting, and, accordingly, the accompanying consolidated financial statements include the results of operations of each acquired entity from the date of acquisition. The acquisition purchase price has been allocated to assets acquired and liabilities assumed based on fair market value at the dates of acquisition.

The following is a summary of the allocation of the purchase price in the above transactions, which includes the preliminary values for a business combination completed on July 15, 2019 for an aggregate purchase price of $127,000.

	Total
Property, plant and equipment	$ 35,973
Goodwill	20,088
Site locations	135,658
Non-competition agreements	210
Customer lists and contracts	22,575
Asset acquisition costs	697
Current assets	2,260
Current liabilities	(1,845)
Operating lease right of use assets	21,850
Operating lease liabilities	(20,149)
Other assets	52
Other liabilities	(1,500)
	$ 215,869

Total acquired intangible assets for the nine months ended September 30, 2019 were $179,228, of which $20,088 was assigned to goodwill. Goodwill is not amortized for financial statement purposes, and $18,206 of goodwill related to 2019 acquisitions is expected to be deductible for tax purposes. The acquired intangible assets have a weighted average useful life of approximately 14 years. The intangible assets include customer lists and contracts of $22,575 (7 year weighted average useful life) and site locations of $135,658 (15 year weighted average useful life). The aggregate amortization expense related to the 2019 acquisitions for the nine months ended September 30, 2019 was approximately $4,365.

Year Ended December 31, 2018

During the twelve months ended December 31, 2018, the Company completed several acquisitions of outdoor advertising assets for a total purchase price of $489,671, net of acquired cash of $8,554. The total purchase price consisted of the issuance of 163,137 shares of its Class A common stock for $12,282 and cash of $477,389. The purchases included the acquisition of assets in five U.S markets from Fairway Outdoor Advertising (“Fairway”) on December 21, 2018 for an aggregate purchase price of $418,500.

As of September 30, 2019, our fair value allocation of the assets acquired and liabilities assumed from Fairway is still considered preliminary, pending finalization of tax related matters, and is subject to revision, which may result in adjustments to this allocation. We expect to finalize these amounts as soon as possible but not later than the end of 2019. Our updated preliminary fair value allocation of Fairway as of September 30, 2019 includes property, plant and equipment, intangibles and goodwill of $99,386, $186,130 and $145,258, respectively. During the period ended September 30, 2019, goodwill was adjusted $36,859 due to updates from the original preliminary allocation provided as of December 31, 2018. The updated preliminary allocation resulted in prior and current period changes to depreciation and amortization. These changes were considered immaterial and recorded during the nine months ended September 30, 2019. During the period ended September 30, 2019, assets purchased from Fairway which were initially placed into our taxable REIT subsidiary were transferred to our qualifying REIT subsidiary, as a result the Company wrote off $17,031 in deferred tax liabilities assumed from our purchase.

(In thousands, except share and per share data)

Each of these acquisitions was accounted for under the acquisition method of accounting, and, accordingly, the accompanying consolidated financial statements include the results of operations of each acquired entity from the date of acquisition. The acquisition costs have been allocated to assets acquired and liabilities assumed based on fair market value at the dates of acquisition.

The following is a summary of the allocation of the acquisition costs in the above transactions, excluding the preliminary allocation of Fairway.

	Total
Property, plant and equipment	$ 8,648
Site locations	57,105
Non-competition agreements	342
Customer lists and contracts	6,521
Asset acquisition costs	336
Current assets	1,041
Current liabilities	(355)
	$ 73,638

Total acquired intangible assets for the year ended December 31, 2018 were $402,740, of which $182,117 was assigned to goodwill. Goodwill is not amortized for financial statement purposes, and no goodwill related to 2018 acquisitions is expected to be deductible for tax purposes. The remaining $220,623 of acquired intangible assets have a weighted average useful life of approximately 14 years. The intangible assets include customer lists and contracts of $33,310 (7 year weighted average useful life) and site locations of $186,635 (15 year weighted average useful life). The aggregate amortization expense related to the 2018 acquisitions for the year ended December 31, 2018 was approximately $2,681.

5. Stock-Based Compensation

Equity Incentive Plan. Lamar Advertising's 1996 Equity Incentive Plan, as amended, (the "Incentive Plan") has reserved 17.5 million shares of Class A common stock for issuance to directors and employees, including shares underlying granted options and common stock reserved for issuance under its performance-based incentive program. Options granted under the plan expire ten years from the grant date with vesting terms ranging from three to five years and include 1) options that vest in one-fifth increments beginning on the grant date and continuing on each of the first four anniversaries of the grant date and 2) options that cliff-vest on the fifth anniversary of the grant date. All grants are made at fair market value based on the closing price of our Class A common stock as reported on the Nasdaq Global Select Market on the date of grant.

We use a Black-Scholes-Merton option pricing model to estimate the fair value of share-based awards. The Black-Scholes-Merton option pricing model incorporates various and highly subjective assumptions, including expected term and expected volatility. The Company granted options for an aggregate of 99,000 shares of its Class A common stock during the nine months ended September 30, 2019. At September 30, 2019 a total of 2,698,168 shares were available for future grant.

Stock Purchase Plan. Lamar Advertising's 2009 Employee Stock Purchase Plan or 2009 ESPP was approved by our shareholders on May 28, 2009. The number of shares of Class A common stock available under the 2009 ESPP was automatically increased by 85,162 shares on January 1, 2019 pursuant to the automatic increase provisions of the 2009 ESPP. The 2009 ESPP expired by its terms on June 30, 2019. On May 30, 2019, our shareholders approved Lamar Advertising's 2019 Employee Stock Purchase Plan or the 2019 ESPP. The 2019 ESPP became effective upon the expiration of the 2009 ESPP. The number of shares of Class A common stock available for issuance under the 2019 ESPP consists of (1) 300,000 shares of Class A common stock and (2) any shares of Class A common stock available for future purchase under the 2009 ESPP at June 30, 2019.

(In thousands, except share and per share data)

The following is a summary of 2009 and 2019 ESPP share activity for the nine months ended September 30, 2019:

	Shares
Available for future purchases, January 1, 2019	183,244
Additional shares reserved under 2009 ESPP	85,162
Additional shares reserved under 2019 ESPP	300,000
Purchases	(102,343)
Available for future purchases, September 30, 2019	466,063

Performance-based compensation. Unrestricted shares of our Class A common stock may be awarded to key officers, employees and directors under the Incentive Plan. The number of shares to be issued, if any, will be dependent on the level of achievement of performance measures for key officers and employees, as determined by the Company's Compensation Committee based on our 2019 results. Any shares issued based on the achievement of performance goals will be issued in the first quarter of 2020. The shares subject to these awards can range from a minimum of 0% to a maximum of 100% of the target number of shares depending on the level at which the goals are attained. For the nine months ended September 30, 2019, the Company has recorded $14,525 as stock-based compensation expense related to performance-based awards. In addition, each non-employee director automatically receives a restricted stock award of our Class A common stock upon election or re-election. The awards vest 50% on grant date and 50% on the last day of the directors' one year term. The Company recorded a $360 stock-based compensation expense related to these awards for the nine months ended September 30, 2019.

6. Depreciation and Amortization

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Direct advertising expenses	$ 59,556	$ 51,360	$ 175,871	$ 155,832
General and administrative expenses	942	927	3,203	2,935
Corporate expenses	3,453	2,802	8,076	8,484
	$ 63,951	$ 55,089	$ 187,150	$ 167,251

7. Goodwill and Other Intangible Assets

The following is a summary of intangible assets at September 30, 2019 and December 31, 2018:

	Estimated Life (Years)	September 30, 2019		December 31, 2018	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets:					
Customer lists and contracts	7—10	$ 641,221	$ 533,148	$ 610,376	$ 514,928
Non-competition agreements	3—15	65,983	64,312	65,771	64,119
Site locations	15	2,386,446	1,487,218	2,228,767	1,422,794
Other	2—15	46,689	36,008	45,992	33,612
		$ 3,140,339	$ 2,120,686	$ 2,950,906	$ 2,035,453
Unamortizable intangible assets:					
Goodwill		$ 2,156,221	$ 253,536	$ 2,172,922	$ 253,536

(In thousands, except share and per share data)

8. Asset Retirement Obligations

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

Balance at December 31, 2018	$	222,989
Additions to asset retirement obligations		2,410
Accretion expense		3,159
Liabilities settled		(2,724)
Balance at September 30, 2019	$	225,834

9. Distribution Restrictions

Lamar Media's ability to make distributions to Lamar Advertising is restricted under both the terms of the indentures relating to Lamar Media's outstanding notes and by the terms of its senior credit facility. As of September 30, 2019 and December 31, 2018, Lamar Media was permitted under the terms of its outstanding senior subordinated and senior notes to make transfers to Lamar Advertising in the form of cash dividends, loans or advances in amounts up to $3,317,259 and $3,156,061, respectively.

As of September 30, 2019, Lamar Media's senior credit facility allows it to make transfers to Lamar Advertising in any taxable year up to the amount of Lamar Advertising's taxable income (without any deduction for dividends paid). In addition, as of September 30, 2019, transfers to Lamar Advertising are permitted under Lamar Media's senior credit facility and as defined therein up to the available cumulative credit, as long as no default has occurred and is continuing and, after giving effect to such distributions, (i) the total debt ratio is less than 6.5 to 1 and (ii) the secured debt ratio does not exceed 3.5 to 1. As of September 30, 2019, the total debt ratio was less than 6.5 to 1 and Lamar Media's secured debt ratio was less than 3.5 to 1, and the available cumulative credit was $2,067,739.

10. Earnings Per Share

The calculation of basic earnings per share excludes any dilutive effect of stock options, while diluted earnings per share includes the dilutive effect of stock options. There were no dilutive shares excluded from this calculation resulting from their anti-dilutive effect for the three and nine months ended September 30, 2019 or 2018.

11. Long-term Debt

Long-term debt consists of the following at September 30, 2019 and December 31, 2018:

	September 30, 2019		
	Debt	**Deferred financing costs**	**Debt, net of deferred financing costs**
Senior Credit Facility	$ 1,201,980	$ 9,767	$ 1,192,213
Accounts Receivable Securitization Program	175,000	945	174,055
5% Senior Subordinated Notes	535,000	3,458	531,542
5 3/8% Senior Notes	510,000	3,696	506,304
5 3/4% Senior Notes	654,524	8,043	646,481
Other notes with various rates and terms	3,206	—	3,206
	3,079,710	25,909	3,053,801
Less current maturities	(224,153)	(6,048)	(218,105)
Long-term debt, excluding current maturities	$ 2,855,557	$ 19,861	$ 2,835,696

(In thousands, except share and per share data)

	December 31, 2018		
	Debt	Deferred financing costs	Debt, net of deferred financing costs
Senior Credit Facility	$ 1,291,088	$ 11,576	$ 1,279,512
Accounts Receivable Securitization Program	175,000	1,168	173,832
5% Senior Subordinated Notes	535,000	4,104	530,896
5 3/8% Senior Notes	510,000	4,262	505,738
5 3/4% Senior Notes	400,000	4,754	395,246
Other notes with various rates and terms	3,464	—	3,464
	2,914,552	25,864	2,888,688
Less current maturities	(209,365)	(5,245)	(204,120)
Long-term debt, excluding current maturities	$ 2,705,187	$ 20,619	$ 2,684,568

Senior Credit Facility

Lamar Media's Third Amended and Restated Credit Agreement dated as of May 15, 2017 (as amended, the "senior credit facility") originally consisted of (i) a $450,000 senior secured revolving credit facility which will mature on May 15, 2022 (the "revolving credit facility"), (ii) a $450,000 Term A loan facility (the "Term A loans") which will mature on May 15, 2022, and (iii) an incremental facility pursuant to which Lamar Media may incur additional term loan tranches or increase its revolving credit facility subject to pro forma compliance with the secured debt ratio financial maintenance covenant (the "Incremental Facility"). Lamar Media borrowed all $450,000 in Term A loans on May 15, 2017. The net proceeds of the Term A loans, together with borrowing under the revolving portion of senior credit facility and cash on hand, were used to repay all outstanding amounts under the existing senior credit facility, and all revolving commitments under that facility were terminated.

On March 16, 2018, Lamar Media entered into Amendment No. 1 to the Third Amended and Restated Credit Agreement dated May 15, 2017, which amended the existing senior credit facility to establish a new $600,000 Term B Loan Facility (the "Term B loan"), which will mature on March 16, 2025. Lamar Media borrowed the full amount of the Term B loan on March 16, 2018. The proceeds from the Term B loan, together with available cash on hand were used to redeem in full Lamar Media's 5 7/8% Senior Subordinated Notes due 2022.

On January 17, 2019, Lamar Media entered into an incremental amendment to the senior credit facility to include $100,000 in additional revolving commitments, thereby increasing the total borrowing capacity under the revolving credit facility to $550,000.

As of September 30, 2019, the senior credit facility consisted of (i) the revolving credit facility, (ii) the Term A loans, (iii) the Term B loans and (iv) the Incremental Facility.

The Term A loans mature on May 15, 2022 and the Term B loans mature on March 16, 2025. The remaining quarterly installments are scheduled to be paid on each December 31, March 31, June 30 and September 30 as follows:

Principal Payment Date	Term A	Term B
December 31, 2019-June 30, 2020	$ 8,437.5	$ 1,500.0
September 30, 2020-March 31, 2022	$ 16,875.0	$ 1,500.0
Term A Loan Maturity May 15, 2022	$ 253,125.0	$ —
June 30, 2022-December 31, 2024	$ —	$ 1,500.0
Term B Loan Maturity March 16, 2025	$ —	$ 559,500.0

The Term loans bear interest at rates based on the Adjusted LIBO Rate ("Eurodollar term loans") or the Adjusted Base Rate ("Base Rate term loans"), at Lamar Media's option. Eurodollar term loans bear interest at a rate per annum equal to the Adjusted LIBO Rate plus 1.75%; (or the Adjusted LIBO Rate plus 1.50% at any time the Total Debt Ratio is less than or equal to 3.25 to 1 for Term A loans only). Base Rate term loans bear interest at a rate per annum equal to the Adjusted Base Rate plus 0.75% (or the Adjusted Base

Rate plus 0.50% at any time the Total Debt Ratio is less than or equal to 3.25 to 1 for Term A loans only). The revolving credit facility bears interest at rates based on the Adjusted LIBO Rate ("Eurodollar revolving loans") or the Adjusted Base Rate ("Base Rate revolving loans"), at Lamar Media's option. Eurodollar revolving loans bear interest at a rate per annum equal to the Adjusted LIBO Rate plus 2.25% (or the Adjusted LIBO Rate plus 2.00% at any time the Total Debt Ratio is less than or equal to 4.25 to 1; or the Adjusted LIBO Rate plus 1.75% at any time the Total Debt Ratio is less than or equal to 3.00 to 1). Base Rate revolving Loans bear interest at a rate per annum equal to the Adjusted Base Rate plus 1.25% (or the Adjusted Base Rate plus 1.0% at any time the total debt ratio is less than or equal to 4.25 to 1, or the Adjusted Base Rate plus 0.75% at any time the Total Debt Ratio is less than or equal to 3.00 to 1). The guarantees, covenants, events of default and other terms of the senior credit facility apply to the Term A and B loans and revolving credit facility.

As of September 30, 2019, there was $215,000 outstanding under the revolving credit facility. Availability under the revolving facility is reduced by the amount of any letters of credit outstanding. Lamar Media had $12,852 in letters of credit outstanding as of September 30, 2019 resulting in $322,148 of availability under its revolving facility. Revolving credit loans may be requested under the revolving credit facility at any time prior to its maturity on May 15, 2022.

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

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

The senior credit facility contains provisions that allow Lamar Media to conduct its affairs in a manner that allows Lamar Advertising to qualify and remain qualified as a REIT, including by allowing Lamar Media to make distributions to Lamar Advertising required for the Company to qualify and remain qualified for taxation as a REIT, subject to certain restrictions.

Lamar Media's ability to make distributions to Lamar Advertising is also restricted under the terms of these agreements. Under Lamar Media's senior credit facility the Company must maintain a specified senior debt ratio at all times and in addition, must satisfy a total debt ratio in order to incur debt, make distributions or make certain investments.

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

Accounts Receivable Securitization Program

On December 18, 2018, Lamar Media entered into a $175,000 Receivable Financing Agreement (the "AR Program") with its wholly-owned special purpose entities, Lamar QRS Receivables, LLC and Lamar TRS Receivables, LLC (the "Special Purpose Subsidiaries") maturing on December 17, 2021. The AR Program is limited to the availability of eligible accounts receivable collateralizing the borrowings under the agreements governing the AR Program.

Pursuant to two separate Purchase and Sale Agreements dated December 18, 2018, each of which is among Lamar Media as initial Servicer, certain of Lamar Media's subsidiaries and a Special Purpose Subsidiary, the subsidiaries sold substantially all of their existing and future accounts receivable balances to the Special Purpose Subsidiaries. The Special Purpose Subsidiaries use the accounts receivable balances to collateralize loans pursuant to the AR Program. Lamar Media retains the responsibility of servicing the accounts receivable balances pledged as collateral under the AR Program and provides a performance guaranty.

As of September 30, 2019 there was $175,000 outstanding on the AR Program bearing interest at approximately 3.8%. The commitment fee based on the amount of unused commitments under the AR Program was immaterial during the nine months ended September 30, 2019.

The AR Program is accounted for as a collateralized financing activity, rather than a sale of assets, and therefore: (i) accounts receivable balances pledged as collateral are presented as assets and the borrowings are presented as liabilities on our Condensed Consolidated Balance Sheets, (ii) our Condensed Consolidated Statements of Income and Comprehensive Income reflect the associated charges for bad debt expense (a component of general and administrative expenses) related to the pledged accounts receivable and interest expense associated with the collateralized borrowings and (iii) receipts from customers related to the underlying accounts receivable are reflected as operating cash flows and borrowings and repayments under the collateralized loans are reflected as financing cash flows within our Condensed Consolidated Statements of Cash Flows.

5 7/8% Senior Subordinated Notes

On February 9, 2012, Lamar Media completed an institutional private placement of $500,000 aggregate principal amount of its 5 7/8% Senior Subordinated Notes (the "5 7/8% Notes"). The institutional private placement resulted in net proceeds to Lamar Media of approximately $489,000. The Company used the proceeds from the Term B loans to redeem all of the 5 7/8% Notes on March 19, 2018 at a redemption price of 101.958% of the aggregate principal amount of the outstanding 5 7/8% Notes, plus accrued and unpaid interest up to but not including the redemption date. In conjunction with the redemption the Company recorded a loss on debt extinguishment of $15,429, of which $9,790 was cash, for the nine months ended September 30, 2018.

5% Senior Subordinated Notes

On October 30, 2012, Lamar Media completed an institutional private placement of $535,000 aggregate principal amount of 5% Senior Subordinated Notes due 2023 (the "5% Notes"). The institutional private placement resulted in net proceeds to Lamar Media of approximately $527,100.

Lamar Media may redeem the 5% Notes, in whole or in part, in cash at redemption prices specified in the 5% Notes. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder's 5% Notes at a price equal to 101% of the principal amount of the 5% Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

5 3/8% Senior Notes

On January 10, 2014, Lamar Media completed an institutional private placement of $510,000 aggregate principal amount of 5 3/8% Senior Notes due 2024 (the "5 3/8% Notes"). The institutional private placement resulted in net proceeds to Lamar Media of approximately $502,300.

Lamar Media may redeem the 5 3/8% Notes, in whole or in part, in cash at redemption prices specified in the 5 3/8% Notes. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder's 5 3/8% Notes at a price equal to 101% of the principal amount of the 5 3/8% Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

5 3/4% Senior Notes

On January 28, 2016, Lamar Media completed an institutional private placement of $400,000 aggregate principal amount of 5 3/4% Senior Notes due 2026 (the "5 3/4% Notes"). The institutional private placement on January 28, 2016 resulted in net proceeds to Lamar Media of approximately $394,500.

On February 1, 2019, Lamar Media completed an institutional private placement of an additional $250,000 aggregate principal amount under its 5 3/4% Notes (the "New Notes"). Other than with respect to the date of issuance, issue price and CUSIP number, the New Notes have the same terms as the 5 3/4% Notes. The net proceeds after underwriting fees and expenses, was approximately $251,500 and were used to repay a portion of the borrowings outstanding under the revolving credit facility.

At any time prior to February 1, 2021, Lamar Media may redeem some or all of the 5 3/4% Notes at a price equal to 100% of the aggregate principal amount, plus accrued and unpaid interest thereon plus a make-whole premium. On or after February 1, 2021, Lamar Media may redeem the 5 3/4% Notes, in whole or in part, in cash at redemption prices specified in the 5 3/4% Notes. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder's 5 3/4% Notes at a price equal to 101% of the principal amount of the 5 3/4% Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

12. Fair Value of Financial Instruments

At September 30, 2019 and December 31, 2018, the Company's financial instruments included cash and cash equivalents, marketable securities, accounts receivable, investments, accounts payable and borrowings. The fair values of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings and current portion of long-term debt approximated carrying values because of the short-term nature of these instruments. Investment contracts are reported at fair values. Fair values for investments held at cost are not readily available, but are estimated to approximate fair value. The estimated fair value of the Company's long-term debt (including current maturities) was $3,139,761 which exceeded the carrying amount of $3,079,710 as of September 30, 2019. The majority of the fair value is determined using observed prices of publicly traded debt (level 1 in the fair value hierarchy) and the remaining is valued based on quoted prices for similar debt (level 2 in the fair value hierarchy).

13. New Accounting Pronouncements

Leases

In February 2016, the FASB established Topic 842, *Leases*, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10 and ASU No. 2019-01, *Codification Improvements to Topic 842*, *Leases*; and ASU No. 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

We adopted the new standard effective January 1, 2019 using a modified retrospective transition approach, applying the new standard to all leases existing at the date of initial application. An entity was permitted to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. Consequently, financial information was not updated and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019.

The new standard provided a number of optional practical expedients in transition. We elected the 'package of practical expedients', which permitted us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We elected the practical expedient pertaining to land easements. We also elected the short-term lease recognition exemption for certain of our vehicle agreements. This means, for those leases that qualify, we will not recognize ROU assets or lease liabilities.

Upon adoption, we recognized additional operating liabilities of $1.2 billion, with corresponding ROU assets of the same amount based on the present value of the remaining minimum rental payments under current leasing standards for our existing operating leases. In addition to the increase to the operating lease liabilities and right-of-use assets, Topic 842 also resulted in reclassifying the presentation of prepaid and deferred rent to operating lease right-of-use assets. The Company did not have any changes to its opening balance of retained earnings for the adoption of this update.

Other recently released pronouncements

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and other (Topic 350): Simplifying the test for goodwill impairment.* The update simplifies how a company completes its goodwill impairment test by eliminating the two-step process, which requires determining the fair value of assets acquired or liabilities assumed in a business combination. The update requires completing the goodwill impairment test by comparing the difference between the reporting unit's carrying value and fair value. Goodwill charges, if any, would be determined by reducing the goodwill balance by the excess of the reporting unit's carrying value over its fair value. The update is effective for annual and interim fiscal periods beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on or after January 1, 2017. The Company adopted this update beginning with its December 31, 2017 goodwill impairment test.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808).* The update is to clarify when certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 and when the collaborative arrangement participant is a customer in the context of a unit of account. The update also adds unit-of-account guidance in Topic 808 and requires that a collaborative arrangement participant that is not directly related to sales to a third party, presenting the transaction together with revenue recognized under Topic 606 is precluded if the collaborative arrangement participant is not a customer. The update is effective for annual and interim fiscal periods beginning after December 15, 2019 with early adoption permitted. The Company does not believe this update will have a material effect on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326*) – Measurement of Credit Losses on Financial Instruments, and additional changes modifications, clarifications, or interpretations related to this guidance thereafter, which require a reporting entity to estimate credit losses on certain types of financial instruments, and present assets held at amortized cost and available-for-sale debt securities at the amount expected to be collected. The new guidance is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted. The Company is currently evaluating the impact of the new guidance on its Consolidated Financial Statements.

14. Dividends/Distributions

During the three and nine months ended September 30, 2019, the Company declared and paid cash distributions of its REIT taxable income in an aggregate amount of $96,390 or $0.96 per share and $288,344 or $2.88 per share, respectively. During the three and nine months ended September 30, 2018, the Company paid cash distributions of its REIT taxable income in the amount of $90,177 or $0.91 per share and $351,036 or $3.56 per share, respectively. The distributions paid during the nine months ended September 30, 2018 include distributions declared during the reporting period of $269,502 or $2.73 per share, as well as distributions declared and accrued as of December 31, 2017 of $81,534 or $0.83 per share. The amount, timing and frequency of future distributions will be at the sole discretion of the Board of Directors and will be declared based upon various factors, a number of which may be beyond the Company's control, including financial condition and operating cash flows, the amount required to maintain REIT status and reduce any income and excise taxes that the Company otherwise would be required to pay, limitations on distributions in our existing and future debt instruments, the Company's ability to utilize net operating losses to offset, in whole or in part, the Company's distribution requirements, limitations on its ability to fund distributions using cash generated through its taxable REIT subsidiaries (TRSs) and other factors that the Board of Directors may deem relevant. During the three and nine months ended September 30, 2019, the Company paid cash dividend distributions to holders of its Series AA Preferred Stock in an aggregate amount of $91 or $15.95 per share and $273 or $47.85 per share, respectively. During the three months ended September 30, 2018, the Company paid cash dividend distributions to holders of its Series AA Preferred Stock in an aggregate amount of $91 or $15.95 per share. During the nine months ended September 30, 2018, the Company paid cash dividend distributions to holders of its Series AA Preferred Stock in an aggregate amount of $364 or $63.80 per share, which included distributions declared during the period as well as those declared and accrued in the fourth quarter of 2017.

15. Information about Geographic Areas

Revenues from external customers attributable to foreign countries totaled $25,635 and $25,659 for the nine months ended September 30, 2019 and 2018, respectively. Net carrying value of long lived assets located in foreign countries totaled $3,646 and $2,387 as of September 30, 2019 and December 31, 2018, respectively. All other revenues from external customers and long lived assets relate to domestic operations.

16. Stockholders' Equity

On May 1, 2018, the Company entered into an equity distribution agreement (the "Sales Agreement") with J.P. Morgan Securities LLC, Wells Fargo Securities LLC, and SunTrust Robinson Humphrey, Inc. as its sales agents (each a "Sales Agent", and collectively, the "Sales Agents"). Under the terms of the Sales Agreement, the Company may, from time to time, issue and sell shares of its Class A common stock, having an aggregate offering price of up to $400,000, through the Sales Agents as either agents or principals. As of September 30, 2019, 842,412 shares of our Class A Common Stock have been sold under the Sales Agreement and accordingly $336,668 remained available to be sold under the Sales Agreement as of September 30, 2019.

Sales of the Class A Common Stock, if any, may be made in negotiated transactions or transactions that are deemed to be “at-the-market offerings” as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on or through the Nasdaq Global Select Market and any other existing trading market for the Class A Common Stock, or sales made to or through a market maker other than on an exchange. The Company has no obligation to sell any of the Class A Common Stock under the Sales Agreement and may at any time suspend solicitations and offers under the Sales Agreement.

On August 6, 2018, the Company filed an automatically effective shelf registration statement that registered the offer and sale of an indeterminate amount of additional shares of our Class A common stock. As of December 31, 2018 the Company issued 163,137 shares of its Class A common stock in connection with acquisitions occurring during the period. The Company filed a prospectus supplement to the shelf registration statement relating to the offer and resale of such shares of Class A common stock. There were no additional shares issued under this shelf registration during the nine months ended September 30, 2019.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except share data)

	September 30, 2019 (Unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 22,787	$ 20,994
Receivables, net of allowance for doubtful accounts of $14,515 and $11,161 in 2019 and 2018, respectively	265,061	235,576
Prepaid lease and contract expenses	—	80,684
Other current assets	28,205	25,915
Total current assets	316,053	363,169
Property, plant and equipment	3,643,165	3,525,725
Less accumulated depreciation and amortization	(2,302,396)	(2,230,677)
Net property, plant and equipment	1,340,769	1,295,048
Operating lease right of use assets	1,296,312	—
Goodwill	1,892,533	1,909,235
Intangible assets, net	1,019,186	914,984
Other assets	50,147	45,450
Total assets	$ 5,915,000	$ 4,527,886
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Trade accounts payable	$ 17,939	$ 21,246
Current maturities of long-term debt, net of deferred financing costs of $6,048 and $5,245 in 2019 and 2018, respectively	218,105	204,120
Current operating lease liabilities	168,572	—
Accrued expenses	79,507	117,300
Deferred income	130,289	107,202
Total current liabilities	614,412	449,868
Long-term debt, net of deferred financing costs of $19,861 and $20,619 in 2019 and 2018, respectively	2,835,696	2,684,568
Operating lease liabilities	1,043,894	—
Deferred income tax liabilities	5,389	20,734
Asset retirement obligation	225,834	222,989
Other liabilities	32,929	29,531
Total liabilities	4,758,154	3,407,690
Stockholder's equity:		
Common stock, par value $.01, 3,000 shares authorized, 100 shares issued and outstanding at 2019 and 2018	—	—
Additional paid-in-capital	2,986,533	2,922,907
Accumulated comprehensive income	384	12
Accumulated deficit	(1,830,071)	(1,802,723)
Stockholder's equity	1,156,846	1,120,196
Total liabilities and stockholder's equity	$ 5,915,000	$ 4,527,886

See accompanying notes to condensed consolidated financial statements.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited)
(In thousands, except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Statements of Income				
Net revenues	$ 457,786	$ 418,498	$ 1,290,985	$ 1,199,324
Operating expenses (income)				
Direct advertising expenses (exclusive of depreciation and amortization)	148,846	140,699	435,706	419,776
General and administrative expenses (exclusive of depreciation and amortization)	80,561	73,166	238,270	213,060
Corporate expenses (exclusive of depreciation and amortization)	23,062	20,667	58,567	61,723
Depreciation and amortization	63,951	55,089	187,150	167,251
(Gain) loss on disposition of assets	(199)	407	(5,360)	7,265
	316,221	290,028	914,333	869,075
Operating income	141,565	128,470	376,652	330,249
Other expense (income)				
Loss on extinguishment of debt	—	—	—	15,429
Interest income	(168)	(157)	(553)	(313)
Interest expense	38,323	31,850	114,240	97,321
	38,155	31,693	113,687	112,437
Income before income tax expense	103,410	96,777	262,965	217,812
Income tax expense (benefit)	3,578	2,612	(6,714)	7,969
Net income	$ 99,832	$ 94,165	$ 269,679	$ 209,843
Statements of Comprehensive Income				
Net income	$ 99,832	$ 94,165	$ 269,679	$ 209,843
Other comprehensive (loss) income				
Foreign currency translation adjustments	(174)	221	372	(599)
Comprehensive income	$ 99,658	$ 94,386	$ 270,051	$ 209,244

See accompanying notes to condensed consolidated financial statements.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholder's Equity
(Unaudited)
(In thousands, except share and per share data)

	Common Stock	Additional Paid-In Capital	Accumulated Comprehensive Income (Loss)	Accumulated Deficit	Total
Balance, December 31, 2018	$ —	2,922,907	12	(1,802,723)	$ 1,120,196
Contribution from parent	—	30,970	—	—	30,970
Foreign currency translations	—	—	259	—	259
Net income	—	—	—	51,362	51,362
Dividend to parent	—	—	—	(104,597)	(104,597)
Balance, March 31, 2019	$ —	2,953,877	271	(1,855,958)	$ 1,098,190
Contribution from parent	—	7,165	—	—	7,165
Foreign currency translations	—	—	287	—	287
Net income	—	—	—	118,485	118,485
Dividend to parent	—	—	—	(96,039)	(96,039)
Balance, June 30, 2019	$ —	2,961,042	558	(1,833,512)	$ 1,128,088
Contribution from parent	—	25,491	—	—	25,491
Foreign currency translations	—	—	(174)	—	(174)
Net income	—	—	—	99,832	99,832
Dividend to parent	—	—	—	(96,391)	(96,391)
Balance, September 30, 2019	$ —	2,986,533	384	(1,830,071)	$ 1,156,846

	Common Stock	Additional Paid-In Capital	Accumulated Comprehensive Income (Loss)	Accumulated Deficit	Total
Balance, December 31, 2017	$ —	2,832,940	1,302	(1,743,144)	$ 1,091,098
Contribution from parent	—	15,941	—	—	15,941
Foreign currency translations	—	—	(543)	—	(543)
Net income	—	—	—	15,158	15,158
Dividend to parent	—	—	—	(93,654)	(93,654)
Balance, March 31, 2018	$ —	2,848,881	759	(1,821,640)	$ 1,028,000
Contribution from parent	—	22,787	—	—	22,787
Foreign currency translations	—	—	(277)	—	(277)
Net income	—	—	—	100,520	100,520
Dividend to parent	—	—	—	(89,783)	(89,783)
Balance, June 30, 2018	$ —	2,871,668	482	(1,810,903)	$ 1,061,247
Contribution from parent	—	19,303	—	—	19,303
Foreign currency translations	—	—	221	—	221
Net income	—	—	—	94,165	94,165
Dividend to parent	—	—	—	(90,177)	(90,177)
Balance, September 30, 2018	$ —	2,890,971	703	(1,806,915)	$ 1,084,759

See accompanying notes to condensed consolidated financial statements

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine months ended September 30,	
	2019	**2018**
Cash flows from operating activities:		
Net income	$ 269,679	$ 209,843
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	187,150	167,251
Stock-based compensation	18,078	22,745
Amortization included in interest expense	4,012	3,662
(Gain) loss on disposition of assets	(5,360)	7,265
Loss on extinguishment of debt	—	15,429
Deferred tax (benefit) expense	(14,459)	1,575
Provision for doubtful accounts	7,607	5,547
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables	(35,739)	(31,672)
Prepaid lease expenses	21,201	(24,989)
Other assets	(7,688)	1,714
Increase (decrease) in:		
Trade accounts payable	2,829	1,268
Accrued expenses	(18,015)	(20,708)
Operating lease liabilities	(41,215)	—
Other liabilities	(3,872)	(15,643)
Net cash provided by operating activities	384,208	343,287
Cash flows from investing activities:		
Acquisitions	(214,559)	(48,141)
Capital expenditures	(97,680)	(82,174)
Proceeds received from property insurance claims	210	4,222
Proceeds from disposition of assets	2,658	5,760
(Increase) decrease in notes receivable	(448)	7
Net cash used in investing activities	(309,819)	(120,326)
Cash flows from financing activities:		
Principal payments on long-term debt	(24,446)	(20,119)
Payments on revolving credit facility	(495,000)	(368,000)
Proceeds received from revolving credit facility	430,000	275,000
Redemption of senior subordinated notes	—	(509,790)
Proceeds received from note offering	255,000	—
Proceeds received from accounts receivable securitization program	9,000	—
Payments on accounts receivable securitization program	(9,000)	—
Proceeds received from senior credit facility term loans	—	599,250
Debt issuance costs	(4,454)	(6,374)
Distributions to non-controlling interest	(439)	(388)
Contributions from parent	63,626	58,427
Dividend to parent	(297,027)	(355,147)
Net cash used in financing activities	(72,740)	(327,141)
Effect of exchange rate changes in cash and cash equivalents	144	(682)
Net increase (decrease) in cash and cash equivalents	1,793	(104,862)
Cash and cash equivalents at beginning of period	20,994	114,971
Cash and cash equivalents at end of period	$ 22,787	$ 10,109
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 113,580	$ 110,576
Cash paid for foreign, state and federal income taxes	$ 12,532	$ 7,983

See accompanying notes to condensed consolidated financial statements.

1. Significant Accounting Policies

The information included in the foregoing interim condensed consolidated financial statements is unaudited. In the opinion of management all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of Lamar Media’s financial position and results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year. These interim condensed consolidated financial statements should be read in conjunction with Lamar Media’s consolidated financial statements and the notes thereto included in the 2018 Combined Form 10-K/A.

Certain notes are not provided for the accompanying condensed consolidated financial statements as the information in notes 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 15 and 16 to the condensed consolidated financial statements of Lamar Advertising included elsewhere in this report is substantially equivalent to that required for the condensed consolidated financial statements of Lamar Media. Earnings per share data is not provided for Lamar Media, as it is a wholly owned subsidiary of the Company.

2. Summarized Financial Information of Subsidiaries

Separate condensed consolidating financial information for Lamar Media, subsidiary guarantors and non-guarantor subsidiaries are presented below. Lamar Media and its subsidiary guarantors have fully and unconditionally guaranteed Lamar Media’s obligations with respect to its publicly issued notes. All guarantees are joint and several. As a result of these guarantee arrangements, we are required to present the following condensed consolidating financial information. The following condensed consolidating financial information should be read in conjunction with the accompanying consolidated financial statements and notes. The condensed consolidating financial information is provided as an alternative to providing separate financial statements for guarantor subsidiaries. Separate financial statements of Lamar Media’s subsidiary guarantors are not included because the guarantees are full and unconditional and the subsidiary guarantors are 100% owned and jointly and severally liable for Lamar Media’s outstanding publicly issued notes. The accounts for all companies reflected herein are presented using the equity method of accounting for investments in subsidiaries.

(In Thousands, Except for Share Data)

Condensed Consolidating Balance Sheet as of September 30, 2019

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (unaudited)	Eliminations	Lamar Media Consolidated
ASSETS					
Total current assets	$ 13,918	$ 49,344	$ 252,791	$ —	$ 316,053
Net property, plant and equipment	—	1,333,395	7,374	—	1,340,769
Operating lease right of use assets	—	1,268,434	27,878	—	1,296,312
Intangibles and goodwill, net	—	2,893,303	18,416	—	2,911,719
Other assets	4,243,934	249,595	184,805	(4,628,187)	50,147
Total assets	$ 4,257,852	$ 5,794,071	$ 491,264	$ (4,628,187)	$ 5,915,000
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 43,071	$ 34	$ 175,000	$ —	$ 218,105
Other current liabilities	17,898	354,287	24,122	—	396,307
Total current liabilities	60,969	354,321	199,122	—	614,412
Long-term debt	2,835,653	43	—	—	2,835,696
Other noncurrent liabilities	204,384	1,256,732	284,368	(437,438)	1,308,046
Total liabilities	3,101,006	1,611,096	483,490	(437,438)	4,758,154
Stockholders' equity	1,156,846	4,182,975	7,774	(4,190,749)	1,156,846
Total liabilities and stockholders' equity	$ 4,257,852	$ 5,794,071	$ 491,264	$ (4,628,187)	$ 5,915,000

(In Thousands, Except for Share Data)

Condensed Consolidating Balance Sheet as of December 31, 2018

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
ASSETS					
Total current assets	$ 4,653	$ 121,549	$ 236,967	$ —	$ 363,169
Net property, plant and equipment	—	1,289,348	5,700	—	1,295,048
Intangibles and goodwill, net	—	2,804,915	19,304	—	2,824,219
Other assets	4,056,288	230,504	184,247	(4,425,589)	45,450
Total assets	$ 4,060,941	$ 4,446,316	$ 446,218	$ (4,425,589)	$ 4,527,886
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 29,086	$ 34	$ 175,000	$ —	$ 204,120
Other current liabilities	27,067	204,103	14,578	—	245,748
Total current liabilities	56,153	204,137	189,578	—	449,868
Long-term debt	2,684,500	68	—	—	2,684,568
Other noncurrent liabilities	200,092	246,312	251,835	(424,985)	273,254
Total liabilities	2,940,745	450,517	441,413	(424,985)	3,407,690
Stockholders’ equity	1,120,196	3,995,799	4,805	(4,000,604)	1,120,196
Total liabilities and stockholders’ equity	$ 4,060,941	$ 4,446,316	$ 446,218	$ (4,425,589)	$ 4,527,886

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(In Thousands, Except for Share Data)

Condensed Consolidating Statements of Income and Comprehensive Income for the Three Months Ended September 30, 2019

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Statement of Income			(unaudited)		
Net revenues	$ —	$ 446,838	$ 11,539	$ (591)	$ 457,786
Operating expenses					
Direct advertising expenses (1)	—	142,412	7,025	(591)	148,846
General and administrative expenses (1)	—	78,470	2,091	—	80,561
Corporate expenses (1)	—	22,645	417	—	23,062
Depreciation and amortization	—	63,033	918	—	63,951
Gain on disposition of assets	—	(185)	(14)	—	(199)
	—	306,375	10,437	(591)	316,221
Operating income	—	140,463	1,102	—	141,565
Equity in (earnings) loss of subsidiaries	(136,714)	—	—	136,714	—
Interest expense (income), net	36,882	(7)	1,280	—	38,155
Income (loss) before income tax expense	99,832	140,470	(178)	(136,714)	103,410
Income tax expense (2)	—	3,255	323	—	3,578
Net income (loss)	$ 99,832	$ 137,215	$ (501)	$ (136,714)	$ 99,832
Statement of Comprehensive Income					
Net income (loss)	$ 99,832	$ 137,215	$ (501)	$ (136,714)	$ 99,832
Total other comprehensive loss, net of tax	—	—	(174)	—	(174)
Total comprehensive income (loss)	$ 99,832	$ 137,215	$ (675)	$ (136,714)	$ 99,658

(1) Caption is exclusive of depreciation and amortization.
(2) The income tax expense reflected in each column does not include any tax effect of the equity in earnings from subsidiaries.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(In Thousands, Except for Share Data)

Condensed Consolidating Statements of Income and Comprehensive Income for the Three Months Ended September 30, 2018

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Statement of Income			(unaudited)		
Net revenues	$ —	$ 407,656	$ 11,659	$ (817)	$ 418,498
Operating expenses					
Direct advertising expenses (1)	—	134,863	6,522	(686)	140,699
General and administrative expenses (1)	—	71,046	2,120	—	73,166
Corporate expenses (1)	—	20,252	415	—	20,667
Depreciation and amortization	—	53,956	1,133	—	55,089
Loss (gain) on disposition of assets	—	559	(152)	—	407
	—	280,676	10,038	(686)	290,028
Operating income (loss)	—	126,980	1,621	(131)	128,470
Equity in (earnings) loss of subsidiaries	(126,015)	—	—	126,015	—
Interest expense (income), net	31,850	(8)	(18)	(131)	31,693
Income (loss) before income tax expense	94,165	126,988	1,639	(126,015)	96,777
Income tax expense (2)	—	2,167	445	—	2,612
Net income (loss)	$ 94,165	$ 124,821	$ 1,194	$ (126,015)	$ 94,165
Statement of Comprehensive Income					
Net income (loss)	$ 94,165	$ 124,821	$ 1,194	$ (126,015)	$ 94,165
Total other comprehensive income, net of tax	—	—	221	—	221
Total comprehensive income (loss)	$ 94,165	$ 124,821	$ 1,415	$ (126,015)	$ 94,386

(1) Caption is exclusive of depreciation and amortization.
(2) The income tax expense reflected in each column does not include any tax effect of the equity in earnings from subsidiaries.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(In Thousands, Except for Share Data)

Condensed Consolidating Statements of Income and Comprehensive Income for the Nine Months Ended September 30, 2019

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Statement of Income			(unaudited)		
Net revenues	$ —	$ 1,258,493	$ 34,563	$ (2,071)	$ 1,290,985
Operating expenses					
Direct advertising expenses (1)	—	417,271	20,506	(2,071)	435,706
General and administrative expenses (1)	—	232,602	5,668	—	238,270
Corporate expenses (1)	—	57,542	1,025	—	58,567
Depreciation and amortization	—	184,897	2,253	—	187,150
Gain on disposition of assets	—	(1,195)	(4,165)	—	(5,360)
	—	891,117	25,287	(2,071)	914,333
Operating income	—	367,376	9,276	—	376,652
Equity in (earnings) loss of subsidiaries	(379,424)	—	—	379,424	—
Interest expense (income), net	109,745	(94)	4,036	—	113,687
Income (loss) before income tax expense	269,679	367,470	5,240	(379,424)	262,965
Income tax (benefit) expense (2)	—	(9,357)	2,643	—	(6,714)
Net income (loss)	$ 269,679	$ 376,827	$ 2,597	$ (379,424)	$ 269,679
Statement of Comprehensive Income					
Net income (loss)	$ 269,679	$ 376,827	$ 2,597	$ (379,424)	$ 269,679
Total other comprehensive income, net of tax	—	—	372	—	372
Total comprehensive income (loss)	$ 269,679	$ 376,827	$ 2,969	$ (379,424)	$ 270,051

(1) Caption is exclusive of depreciation and amortization.
(2) The income tax expense reflected in each column does not include any tax effect of the equity in earnings from subsidiaries.

(In Thousands, Except for Share Data)

Condensed Consolidating Statements of Income and Comprehensive Income for the Nine Months Ended September 30, 2018

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Statement of Income			(unaudited)		
Net revenues	$ —	$ 1,164,039	$ 37,880	$ (2,595)	$ 1,199,324
Operating expenses					
Direct advertising expenses (1)	—	400,703	21,042	(1,969)	419,776
General and administrative expenses (1)	—	206,522	6,538	—	213,060
Corporate expenses (1)	—	60,468	1,255	—	61,723
Depreciation and amortization	—	162,536	4,715	—	167,251
(Gain) loss on disposition of assets	—	(268)	7,533	—	7,265
	—	829,961	41,083	(1,969)	869,075
Operating income (loss)	—	334,078	(3,203)	(626)	330,249
Equity in (earnings) loss of subsidiaries	(322,592)	—	—	322,592	—
Interest expense (income), net	97,320	(18)	332	(626)	97,008
Other expenses	15,429	—	—	—	15,429
Income (loss) before income tax expense	209,843	334,096	(3,535)	(322,592)	217,812
Income tax expense (2)	—	5,708	2,261	—	7,969
Net income (loss)	$ 209,843	$ 328,388	$ (5,796)	$ (322,592)	$ 209,843
Statement of Comprehensive Income					
Net income (loss)	$ 209,843	$ 328,388	$ (5,796)	$ (322,592)	$ 209,843
Total other comprehensive loss, net of tax	—	—	(599)	—	(599)
Total comprehensive income (loss)	$ 209,843	$ 328,388	$ (6,395)	$ (322,592)	$ 209,244

(1) Caption is exclusive of depreciation and amortization.
(2) The income tax expense reflected in each column does not include any tax effect of the equity in earnings from subsidiaries.

(In Thousands, Except for Share Data)

Condensed Consolidating Statement of Cash Flows for the Nine Months Ended September 30, 2019

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (unaudited)	Eliminations	Lamar Media Consolidated
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ 289,262	$ 510,514	$ (11,358)	$ (404,210)	$ 384,208
Cash flows from investing activities:					
Acquisitions	—	(214,559)	—	—	(214,559)
Capital expenditures	—	(94,820)	(2,860)	—	(97,680)
Proceeds from disposition of assets	—	2,658	—	—	2,658
Proceeds received from insurance claims	—	210	—	—	210
Investment in subsidiaries	(214,559)	—	—	214,559	—
Decrease in intercompany notes receivable	7,236	—	—	(7,236)	—
Increase in notes receivable	(448)	—	—	—	(448)
Net cash (used in) provided by investing activities	(207,771)	(306,511)	(2,860)	207,323	(309,819)
Cash flows from financing activities:					
Proceeds received from revolving credit facility	430,000	—	—	—	430,000
Payment on revolving credit facility	(495,000)	—	—	—	(495,000)
Principal payments on long-term debt	(24,421)	(25)	—	—	(24,446)
Proceeds received from note offering	255,000	—	—	—	255,000
Payment on accounts receivable securitization program	—	—	(9,000)	—	(9,000)
Proceeds received from accounts receivable securitization program	—	—	9,000	—	9,000
Debt issuance costs	(4,454)	—	—	—	(4,454)
Intercompany loan proceeds	—	(19,641)	12,405	7,236	—
Distributions to non-controlling interest	—	—	(439)	—	(439)
Dividends (to) from parent	(297,027)	(404,210)	—	404,210	(297,027)
Contributions from (to) parent	63,626	214,559	—	(214,559)	63,626
Net cash (used in) provided by financing activities	(72,276)	(209,317)	11,966	196,887	(72,740)
Effect of exchange rate changes in cash and cash equivalents	—	—	144	—	144
Net increase (decrease) in cash and cash equivalents	9,215	(5,314)	(2,108)	—	1,793
Cash and cash equivalents at beginning of period	4,029	11,655	5,310	—	20,994
Cash and cash equivalents at end of period	$ 13,244	$ 6,341	$ 3,202	$ —	$ 22,787

(In Thousands, Except for Share Data)

Condensed Consolidating Statement of Cash Flows for the Nine Months Ended September 30, 2018

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
			(unaudited)		
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ 273,307	$ 445,984	$ 7,259	$ (383,263)	$ 343,287
Cash flows from investing activities:					
Acquisitions	—	(48,141)	—	—	(48,141)
Capital expenditures	—	(78,944)	(3,230)	—	(82,174)
Proceeds from disposition of assets	—	2,952	2,808	—	5,760
Proceeds received from insurance claims	—	—	4,222	—	4,222
Investment in subsidiaries	(60,424)	—	—	60,424	—
Decrease (increase) in intercompany notes receivable	32,849	—	—	(32,849)	—
Decrease in notes receivable	7	—	—	—	7
Net cash (used in) provided by investing activities	(27,568)	(124,133)	3,800	27,575	(120,326)
Cash flows from financing activities:					
Principal payments on long-term debt	(20,097)	(22)	—	—	(20,119)
Payment on revolving credit facility	(368,000)	—	—	—	(368,000)
Proceeds received from revolving credit facility	275,000	—	—	—	275,000
Redemption of senior subordinated notes	(509,790)	—	—	—	(509,790)
Proceeds received from senior credit facility term loans	599,250	—	—	—	599,250
Debt issuance costs	(6,374)	—	—	—	(6,374)
Intercompany loan (payments) proceeds	—	—	(32,849)	32,849	—
Distributions to non-controlling interest	—	—	(388)	—	(388)
Contributions from (to) parent	58,427	60,424	—	(60,424)	58,427
Dividends (to) from parent	(355,147)	(383,263)	—	383,263	(355,147)
Net cash (used in) provided by financing activities	(326,731)	(322,861)	(33,237)	355,688	(327,141)
Effect of exchange rate changes in cash and cash equivalents	—	—	(682)	—	(682)
Net (decrease) increase in cash and cash equivalents	(80,992)	(1,010)	(22,860)	—	(104,862)
Cash and cash equivalents at beginning of period	86,546	1,625	26,800	—	114,971
Cash and cash equivalents at end of period	$ 5,554	$ 615	$ 3,940	$ —	$ 10,109

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

This report contains forward-looking statements. Actual results could differ materially from those anticipated by the forward-looking statements due to risks and uncertainties described in the section of this combined report on Form 10-Q entitled "Note Regarding Forward-Looking Statements" and in Item 1A to the 2018 Combined Form 10-K/A filed on February 26, 2019, as supplemented by any risk factors contained in our combined Quarterly Reports on Form 10-Q. You should carefully consider each of these risks and uncertainties in evaluating the Company's and Lamar Media's financial conditions and results of operations. Investors are cautioned not to place undue reliance on the forward-looking statements contained in this document. These statements speak only as of the date of this document, and the Company undertakes no obligation to update or revise the statements, except as may be required by law.

LAMAR ADVERTISING COMPANY

The following is a discussion of the consolidated financial condition and results of operations of the Company for the nine months and three months ended September 30, 2019 and 2018. This discussion should be read in conjunction with the consolidated financial statements of the Company and the related notes thereto.

Overview

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

Historically, the Company has made strategic acquisitions of outdoor advertising assets to increase the number of outdoor advertising displays it operates in existing and new markets. The Company continues to evaluate and pursue strategic acquisition opportunities as they arise. The Company has financed its historical acquisitions and intends to finance any future acquisition activity from available cash, borrowings under its senior credit facility or the issuance of debt or equity securities. See "Liquidity and Capital Resources-*Sources of Cash*" for more information. During the nine months ended September 30, 2019, the Company completed several acquisitions for a total cash purchase price of approximately $214.6 million. See—"*Uses of Cash – Acquisitions*" for more information.

The Company's business requires expenditures for maintenance and capitalized costs associated with the construction of new billboard displays, the entrance into and renewal of logo sign and transit contracts, and the purchase of real estate and operating equipment. The following table presents a breakdown of capitalized expenditures for the three and nine months ended September 30, 2019 and 2018:

	Three months ended September 30, (in thousands)		Nine months ended September 30, (in thousands)	
	2019	2018	2019	2018
Total capital expenditures:				
Billboard — traditional	$ 11,894	$ 8,715	$ 34,587	$ 23,922
Billboard — digital	14,461	13,093	40,498	33,210
Logos	3,249	1,895	7,153	7,000
Transit	497	3,637	2,293	4,377
Land and buildings	4,818	593	6,514	6,622
Operating equipment	2,201	1,768	6,635	7,043
Total capital expenditures	$ 37,120	$ 29,701	$ 97,680	$ 82,174

Non-GAAP Financial Measures

Our management reviews our performance by focusing on several key performance indicators not prepared in conformity with Generally Accepted Accounting Principles in the United States (“GAAP”). We believe these non-GAAP performance indicators are meaningful supplemental measures of our operating performance and should not be considered in isolation of, or as a substitute for their most directly comparable GAAP financial measures.

Included in our analysis of our results of operations are discussions regarding earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”), Funds From Operations (“FFO”), as defined by the National Association of Real Estate Investment Trusts, Adjusted Funds From Operations (“AFFO”) and acquisition-adjusted net revenue.

We define Adjusted EBITDA as net income before income tax expense (benefit), interest expense (income), loss (gain) on extinguishment of debt and investments, stock-based compensation, depreciation and amortization, gain or loss on disposition of assets and investments, and the impact of ASC 842 adoption.

FFO is defined as net income before gains or losses from the sale or disposal of real estate assets and investments and real estate related depreciation and amortization and including adjustments to eliminate unconsolidated affiliates and non-controlling interest.

We define AFFO as FFO before (i) straight-line revenue and expense; (ii) impact of ASC 842 adoption; (iii) stock-based compensation expense; (iv) non-cash portion of tax provision; (v) non-real estate related depreciation and amortization; (vi) amortization of deferred financing costs; (vii) loss on extinguishment of debt; (viii) non-recurring infrequent or unusual losses (gains); (ix) less maintenance capital expenditures; and (x) an adjustment for unconsolidated affiliates and non-controlling interest.

Acquisition-adjusted net revenue adjusts our net revenue for the prior period by adding to it the net revenue generated by the acquired assets before our acquisition of these assets for the same time frame that those assets were owned in the current period. In calculating acquisition-adjusted revenue, therefore, we include revenue generated by assets that we did not own in the period but acquired in the current period. We refer to the amount of pre-acquisition revenue generated by the acquired assets during the prior period that corresponds with the current period in which we owned the assets (to the extent within the period to which this report relates) as “acquisition net revenue”. In addition, we also adjust the prior period to subtract revenue generated by the assets that have been divested since the prior period and, therefore, no revenue derived from those assets is reflected in the current period.

Adjusted EBITDA, FFO, AFFO and acquisition-adjusted net revenue are not intended to replace net income or any other performance measures determined in accordance with GAAP. Neither FFO nor AFFO represent cash flows from operating activities in accordance with GAAP and, therefore, these measures should not be considered indicative of cash flows from operating activities as a measure of liquidity or of funds available to fund our cash needs, including our ability to make cash distributions. Rather, Adjusted EBITDA, FFO, AFFO and acquisition-adjusted net revenue are presented as we believe each is a useful indicator of our current operating performance. We believe that these metrics are useful to an investor in evaluating our operating performance because (1) each is a key measure used by our management team for purposes of decision making and for evaluating our core operating results; (2) Adjusted EBITDA is widely used in the industry to measure operating performance as depreciation and amortization may vary significantly among companies depending upon accounting methods and useful lives, particularly where acquisitions and non-operating factors are involved; (3) acquisition-adjusted net revenue is a supplement to net revenue to enable investors to compare period over period results on a more consistent basis without the effects of acquisitions and divestures, which reflects our core performance and organic growth (if any) during the period in which the assets were owned and managed by us; (4) Adjusted EBITDA, FFO and AFFO each provides investors with a meaningful measure for evaluating our period-to-period operating performance by eliminating items that are not operational in nature; and (5) each provides investors with a measure for comparing our results of operations to those of other companies.

Our measurement of Adjusted EBITDA, FFO, AFFO and acquisition-adjusted net revenue may not, however, be fully comparable to similarly titled measures used by other companies. Reconciliations of Adjusted EBITDA, FFO, AFFO and acquisition-adjusted net revenue to net income, the most directly comparable GAAP measure, have been included herein.

RESULTS OF OPERATIONS

Nine Months ended September 30, 2019 compared to Nine Months ended September 30, 2018

Net revenues increased $91.7 million or 7.6% to $1.29 billion for the nine months ended September 30, 2019 from $1.20 billion for the same period in 2018. This increase was attributable primarily to an increase in billboard net revenues of $91.3 million, which represents an increase of 8.8% over the same period in 2018, largely due to the acquisition of new operating assets during 2018 and 2019. In addition, transit sign revenue increased $0.4 million, which represents an increase of 0.5% and logo sign revenue remained relatively constant over the comparable period in 2018.

For the nine months ended September 30, 2019 there was a $33.7 million increase in acquisition-adjusted net revenue as compared to acquisition-adjusted net revenue for the nine months ended September 30, 2018, which represents an increase of 2.7%. See “Reconciliations” below. The $33.7 million increase in revenue primarily consists of a $31.9 million increase in billboard revenue which is largely due to an increase in digital revenue, and a $1.7 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable period in 2018.

Total operating expenses, exclusive of depreciation and amortization and (gain) loss on disposition of assets, increased $38.0 million, or 5.5% to $732.9 million for the nine months ended September 30, 2019 from $694.9 million in the same period in 2018. The $38.0 million increase over the prior year is comprised of a $4.7 million decrease in stock-based compensation offset by a $40.9 million increase in direct and general and administrative operating expenses (excluding stock-based compensation expense) related to the operations of our outdoor advertising assets and an increase in corporate expense of $1.8 million (excluding stock-based compensation expense).

Depreciation and amortization expense increased 11.9% to $187.2 million for the nine months ended September 30, 2019 as compared to the same period in 2018, primarily related to the addition of approximately $453.2 million of depreciable assets acquired through acquisitions and $133.1 million in capitalized expenditures since October 1, 2018.

For the nine months ended September 30, 2019, the Company recognized a gain on disposition of assets of $5.4 million primarily resulting from an amendment of a transit contract in the first quarter of 2019. The $5.4 million gain represents an increase of $12.6 million over the same period in 2018, primarily due to the Company loss recognized on the sale of its Puerto Rico assets in April 2018 of $7.5 million.

Due to the above factors, operating income increased by $46.4 million to $376.3 million for the nine months ended September 30, 2019 as compared to $329.9 million for the same period in 2018.

The Company did not recognize any losses on debt extinguishment during the nine months ended September 30, 2019 as compared to same period in 2018, whereby the Company recorded a $15.4 million loss on debt extinguishment related to Lamar Media’s prepayment of its 5 7/8% Notes.

Interest expense increased $16.9 million for the nine months ended September 30, 2019 to $114.2 million as compared to $97.3 million for the nine months ended September 30, 2018. The increase in interest expense is primarily related to the increased debt outstanding as compared to the same period in 2018.

The increases in operating income as well as the decrease in loss on debt extinguishment, offset by an increase in interest expense described above resulted in a $45.1 million increase in net income before income taxes.

The Company recorded an income tax benefit for the nine months ended September 30, 2019 of $6.7 million as compared to an income tax expense of $8.0 million for the same period in 2018. The $6.7 million tax benefit is comprised of a $17.0 million non-cash tax benefit resulting from REIT converted assets offset by income tax expense of $10.3 million. The $10.3 million tax expense equates to an effective tax rate for the nine months ended September 30, 2019 of 3.9% which differs from the federal statutory rate primarily due to our qualification for taxation as a REIT and adjustments for foreign items.

As a result of the above factors, the Company recognized net income for the nine months ended September 30, 2019 of $269.4 million, as compared to net income of $209.5 million for the same period in 2018.

Reconciliations:

Because acquisitions occurring after December 31, 2017 (the "acquired assets") have contributed to our net revenue results for the periods presented, we provide 2018 acquisition-adjusted net revenue, which adjusts our 2018 net revenue for the nine months ended September 30, 2018 by adding to or subtracting from it the net revenue generated by the acquired or divested assets prior to our acquisition or divestiture of these assets for the same time frame that those assets were owned in the nine months ended September 30, 2019.

Reconciliations of 2018 reported net revenue to 2018 acquisition-adjusted net revenue for the nine months ended September 30, as well as a comparison of 2018 acquisition-adjusted net revenue to 2019 reported net revenue for the nine months ended September 30, are provided below:

Reconciliation and Comparison of Reported Net Revenue to Acquisition-Adjusted Net Revenue

	Nine months ended September 30,	
	2019	2018
	(in thousands)	
Reported net revenue	$ 1,290,985	$ 1,199,324
Acquisition net revenue	—	57,969
Adjusted totals	$ 1,290,985	$ 1,257,293

Key Performance Indicators

Net Income/Adjusted EBITDA
(in thousands)

	Nine Months Ended September 30,		Amount of Increase	Percent Increase
	2019	2018	(Decrease)	(Decrease)
Net income	$ 269,358	$ 209,539	$ 59,819	28.5%
Income tax (benefit) expense	(6,714)	7,969	(14,683)	
Loss on debt extinguishment	—	15,429	(15,429)	
Interest expense (income), net	113,687	97,008	16,679	
(Gain) loss on disposition of assets	(5,360)	7,265	(12,625)	
Depreciation and amortization	187,150	167,251	19,899	
Impact of ASC 842 adoption (lease accounting standard)	(6,955)	—	(6,955)	
Stock-based compensation expense	18,078	22,745	(4,667)	
Adjusted EBITDA	$ 569,244	$ 527,206	$ 42,038	8.0%

Adjusted EBITDA for the nine months ended September 30, 2019 increased 8.0% to $569.2 million. The increase in Adjusted EBITDA was primarily attributable to an increase in our gross margin (net revenue less direct advertising expense, exclusive of depreciation and amortization and the impact of ASC 842 adoption) of $68.7 million, and was offset by an increase in total general and administrative and corporate expenses of $27.6 million, excluding the impact of stock-based compensation expense.

Net Income/FFO/AFFO
(in thousands)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 269,358	$ 209,539	$ 59,819	28.5%
Depreciation and amortization related to real estate	175,920	157,941	17,979	
(Gain) loss from sale or disposal of real estate, net of tax of $0 and $878 in 2019 and 2018, respectively	(5,048)	8,350	(13,398)	
Non-cash tax benefit for REIT converted assets	(17,031)	—	(17,031)	
Adjustments for unconsolidated affiliates and non-controlling interest	561	385	176	
FFO	$ 423,760	$ 376,215	$ 47,545	12.6%
Straight line income	(217)	(220)	3	
Impact of ASC 842 adoption (lease accounting standard)	(6,955)	—	(6,955)	
Stock-based compensation expense	18,078	22,745	(4,667)	
Non-cash portion of tax provision	2,572	697	1,875	
Non-real estate related depreciation and amortization	11,230	9,310	1,920	
Amortization of deferred financing costs	4,012	3,662	350	
Loss on extinguishment of debt	—	15,429	(15,429)	
Capital expenditures – maintenance	(35,888)	(30,453)	(5,435)	
Adjustments for unconsolidated affiliates and non-controlling interest	(561)	(385)	(176)	
AFFO	$ 416,031	$ 397,000	$ 19,031	4.8%

FFO for the nine months ended September 30, 2019 increased from FFO of $376.2 million in 2018 to $423.8 million for the same period in 2019, an increase of 12.6%. AFFO for the nine months ended September 30, 2019 increased 4.8% to $416.0 million as compared to $397.0 million for the same period in 2018. The increase in AFFO was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense, exclusive of depreciation and amortization and the impact of ASC 842 adoption) offset by increases in interest expense and the total of general and administrative and corporate expenses (excluding the effect of stock-based compensation expense).

Three Months ended September 30, 2019 compared to Three Months ended September 30, 2018

Net revenues increased $39.3 million or 9.4% to $457.8 million for the three months ended September 30, 2019 from $418.5 million for the same period in 2018. This increase was attributable primarily to an increase in billboard net revenues million over the same period in 2018, due to growth from acquired assets over the past twelve months, while logo sign revenue and transit revenue remained relatively unchanged over the comparable period in 2018.

For the three months ended September 30, 2019, there was a $14.8 million increase in acquisition-adjusted net revenue as compared to acquisition-adjusted net revenue for the three months ended September 30, 2018, which represents an increase of 3.4%. See “Reconciliations” below. The $14.8 million increase in revenue is primarily due to increases in billboard revenue which is largely due to an increase in digital revenue as compared to the same period in 2018.

Total operating expenses, exclusive of depreciation and amortization and loss (gain) on disposition of assets, increased $18.0 million, or 7.7% to $252.6 million for the three months ended September 30, 2019 from $234.6 million in the same period in 2018. The $18.0 million increase over the prior year is comprised of an increase in stock-based compensation of $2.0 million, an increase of $15.4 million in direct and general and administrative expense (excluding stock-based compensation) related to our operating assets and a $0.6 million increase corporate expenses (excluding stock-based compensation).

Depreciation and amortization expense increased $8.9 million to $64.0 million for the three months ended September 30, 2019 as compared to $55.1 million for the same period in 2018, primarily related to the addition of approximately $458.2 million of depreciable assets acquired since October 1, 2018.

Primarily due to the above factors, operating income increased by $13.1 million to $141.4 million for the three months ended September 30, 2019 as compared to $128.4 million for the same period in 2018.

Interest expense increased $6.5 million for the three months ended September 30, 2019 to $38.3 million as compared to $31.9 million for the three months ended September 30, 2018. The increase in interest expense is primarily related to the increased debt outstanding as compared to the same period in 2018 offset by a slight decrease in interest rates.

The increase in operating income offset by the increase in interest expense described above resulted in a $6.6 million increase in net income before income taxes.

The Company recorded income tax expense for the three months ended September 30, 2019 of $3.6 million as compared to an income tax expense of $2.6 million for the same period in 2018. The $3.6 million tax expense equates to an effective tax rate for the three months ended September 30, 2019 of 3.5% which differs from the federal statutory rate primarily due to our qualification for taxation as a REIT and adjustments for foreign items.

As a result of the above factors, the Company recognized net income for the three months ended September 30, 2019 of $99.7 million, as compared to net income of $94.1 million for the same period in 2018.

Reconciliations:

Because acquisitions occurring after December 31, 2017 (the “acquired assets”) have contributed to our net revenue results for the periods presented, we provide 2018 acquisition-adjusted net revenue, which adjusts our 2018 net revenue for the three months ended September 30, 2018 by adding to or subtracting from it the net revenue generated by the acquired or divested assets prior to our acquisition or divestiture of these assets for the same time frame that those assets were owned in the three months ended September 30, 2019.

Reconciliations of 2018 reported net revenue to 2018 acquisition-adjusted net revenue for the three months ended September 30, as well as a comparison of 2018 acquisition-adjusted net revenue to 2019 reported net revenue for the three months ended September 30, are provided below:

Reconciliation and Comparison of Reported Net Revenue to Acquisition-Adjusted Net Revenue

	Three months ended September 30,	
	2019	2018
	(in thousands)	
Reported net revenue	$ 457,786	$ 418,498
Acquisition net revenue	—	24,439
Adjusted totals	$ 457,786	$ 442,937

Key Performance Indicators

Net Income/Adjusted EBITDA
(in thousands)

	Three Months Ended September 30, 2019	2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 99,709	$ 94,056	$ 5,653	6.0%
Income tax expense	3,578	2,612	966	
Interest expense (income), net	38,155	31,693	6,462	
(Gain) loss on disposition of assets	(199)	407	(606)	
Depreciation and amortization	63,951	55,089	8,862	
Impact of ASC 842 adoption (lease accounting standard)	(581)	—	(581)	
Stock-based compensation expense	10,572	8,624	1,948	
Adjusted EBITDA	$ 215,185	$ 192,481	$ 22,704	11.8%

Adjusted EBITDA for the three months ended September 30, 2019 increased 11.8% to $215.2 million. The increase in Adjusted EBITDA was primarily attributable to an increase in our gross margin (net revenue less direct advertising expense, exclusive of depreciation and amortization and the impact of ASC 842 adoption) of $30.4 million, and was offset by an increase in total general and administrative and corporate expenses of $7.7 million, excluding the impact of stock-based compensation expense.

Net Income/FFO/AFFO
(in thousands)

	Three Months Ended September 30, 2019	2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 99,709	$ 94,056	$ 5,653	6.0%
Depreciation and amortization related to real estate	59,742	52,032	7,710	
(Gain) loss from sale or disposal of real estate	(164)	505	(669)	
Adjustments for unconsolidated affiliates and non-controlling interest	207	43	164	
FFO	$ 159,494	$ 146,636	$ 12,858	8.8%
Straight line (income) expense	(1)	737	(738)	
Impact of ASC 842 adoption (lease accounting standard)	(581)	—	(581)	
Stock-based compensation expense	10,572	8,624	1,948	
Non-cash portion of tax provision	662	1,138	(476)	
Non-real estate related depreciation and amortization	4,209	3,057	1,152	
Amortization of deferred financing costs	1,342	1,214	128	
Capital expenditures – maintenance	(12,492)	(11,248)	(1,244)	
Adjustments for unconsolidated affiliates and non-controlling interest	(207)	(43)	(164)	
AFFO	$ 162,998	$ 150,115	$ 12,883	8.6%

FFO for the three months ended September 30, 2019 increased 8.8% to $159.5 million as compared to FFO of $146.6 million for the same period in 2018. AFFO for the three months ended September 30, 2019 increased 8.6% to $163.0 million as compared to $150.1 million for the same period in 2018. The increase in AFFO was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense, exclusive of depreciation and amortization and the impact of ASC 842 adoption) offset by increases in interest expense and the total of general and administrative and corporate expenses (excluding the effect of stock-based compensation expense).

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

Sources of Cash

Total Liquidity. As of September 30, 2019 we had approximately $345.4 million of total liquidity, which is comprised of approximately $23.3 million in cash and cash equivalents and approximately $322.1 million of availability under the revolving portion of Lamar Media's senior credit facility. We are currently in compliance with the maintenance covenant included in the senior credit facility and we would remain in compliance after giving effect to borrowing the full amount available to us under the revolving portion of the senior credit facility.

As of September 30, 2019 and December 31, 2018, the Company had a working capital deficit of $303.6 million and $91.4 million, respectively. The increase in the working capital deficit of $212.2 million is primarily due to the impact of the new lease accounting standard (see Note 3. *Leases* to the Condensed Consolidated Financial Statements), which resulted in the recognition of short-term operating lease liabilities and a decline in prepaid lease and contract expenses on our Condensed Consolidated Balance Sheet.

Cash Generated by Operations. For the nine months ended September 30, 2019 and 2018 our cash provided by operating activities was $408.0 million and $370.1 million, respectively. The increase in cash provided by operating activities for the nine months ended September 30, 2019 over the same period in 2018 relates to an increase in revenues offset by an increase in operating expenses (excluding depreciation and amortization) and a net increase in operating assets and liabilities. We expect to generate cash flows from operations during 2019 in excess of our cash needs for operations, capital expenditures and dividends, as described herein.

Accounts Receivable Securitization Program. On December 18, 2018, we entered into the Accounts Receivable Securitization Program. The Accounts Receivable Securitization Program provides up to $175.0 million in borrowing capacity, plus an accordion feature that would permit the borrowing capacity to be increased by up to $125.0 million. Borrowing capacity under the Accounts Receivable Securitization Program is limited to the availability of eligible accounts receivable collateralizing the borrowings under the agreements governing the Accounts Receivable Securitization Program. In connection with the Accounts Receivable Securitization Program, Lamar Media and certain of its subsidiaries (such subsidiaries, the "Subsidiary Originators") sell and/ or contribute their existing and future accounts receivable and certain related assets to one of two special purpose subsidiaries, Lamar QRS Receivables, LLC (the "QRS SPV") and Lamar TRS Receivables, LLC (the "TRS SPV" and together with the QRS SPV the "Special Purpose Subsidiaries"), each of which is a wholly-owned subsidiary of Lamar Media. Existing and future accounts receivable relating to Lamar Media and its qualified REIT subsidiaries will be sold and/ or contributed to the QRS SPV and existing and future accounts receivable relating to Lamar Media's taxable REIT subsidiaries will be sold and/ or contributed to the TRS SPV. Each of the Special Purpose Subsidiaries has granted the lenders party to the Accounts Receivable Securitization Program a security interest in all of its assets, which consist of the accounts receivable and related assets sold or contributed to them, as described above, in order to secure the obligations of the Special Purpose Subsidiaries under the agreements governing the Accounts Receivable Securitization Program. Pursuant to the Accounts Receivable Securitization Program, Lamar Media has agreed to service the accounts receivable on behalf of the two Special Purpose Subsidiaries for a fee. Lamar Media has also agreed to guaranty its performance in its capacity as servicer and originator, as well as the performance of the Subsidiary Originators, of their obligations under the agreements governing the Account Receivable Securitization Program. None of Lamar Media, the Subsidiary Originators or the Special Purpose Subsidiaries guarantees the collectability of the receivables under the Accounts Receivable Securitization Program. In addition, each of the Special Purpose Subsidiaries is a separate legal entity with its own separate creditors who will be entitled to access the assets of such Special Purpose Subsidiary before the assets become available to Lamar Media. Accordingly, the assets of the Special Purpose Subsidiaries are not available to pay creditors of Lamar Media or any of its subsidiaries, although collections from receivables in excess of the amounts required to repay the lenders and the other creditors of the Special Purpose Subsidiaries may be remitted to Lamar Media.

As of September 30, 2019 there were $175.0 million of outstanding aggregate borrowings under the Accounts Receivable Securitization Program at a borrowing rate of approximately 3.8%.

"At-the-Market" Offering Program. On May 1, 2018, the Company entered into an equity distribution agreement (the "Sales Agreement") with J.P. Morgan Securities LLC, Wells Fargo Securities LLC and SunTrust Robinson Humphrey, Inc. as our sales agents (each a "Sales Agent", and collectively, the "Sales Agents"). Under the terms of the Sales Agreement, the Company may, from time to time, issue and sell shares of its Class A common stock, having an aggregate offering price of up to $400.0 million through the Sales Agents as either agents or principals. Sales of the Class A common stock, if any, may be made in negotiated transactions or transactions that are deemed to be "at-the-market offerings" as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on or through the Nasdaq Global Select Market and any other existing trading market for the Class A common stock, or sales made to or through a market maker other than on an exchange. The Company has no obligation to sell any of the Class A common stock under the Sales Agreement and may at any time suspend solicitations and offers under the Sales Agreement. The Company intends to use the net proceeds, if any, from the sale of the Class A common stock pursuant to the Sales

Agreement for general corporate purposes, which may include the repayment, refinancing, redemption or repurchase of existing indebtedness, working capital, capital expenditures, acquisition of outdoor advertising assets and businesses and other related investments. During the three months ended September 30, 2019, the Company received gross proceeds of approximately $21.4 million, resulting in net proceeds of approximately $21.2 million, in exchange for issuing 266,410 shares of its Class A common stock under this program. The aggregate commissions paid to the Sales Agents in the three months ending September 30, 2019 was approximately $0.2 million.

*Shelf Registration Statement***.** On August 6, 2018, we filed an automatically effective shelf registration statement (No. 333-226614) that registered the offer and sale of an indeterminate amount of additional shares of our Class A common stock. During the nine months ended September 30, 2019, the Company did not issue any shares under this shelf registrations, however, we may issue additional shares under the shelf registration statement in the future in connection with future acquisitions or for other general corporate purposes.

Credit Facilities. On May 15, 2017, Lamar Media entered into a Third Restatement Agreement ("Restatement Agreement") with the Company, certain of Lamar Media's subsidiaries as guarantors, JPMorgan Chase Bank, N.A. as administrative agent and the lenders party thereto, under which the parties agreed to amend and restate Lamar Media's existing senior credit facility. The Restatement Agreement amended and restated the Second Amended and Restated Credit Agreement dated as of February 3, 2014, as amended, which consisted of a $400.0 million revolving credit facility and a $300.0 million Term A loan facility.

Lamar Media's Third Amended and Restated Credit Agreement dated as of May 15, 2017 (as amended, the "senior credit facility") originally consisted of (i) a new $450.0 million senior secured revolving credit facility which will mature on May 15, 2022 (the "revolving credit facility"), (ii) a new $450.0 million Term A loan facility (the "Term A loans") which will mature on May 15, 2022, and (iii) an incremental facility (the "Incremental Facility") pursuant to which Lamar Media may incur additional term loan tranches or increase its revolving credit facility subject to pro forma compliance with the secured debt ratio financial maintenance covenant described under *"Restrictions under Senior Credit Facility."* Lamar Media borrowed all $450.0 million in Term A loans on May 15, 2017. The Term A loans began amortizing on September 30, 2017 in quarterly installments, as set forth therein, with the remainder payable at maturity. The net proceeds from the Term A loans, together with borrowing under the revolving portion of senior credit facility and cash on hand, were used to repay all outstanding amounts under the Second Amended and Restated Credit Agreement, and all revolving commitments under that facility were terminated.

On March 16, 2018, Lamar Media entered into Amendment No. 1 to the Third Amended and Restated Credit Agreement dated May 15, 2017, with Lamar Advertising, certain of Lamar Media's subsidiaries as Guarantors, JPMorgan Chase Bank, N.A. as administrative agent and the lenders named therein, under which the parties agreed to amend the existing senior credit facility to establish a new $600.0 million Term B Loan Facility, which will mature on March 16, 2025. The Term B loan began amortizing on September 30, 2018 in equal quarterly installments of $1.5 million with the remainder payable at maturity. Lamar Media borrowed the full amount of the Term B loan on March 16, 2018. The proceeds from the Term B loan, together with available cash on hand were used to redeem in full Lamar Media's 5 7/8% Senior Subordinated Notes due 2022. *See Uses of Cash for more information.*

On January 17, 2019, Lamar Media entered into an incremental amendment to the senior credit facility to include $100.0 million in additional revolving commitments, thereby increasing the total borrowing capacity under the revolving credit facility to $550.0 million.

As of September 30, 2019 the aggregate balance outstanding under the senior credit facility was approximately $1.202 billion, consisting of $396.6 million outstanding in Term A loans, $590.4 million in Term B loans (net of $0.6 million of original issue discount) and $215.0 million in revolving credit loans. In addition, Lamar Media had approximately $322.1 million of unused capacity under the revolving credit facility included in the senior credit facility.

Note Offerings. On February 1, 2019, Lamar Media issued $250.0 million in aggregate principle amount of 5 3/4% Senior Notes due 2026 through an institutional private placement (the "New Notes"). The New Notes were issued as additional notes to the existing $400.0 million aggregate principal amount of 5 3/4% Senior Notes due 2026 that Lamar issued on January 28, 2016 (the "Existing Notes"). The net proceeds after underwriting fees and expenses, was approximately $251.5 million and were used to repay a portion of the borrowings outstanding under the revolving credit facility.

Factors Affecting Sources of Liquidity

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

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

Restrictions Under Debt Securities. The Company and Lamar Media must comply with certain covenants and restrictions related to its outstanding debt securities. Currently Lamar Media has outstanding $535.0 million 5% Senior Subordinated Notes issued in October 2012 (the “5% Senior Subordinated Notes”), $510.0 million 5 3/8% Senior Notes issued in January 2014 (the “5 3/8% Senior Notes”) and the $650.0 million 5 3/4% Senior Notes issued in January 2016 and February 2019 (the “5 3/4% Senior Notes”).

The indentures relating to Lamar Media’s outstanding notes restrict its ability to incur additional indebtedness but permit the incurrence of indebtedness (including indebtedness under the senior credit facility), (i) if no default or event of default would result from such incurrence and (ii) if after giving effect to any such incurrence, the leverage ratio (defined as the sum of (x) total consolidated debt plus (y) the aggregate liquidation preference of any preferred stock of Lamar Media’s restricted subsidiaries to trailing four fiscal quarter EBITDA (as defined in the indentures)) would be less than 7.0 to 1. Currently, Lamar Media is not in default under the indentures of any of its outstanding notes and, therefore, would be permitted to incur additional indebtedness subject to the foregoing provision.

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

- up to $1.5 billion of indebtedness under the senior credit facility;
- indebtedness outstanding on the date of the indentures or debt incurred to refinance outstanding debt;
- inter-company debt between Lamar Media and its restricted subsidiaries or between restricted subsidiaries;
- certain purchase money indebtedness and capitalized lease obligations to acquire or lease property in the ordinary course of business that cannot exceed the greater of $50.0 million or 5% of Lamar Media’s net tangible assets; and
- additional debt not to exceed $75.0 million.

Restrictions under Senior Credit Facility. Lamar Media is required to comply with certain covenants and restrictions under the senior credit facility. If the Company or Lamar Media fails to comply with these tests, the lenders under the senior credit facility will be entitled to exercise certain remedies, including the termination of the lending commitments and the acceleration of the debt payments under the senior credit facility. At September 30, 2019 and currently, we were in compliance with all such tests under the senior credit facility.

Lamar Media must maintain a secured debt ratio, defined as total consolidated secured debt of Lamar Advertising, Lamar Media and its restricted subsidiaries, minus the lesser of (x) $150.0 million and (y) the aggregate amount of unrestricted cash and cash equivalents of Lamar Advertising, Lamar Media and its restricted subsidiaries to EBITDA, as defined below, for the period of four consecutive fiscal quarters then ended, of less than or equal to 3.5 to 1.0.

Lamar Media is restricted from incurring additional indebtedness subject to exceptions, one of which is that it may incur additional indebtedness not exceeding the greater of $250.0 million or 6% of its total assets.

Lamar Media is also restricted from incurring additional unsecured senior indebtedness under certain circumstances unless, after giving effect to the incurrence of such indebtedness, it is in compliance with the secured debt ratio covenant and its senior debt ratio, defined as (a) total consolidated debt (excluding subordinated debt) of Lamar Advertising, Lamar Media and its restricted subsidiaries as of any date minus the lesser of (i) $150.0 million and (ii) the aggregate amount of unrestricted cash and cash equivalents of Lamar Advertising, Lamar Media and its restricted subsidiaries to (b) EBITDA, as defined below, for the most recent four fiscal quarters then ended, is less than 4.5 to 1.0.

Lamar Media is also restricted from incurring additional subordinated indebtedness under certain circumstances unless, after giving effect to the incurrence of such indebtedness, it is in compliance with the secured debt ratio covenant and its total debt ratio, defined as (a) total consolidated debt (including subordinated debt) of Lamar Advertising, Lamar Media and its restricted subsidiaries as of any date minus the lesser of (i) $150.0 million and (ii) the aggregate amount of unrestricted cash and cash equivalents of Lamar Advertising, Lamar Media and its restricted subsidiaries to (b) EBITDA, as defined below, for the most recent four fiscal quarters then ended, is less than 6.5 to 1.0.

Under the senior credit facility, “EBITDA” means, for any period, operating income for Lamar Advertising, Lamar Media and its restricted subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) for such period (calculated (A) before (i) taxes, (ii) interest expense, (iii) depreciation, (iv) amortization, (v) any other non-cash income or charges accrued for such period, (vi) charges and expenses in connection with the senior credit facility, any actual or proposed acquisition, disposition or investment (excluding, in each case, purchases and sales of advertising space and operating assets in the ordinary course of business) and any actual or proposed offering of securities, incurrence or repayment of indebtedness (or amendment to any agreement relating to indebtedness), including any refinancing thereof, or recapitalization and (vii) any loss or gain relating to amounts paid or earned in cash prior to the stated settlement date of any swap agreement that has been reflected in operating income for such period) and (B) after giving effect to the amount of cost savings, operating expense reductions and other operating improvements or synergies projected by Lamar Media in good faith to be realized as a result of any acquisition, investment, merger, amalgamation or disposition within 18 months of any such acquisition, investment, merger, amalgamation or disposition, net of the amount of actual benefits realized during such period from such action; provided, (a) the aggregate amount for all such cost savings, operating expense reductions and other operating improvements or synergies will not exceed an amount equal to 15% of EBITDA for the applicable four quarter period and (b) any such adjustment to EBITDA may only take into account cost savings, operating expense reductions and other operating improvements or synergies that are (I) directly attributable to such acquisition, investment, merger, amalgamation or disposition, (II) expected to have a continuing impact on Lamar Media and its restricted subsidiaries and (III) factually supportable, in each case all as certified by the chief financial officer of Lamar Media) on behalf of Lamar Media, and excluding (except to the extent received or paid in cash by Lamar Advertising, Lamar Media or any of its restricted subsidiaries (other than the special purpose subsidiaries) income or loss attributable to equity in affiliates for such period), excluding any extraordinary and unusual gains or losses during such period, and excluding the proceeds of any casualty events and dispositions. For purposes hereof, the effect thereon of any adjustments required under Statement of Financial Accounting Standards No. 141R shall be excluded. If during any period for which EBITDA is being determined, Lamar Media has consummated any acquisition or disposition, EBITDA will be determined on a pro forma basis as if such acquisition or disposition had been made or consummated on the first day of such period.

The Company believes that its current level of cash on hand, availability under the senior credit facility and future cash flows from operations are sufficient to meet its operating needs through fiscal 2019. All debt obligations are reflected on the Company's balance sheet.

Restrictions under Accounts Receivable Securitization Program. The agreements governing the Account Receivable Securitization Program contain customary representations and warranties, affirmative and negative covenants, and termination event provisions, including but not limited to those providing for the acceleration of amounts owed under the Accounts Receivable Securitization Program if, among other things, the Special Purpose Subsidiaries fail to make payments when due, Lamar Media, the Subsidiary Originators or the Special Purpose Subsidiaries become insolvent or subject to bankruptcy proceedings or certain judicial judgments, breach certain representations and warranties or covenants or default under other material indebtedness, a change of control occurs, or if Lamar Media fails to maintain the maximum secured debt ratio of 3.5 to 1.0 required under Lamar Media's senior credit facility.

Uses of Cash

Capital Expenditures. Capital expenditures, excluding acquisitions were approximately $97.7 million for the nine months ended September 30, 2019. We anticipate our 2019 total capital expenditures will be approximately $128.0 million.

Acquisitions. During the nine months ended September 30, 2019, the Company completed acquisitions for an aggregate purchase price of approximately $214.6 million, which were financed using available cash on hand or borrowings under its revolving credit facility.

Note Redemption. On March 19, 2018, the Company used proceeds from the Term B loan, together with cash on hand, to redeem in full all $500.0 million in aggregate principal amount of Lamar Media's 5 7/8% Senior Subordinated Notes due 2022 and repay a portion of the borrowings outstanding under Lamar Media's revolving credit facility. The notes were redeemed at a redemption price equal to 101.958% of the aggregate principal amount of the outstanding notes, plus accrued and unpaid interest up to the redemption date. The Company recorded a loss on debt extinguishment of $15.4 million related to this redemption which is comprised of a $9.8 million prepayment penalty and a $5.6 million non-cash write off of unamortized deferred financing costs. See *Sources of Cash-Credit Facility* for more information.

Term Loans. The Term A loans mature on May 15, 2022 and the Term B loans mature on March 16, 2025. The remaining quarterly installments scheduled to be paid on each December 31, March 31, June 30 and September 30 are as follows:

Principal Payment Date		Term A		Term B
		(in thousands)		
December 31, 2019-June 30, 2020	$	8,437.5	$	1,500.0
September 30, 2020-March 31, 2022	$	16,875.0	$	1,500.0
Term A Loan Maturity May 15, 2022	$	253,125.0	$	—
June 30, 2022-December 31, 2024	$	—	$	1,500.0
Term B Loan Maturity March 16, 2025	$	—	$	559,500.0

The Term Loans bear interest at rates based on the Adjusted LIBO Rate ("Eurodollar term loans") or the Adjusted Base Rate ("Base Rate term loans"), at Lamar Media's option. Eurodollar term loans bear interest at a rate per annum equal to the Adjusted LIBO Rate plus 1.75%; (or the Adjusted LIBO Rate plus 1.50% at any time the Total Debt Ratio is less than or equal to 3.25 to 1 for Term A loans only). Base Rate term loans bear interest at a rate per annum equal to the Adjusted Base Rate plus 0.75% (or the Adjusted Base Rate plus 0.50% at any time the Total Debt Ratio is less than or equal to 3.25 to 1 for Term A loans only). The revolving credit facility bears interest at rates based on the Adjusted LIBO Rate ("Eurodollar revolving loans") or the Adjusted Base Rate ("Base Rate revolving loans"), at Lamar Media's option. Eurodollar revolving loans bear interest at a rate per annum equal to the Adjusted LIBO Rate plus 2.25% (or the Adjusted LIBO Rate plus 2.00% at any time the Total Debt Ratio is less than or equal to 4.25 to 1; or the Adjusted LIBO Rate plus 1.75% at any time the Total Debt Ratio is less than or equal to 3.00 to 1). Base Rate revolving loans bear interest at a rate per annum equal to the Adjusted Base Rate plus 1.25% (or the Adjusted Base Rate plus 1.0% at any time the total debt ratio is less than or equal to 4.25 to 1, or the Adjusted Base Rate plus 0.75% at any time the Total Debt Ratio is less than or equal to 3.00 to 1). The guarantees, covenants, events of default and other terms of the senior credit facility apply to the Term A and B loans and revolving credit facility.

*Dividends***.** On February 28, 2019, May 30, 2019 and August 22, 2019, Lamar Advertising's Board of Directors declared a quarterly cash dividend of $0.96 per share, paid on March 29, 2019, June 28, 2019 and September 30, 2019, respectively, to its stockholders of record of its Class A common stock and Class B common stock on March 15, 2019, June 14, 2019 and September 16, 2019, respectively. The Company expects aggregate quarterly distributions to stockholders in 2019 will total $3.84 per common share.

As a REIT, the Company must annually distribute to its stockholders an amount equal to at least 90% of its REIT taxable income (determined before the deduction for distributed earnings and excluding any net capital gain). The amount, timing and frequency of future distributions will be at the sole discretion of the Board of Directors and will be declared based upon various factors, a number of which may be beyond the Company's control, including financial condition and operating cash flows, the amount required to maintain REIT status and reduce any income and excise taxes that the Company otherwise would be required to pay, limitations on distributions in our existing and future debt instruments, the Company's ability to utilize net operating losses to offset, in whole or in part, the Company's distribution requirements, limitations on its ability to fund distributions using cash generated through its Taxable REIT Subsidiaries ("TRSs") and other factors that the Board of Directors may deem relevant.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Commitments and Contingencies

In our 2018 Combined Form 10-K/A, Part II, Item 7, Management's Discussion and Analysis of Financial Conditions and Results of Operations, under the heading "Debt Service and Contractual Obligations," we described our commitments and contingencies. There were no material changes in our commitments and contingencies during the nine months ended September 30, 2019.

Critical Accounting Estimates

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The presentation of these financial statements requires us to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses. Except as described below, there have been no material changes to the critical accounting policies and estimates as previously disclosed in Item 7 of our 2018 Combined Form 10-K/A.

The policy below is critical because it requires management to make estimates and judgements about the carrying values of the assets and liabilities that are subjective, complex and are subject to an inherent degree of uncertainty. Actual results may differ from our estimates.

Leases. We adopted the new lease standard on January 1, 2019 and recognized operating lease right of use assets and operating lease liabilities that have not been previously recorded. The Company has approximately 75,000 operating leases for land at our outdoor sites, logo structures, transit contracts, buildings and vehicles. We recorded an operating lease right of use asset of $1.296 billion and operating lease liability of $1.212 billion as of September 30, 2019 for these agreements.

The Company discounts its remaining non-cancelable lease payments using either an interest rate implicit in the lease or our collateralized incremental borrowing rate. The collateralized incremental borrowing rate is determined using a portfolio approach based on the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term.

The Company is also required to assess a reasonably certain lease term for each lease at lease commencement, modification or if there is a change in relevant facts or circumstances of the lease. The reasonably certain lease term is assessed based on information available at the time of lease commencement, modification or change in relevant facts or circumstances. Our lease terms include the non-cancelable period of the lease plus any additional periods covered by either the Company's option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend the lease controlled by the lessor.

Due to the adoption of the lease standard, our prepaid lease expenses and accrued lease expenses are now recorded as an increase or decrease to our operating lease right of use assets.

Accounting Standards Update

<u>*Leases*</u>

In February 2016, the FASB established Topic 842, *Leases*, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10 and ASU No. 2019-01, *Codification Improvements to Topic 842*, *Leases*; and ASU No. 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

We adopted the new standard effective January 1, 2019 using a modified retrospective transition approach, applying the new standard to all leases existing at the date of initial application. An entity was permitted to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. Consequently, financial information was not updated and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019.

The new standard provided a number of optional practical expedients in transition. We elected the 'package of practical expedients', which permitted us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We elected the practical expedient pertaining to land easements. We also elected the short-term lease recognition exemption for certain of our vehicle agreements. This means, for those leases that qualify, we will not recognize ROU assets or lease liabilities.

Upon adoption, we recognized additional operating liabilities of $1.2 billion, with corresponding ROU assets of the same amount based on the present value of the remaining minimum rental payments under current leasing standards for our existing operating leases. The Company did not have any changes to its opening balance of retained earnings for the adoption of this update.

<u>*Other recently released pronouncements*</u>

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and other (Topic 350): Simplifying the test for goodwill impairment.* The update simplifies how a company completes its goodwill impairment test by eliminating the two-step process, which requires determining the fair value of assets acquired or liabilities assumed in a business combination. The update requires completing the goodwill impairment test by comparing the difference between the reporting units carrying value and fair value. Goodwill charges, if any, would be determined by reducing the goodwill balance by the excess of the reporting unit's carrying value over its fair value. The update is effective for annual and interim fiscal periods beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on or after January 1, 2017. The Company adopted this update beginning with its December 31, 2017 goodwill impairment test.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808).* The update is to clarify when certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 and when the collaborative arrangement participant is a customer in the context of a unit of account. The update also adds unit-of-account guidance in Topic 808 and requires that a collaborative arrangement participant that is not directly related to sales to a third party, presenting the transaction together with revenue recognized under Topic 606 is precluded if the collaborative arrangement participant is not a customer. The update is effective for annual and interim fiscal periods beginning after December 15, 2019 with early adoption permitted. The Company does not believe this update will have a material effect on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326*) – Measurement of Credit Losses on Financial Instruments, and additional changes modifications, clarifications, or interpretations related to this guidance thereafter, which require a reporting entity to estimate credit losses on certain types of financial instruments, and present assets held at amortized cost and available-for-sale debt securities at the amount expected to be collected. The new guidance is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted. The Company is currently evaluating the impact of the new guidance on its Consolidated Financial Statements.

LAMAR MEDIA CORP.

The following is a discussion of the consolidated financial condition and results of operations of Lamar Media for the nine months and three months ended September 30, 2019 and 2018. This discussion should be read in conjunction with the consolidated financial statements of Lamar Media and the related notes thereto.

RESULTS OF OPERATIONS

Nine Months ended September 30, 2019 compared to Nine Months ended September 30, 2018

Net revenues increased $91.7 million or 7.6% to $1.29 billion for the nine months ended September 30, 2019 from $1.20 billion for the same period in 2018. This increase was attributable primarily to an increase in billboard net revenues of $91.3 million, which represents an increase of 8.8% over the same period in 2018, largely due to the acquisition of new operating assets during 2018 and 2019. In addition, transit sign revenue increased $0.4 million, which represents an increase of 0.5% and logo sign revenue remained relatively constant over the comparable period in 2018.

For the nine months ended September 30, 2019 there was a $33.7 million increase in acquisition-adjusted net revenue as compared to acquisition-adjusted net revenue for the nine months ended September 30, 2018, which represents an increase of 2.7%. See "Reconciliations" below. The $33.7 million increase in revenue primarily consists of a $31.9 million increase in billboard revenue which is largely due to an increase in digital revenue, and a $1.7 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable period in 2018.

Total operating expenses, exclusive of depreciation and amortization and (gain) loss on disposition of assets, increased $38.0 million, or 5.5% to $732.5 million for the nine months ended September 30, 2019 from $694.6 million in the same period in 2018. The $38.0 million increase over the prior year is comprised of a $4.7 million decrease in stock-based compensation offset by a $40.9 million increase in direct and general and administrative operating expenses (excluding stock-based compensation expense) related to the operations of our outdoor advertising assets and an increase in corporate expense of $1.8 million (excluding stock-based compensation expense).

Depreciation and amortization expense increased 11.9% to $187.2 million for the nine months ended September 30, 2019 as compared to the same period in 2018, primarily related to the addition of approximately $453.2 million of depreciable assets acquired through acquisitions and $133.1 million in capitalized expenditures since October 1, 2018.

For the nine months ended September 30, 2019, Lamar Media recognized a gain on disposition of assets of $5.4 million primarily resulting from an amendment of a transit contract in the first quarter of 2019. The $5.4 million gain represents an increase of $12.6 million over the same period in 2018, primarily due to Lamar Media's loss recognized on the sale of its Puerto Rico assets in April 2018 of $7.5 million.

Due to the above factors, operating income increased by $46.4 million to $376.7 million for the nine months ended September 30, 2019 as compared to $330.2 million for the same period in 2018.

Lamar Media did not recognize any losses on debt extinguishment during the nine months ended September 30, 2019 as compared to same period in 2018, whereby Lamar Media recorded a $15.4 million loss on debt extinguishment related to the prepayment of its 5 7/8% Notes.

Interest expense increased $16.9 million for the nine months ended September 30, 2019 to $114.2 million as compared to $97.3 million for the nine months ended September 30, 2018. The increase in interest expense is primarily related to the increased debt outstanding as compared to the same period in 2018.

The increases in operating income as well as the decrease in loss on debt extinguishment offset by the increase in interest expense described above resulted in a $45.2 million increase in net income before income taxes.

The Company recorded an income tax benefit for the nine months ended September 30, 2019 of $6.7 million as compared to an income tax expense of $8.0 million for the same period in 2018. The $6.7 million tax benefit is comprised of a $17.0 million non-cash tax benefit resulting from REIT converted assets offset by income tax expense of $10.3 million. The $10.3 million tax expense equates to an effective tax rate for the nine months ended September 30, 2019 of 3.9% which differs from the federal statutory rate primarily due to our qualification for taxation as a REIT and adjustments for foreign items.

As a result of the above factors, Lamar Media recognized net income for the nine months ended September 30, 2019 of $269.7 million, as compared to net income of $209.8 million for the same period in 2018.

Reconciliations:

Because acquisitions occurring after December 31, 2017 (the “acquired assets”) have contributed to our net revenue results for the periods presented, we provide 2018 acquisition-adjusted net revenue, which adjusts our 2018 net revenue for the nine months ended September 30, 2018 by adding to or subtracting from it the net revenue generated by the acquired or divested assets prior to our acquisition or divestiture of these assets for the same time frame that those assets were owned in the nine months ended September 30, 2019.

Reconciliations of 2018 reported net revenue to 2018 acquisition-adjusted net revenue for the nine months ended September 30, as well as a comparison of 2018 acquisition-adjusted net revenue to 2019 reported net revenue for the nine months ended September 30, are provided below:

Reconciliation and Comparison of Reported Net Revenue to Acquisition-Adjusted Net Revenue

	Nine months ended September 30,	
	2019	2018
	(in thousands)	
Reported net revenue	$ 1,290,985	$ 1,199,324
Acquisition net revenue	—	57,969
Adjusted totals	$ 1,290,985	$ 1,257,293

Key Performance Indicators

Net Income/Adjusted EBITDA
(in thousands)

	Nine Months Ended September 30,		Amount of Increase	Percent Increase
	2019	2018	(Decrease)	(Decrease)
Net income	$ 269,679	$ 209,843	$ 59,836	28.5%
Income tax (benefit) expense	(6,714)	7,969	(14,683)	
Loss on debt extinguishment	—	15,429	(15,429)	
Interest expense (income), net	113,687	97,008	16,679	
(Gain) loss on disposition of assets	(5,360)	7,265	(12,625)	
Depreciation and amortization	187,150	167,251	19,899	
Impact of ASC 842 adoption (lease accounting standard)	(6,955)	—	(6,955)	
Stock-based compensation expense	18,078	22,745	(4,667)	
Adjusted EBITDA	$ 569,565	$ 527,510	$ 42,055	8.0%

Adjusted EBITDA for the nine months ended September 30, 2019 increased 8.0% to $569.6 million. The increase in Adjusted EBITDA was primarily attributable to an increase in our gross margin (net revenue less direct advertising expense, exclusive of depreciation and amortization and the impact of ASC 842 adoption) of $68.7 million, and was offset by an increase in total general and administrative and corporate expenses of $26.6 million, excluding the impact of stock-based compensation expense.

Net Income/FFO/AFFO
(in thousands)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 269,679	$ 209,843	$ 59,836	28.5%
Depreciation and amortization related to real estate	175,920	157,941	17,979	
(Gain) loss from sale or disposal of real estate, net of tax of $0 and $878 in 2019 and 2018, respectively	(5,048)	8,350	(13,398)	
Non-cash tax benefit for REIT converted assets	(17,031)	—	(17,031)	
Adjustments for unconsolidated affiliates and non-controlling interest	561	385	176	
FFO	$ 424,081	$ 376,519	$ 47,562	12.6%
Straight line income	(217)	(220)	3	
Impact of ASC 842 adoption (lease accounting standard)	(6,955)	—	(6,955)	
Stock-based compensation expense	18,078	22,745	(4,667)	
Non-cash portion of tax provision	2,572	697	1,875	
Non-real estate related depreciation and amortization	11,230	9,310	1,920	
Amortization of deferred financing costs	4,012	3,662	350	
Loss on extinguishment of debt	—	15,429	(15,429)	
Capital expenditures – maintenance	(35,888)	(30,453)	(5,435)	
Adjustments for unconsolidated affiliates and non-controlling interest	(561)	(385)	(176)	
AFFO	$ 416,352	$ 397,304	$ 19,048	4.8%

FFO for the nine months ended September 30, 2019 increased from FFO of $376.5 million in 2018 to $424.1 million for the same period in 2019, an increase of 12.6%. AFFO for the nine months ended September 30, 2019 increased 4.8% to $416.4 million as compared to $397.3 million for the same period in 2018. The increase in AFFO was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense, exclusive of depreciation and amortization and the impact of ASC 842 adoption) offset by increases in interest expense and the total of general and administrative and corporate expenses (excluding the effect of stock-based compensation expense).

Three Months ended September 30, 2019 compared to Three Months ended September 30, 2018

Net revenues increased $39.3 million or 9.4% to $457.8 million for the three months ended September 30, 2019 from $418.5 million for the same period in 2018. This increase was attributable primarily to an increase in billboard net revenues million over the same period in 2018, due to growth from acquired assets over the past twelve months, while logo sign revenue and transit revenue remained relatively unchanged over the comparable period in 2018.

For the three months ended September 30, 2019, there was a $14.8 million increase in acquisition-adjusted net revenue as compared to acquisition-adjusted net revenue for the three months ended September 30, 2018, which represents an increase of 3.4%. See "Reconciliations" below. The $14.8 million increase in revenue is primarily due to increases in billboard revenue which is largely due to an increase in digital revenue as compared to the same period in 2018.

Total operating expenses, exclusive of depreciation and amortization and loss (gain) on disposition of assets, increased $17.9 million, or 7.6% to $252.5 million for the three months ended September 30, 2019 from $234.5 million in the same period in 2018. The $17.9 million increase over the prior year is comprised of an increase in stock-based compensation of $2.0 million, an increase of $15.4 million in direct and general and administrative expense (excluding stock-based compensation) related to our operating assets and a $0.6 million increase corporate expenses (excluding stock-based compensation).

Depreciation and amortization expense increased $8.9 million to $64.0 million for the three months ended September 30, 2019 as compared to $55.1 million for the same period in 2018, primarily related to the addition of approximately $458.2 million of depreciable assets acquired since October 1, 2018.

Primarily due to the above factors, operating income increased by $13.1 million to $141.6 million for the three months ended September 30, 2019 as compared to $128.5 million for the same period in 2018.

Interest expense increased $6.5 million for the three months ended September 30, 2019 to $38.3 million as compared to $31.9 million for the three months ended September 30, 2018. The increase in interest expense is primarily related to the increased debt outstanding as compared to the same period in 2018 offset by a slight decrease in interest rates.

The increase in operating income offset by the increase in interest expense described above resulted in a $6.6 million increase in net income before income taxes.

Lamar Media recorded income tax expense for the three months ended September 30, 2019 of $3.6 million as compared to an income tax expense of $2.6 million for the same period in 2018. The $3.6 million tax expense equates to an effective tax rate for the three months ended September 30, 2019 of 3.5% which differs from the federal statutory rate primarily due to our qualification for taxation as a REIT and adjustments for foreign items.

As a result of the above factors, Lamar Media recognized net income for the three months ended September 30, 2019 of $99.8 million, as compared to net income of $94.2 million for the same period in 2018.

Reconciliations:

Because acquisitions occurring after December 31, 2017 (the "acquired assets") have contributed to our net revenue results for the periods presented, we provide 2018 acquisition-adjusted net revenue, which adjusts our 2018 net revenue for the three months ended September 30, 2018 by adding to or subtracting from it the net revenue generated by the acquired or divested assets prior to our acquisition or divestiture of these assets for the same time frame that those assets were owned in the three months ended September 30, 2019.

Reconciliations of 2018 reported net revenue to 2018 acquisition-adjusted net revenue for the three months ended September 30, as well as a comparison of 2018 acquisition-adjusted net revenue to 2019 reported net revenue for the three months ended September 30, are provided below:

Reconciliation and Comparison of Reported Net Revenue to Acquisition-Adjusted Net Revenue

	Three months ended September 30, 2019	Three months ended September 30, 2018
	(in thousands)	
Reported net revenue	$ 457,786	$ 418,498
Acquisition net revenue	—	24,439
Adjusted totals	$ 457,786	$ 442,937

Key Performance Indicators

Net Income/Adjusted EBITDA
(in thousands)

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 99,832	$ 94,165	$ 5,667	6.0%
Income tax expense	3,578	2,612	966	
Interest expense (income), net	38,155	31,693	6,462	
(Gain) loss on disposition of assets	(199)	407	(606)	
Depreciation and amortization	63,951	55,089	8,862	
Impact of ASC 842 adoption (lease accounting standard)	(581)	—	(581)	
Stock-based compensation expense	10,572	8,624	1,948	
Adjusted EBITDA	$ 215,308	$ 192,590	$ 22,718	11.8%

Adjusted EBITDA for the three months ended September 30, 2019 increased 11.8% to $215.3 million. The increase in Adjusted EBITDA was primarily attributable to an increase in our gross margin (net revenue less direct advertising expense, exclusive of depreciation and amortization and the impact of ASC 842 adoption) of $30.4 million, and was offset by an increase in total general and administrative and corporate expenses of $7.7 million, excluding the impact of stock-based compensation expense.

Net Income/FFO/AFFO

(in thousands)

	Three Months Ended September 30,		Amount of Increase	Percent Increase
	2019	2018	(Decrease)	(Decrease)
Net income	$ 99,832	$ 94,165	$ 5,667	6.0%
Depreciation and amortization related to real estate	59,742	52,032	7,710	
Gain from sale or disposal of real estate, net of tax of 0 and ($57) in 2019 and 2018, respectively	(164)	505	(669)	
Adjustments for unconsolidated affiliates and non-controlling interest	207	43	164	
FFO	$ 159,617	$ 146,745	$ 12,872	8.8%
Straight line expense (income)	(1)	737	(738)	
Impact of ASC 842 adoption (lease accounting standard)	(581)	—	(581)	
Stock-based compensation expense	10,572	8,624	1,948	
Non-cash portion of tax provision	662	1,138	(476)	
Non-real estate related depreciation and amortization	4,209	3,057	1,152	
Amortization of deferred financing costs	1,342	1,214	128	
Capital expenditures – maintenance	(12,492)	(11,248)	(1,244)	
Adjustments for unconsolidated affiliates and non-controlling interest	(207)	(43)	(164)	
AFFO	$ 163,121	$ 150,224	$ 12,897	8.6%

FFO for the three months ended September 30, 2019 increased 8.8% to $159.6 million as compared to FFO of $146.7 million for the same period in 2018. AFFO for the three months ended September 30, 2019 increased 8.6% to $163.1 million as compared to $150.2 million for the same period in 2018. The increase in AFFO was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense, exclusive of depreciation and amortization and the impact of ASC 842 adoption) offset by increases in interest expense and the total of general and administrative and corporate expenses (excluding the effect of stock-based compensation expense).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Lamar Advertising Company and Lamar Media Corp.

Lamar Advertising is exposed to interest rate risk in connection with variable rate debt instruments issued by its wholly owned subsidiary Lamar Media. The information below summarizes the Company’s interest rate risk associated with its principal variable rate debt instruments outstanding at September 30, 2019, and should be read in conjunction with Note 11 of the Notes to the Company’s Consolidated Financial Statements.

Lamar Media has variable-rate debt outstanding under its senior credit facility and its Accounts Receivable Securitization Program. Because interest rates may increase or decrease at any time, the Company is exposed to market risk as a result of the impact that changes in interest rates may have on the applicable borrowings outstanding. Increases in the interest rates applicable to these borrowings would result in increased interest expense and a reduction in the Company’s net income.

At September 30, 2019 there was approximately $1.366 billion of indebtedness outstanding under the senior credit facility and Accounts Receivable Securitization Program, or approximately 44.7% of the Company’s outstanding long-term debt on that date, bearing interest at variable rates. The aggregate interest expense for 2019 with respect to borrowings under the senior credit facility and the Accounts Receivable Securitization Program was $42.4 million, and the weighted average interest rate applicable to these borrowings during 2019 was 4.1%. Assuming that the weighted average interest rate was 200 basis points higher (that is 6.1% rather than 4.1%), then the Company’s 2019 interest expense would have increased by approximately $20.1 million for the nine months ended September 30, 2019.

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

ITEM 4. CONTROLS AND PROCEDURES

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

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

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

Beginning January 1, 2019, we adopted ASU No. 2016-02, "Leases (Codified as ASC 842)," which resulted in recording operating lease liabilities and operating right-of-use assets on our condensed consolidated balance sheet. As a result, we implemented changes to our internal controls related to leases for the nine months ended September 30, 2019. These changes include implementing updated accounting policies affected by ASC 842 and implementing a new information technology application to calculate our operating lease right-of-use assets and operating lease liabilities and required disclosures.

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

PART II — OTHER INFORMATION

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our combined Annual Report on Form 10-K/A for the year ended December 31, 2018, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our Class A common stock. There have been no material changes to our risk factors since our combined Annual Report on Form 10-K/A for the year ended December 31, 2018.

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Lamar Advertising Company (the "Company"), as filed with the Secretary of the State of Delaware effective as of November 18, 2014. Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on November 19, 2014 and incorporated herein by reference.
3.2	Certificate of Merger, effective as of November 18, 2014. Previously filed as Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on November 19, 2014 and incorporated herein by reference.
3.3	Amended and Restated Certificate of Incorporation of Lamar Media Corp. ("Lamar Media") Previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2007 (File No. 0-30242) filed on May 10, 2007 and incorporated herein by reference.

Exhibit Number	Description
3.4	Amended and Restated Bylaws of the Company, adopted as of November 18, 2014. Previously filed as Exhibit 3.3 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on November 19, 2014 and incorporated herein by reference.
3.5	Amended and Restated Bylaws of Lamar Media. Previously filed as Exhibit 3.1 to Lamar Media's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 1-12407) filed on November 12, 1999 and incorporated herein by reference.
4.1	Supplemental Indenture to the Indenture dated as of October 30, 2012, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of August 15, 2019, relating to Lamar Media's 5% Senior Subordinated Notes due 2023. Filed herewith.
4.2	Supplemental Indenture to the Indenture dated as of January 10, 2014, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of August 15, 2019, relating to Lamar Media's 5 3/8% Senior Notes due 2024. Filed herewith.
4.3	Supplemental Indenture to the Indenture dated as of January 28, 2016, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of August 15, 2019, relating to Lamar Media's 5 3/4% Senior Notes due 2026. Filed herewith.
10.1	Joinder Agreement, dated as of August 15, 2019, to the Third Amended and Restated Credit Agreement dated as of May 15, 2017, as amended, among Lamar Media, the subsidiary borrower party thereto, the subsidiary guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, by Ashby Street Outdoor Holdings LLC, Ashby Street Outdoor CC, LLC and Ashby Street Outdoor LLC. Filed herewith.
31.1	Certification of the Chief Executive Officer of the Company and Lamar Media pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification of the Chief Financial Officer of the Company and Lamar Media pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in Inline XBRL: (i) Consolidated Statements of Cash Flows, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Balance Sheets, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

LAMAR ADVERTISING COMPANY

DATED: November 5, 2019

BY: /s/ Jay Johnson
Chief Financial and Accounting Officer and Treasurer

LAMAR MEDIA CORP.

DATED: November 5, 2019

BY: /s/ Jay Johnson
Chief Financial and Accounting Officer and Treasurer

JOINDER AGREEMENT

JOINDER AGREEMENT dated as of August 15, 2019, by the undersigned entities (each, an "Additional Subsidiary Guarantor" and, collectively, the "Additional Subsidiary Guarantors"), in favor of JPMorgan Chase Bank, N.A., as administrative agent for the Lenders party to the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Administrative Agent").

Lamar Media Corp., a Delaware corporation (the "Company"), the Subsidiary Borrower that may be or may become a party thereto (the "Subsidiary Borrower" and together with the Company, the "Borrowers") and certain of its subsidiaries (collectively, the "Existing Subsidiary Guarantors" and, together with the Borrowers, the "Securing Parties") are parties to the Third Amended and Restated Credit Agreement dated as of May 15, 2017, as amended by Amendment No. 1, dated as of March 16, 2018, and Amendment No. 2, dated as of December 6, 2018, and Incremental Amendment No. 1, dated as of January 17, 2019, by and among Lamar Media Corp., the Subsidiary Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, (as further amended prior to the date hereof and as the same may be further amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), providing, subject to the terms and conditions thereof, for extensions of credit (by means of loans and letters of credit) to be made by the Lenders therein (collectively, together with any entity that becomes a "Lender" party to the Credit Agreement after the date hereof as provided therein, the "Lenders" and, together with Administrative Agent and any successors or assigns of any of the foregoing, the "Secured Parties") to the Borrowers. In addition, the Borrowers may from time to time be obligated to one or more of the Lenders under the Credit Agreement in respect of Swap Agreements under and as defined in the Credit Agreement (collectively, the "Swap Agreements").

In connection with the Credit Agreement, the Borrowers, the Existing Subsidiary Guarantors and the Administrative Agent are parties to the Amended and Restated Pledge Agreement dated February 3, 2014 (the "Pledge Agreement") pursuant to which the Securing Parties have, inter alia, granted a security interest in the Collateral (as defined in the Pledge Agreement) as collateral security for the Secured Obligations (as so defined). Terms defined in the Pledge Agreement are used herein as defined therein.

To induce the Secured Parties to enter into the Credit Agreement, and to extend credit thereunder and to extend credit to the Borrowers under Swap Agreements, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Additional Subsidiary Guarantors have agreed to become parties to the Credit Agreement and the Pledge Agreement as a "Subsidiary Guarantor" thereunder, and to pledge and grant a security interest in the Collateral (as defined in the Pledge Agreement).

Accordingly, the parties hereto agree as follows:

Section 1. Definitions. Terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Joinder to Agreements. Effective upon the execution and delivery hereof, each Additional Subsidiary Guarantor hereby agrees that it shall become a "Subsidiary Guarantor" under and for all purposes of the Credit Agreement and a "Securing Party" under and for all purposes of the Pledge Agreement with all the rights and obligations of a Subsidiary Guarantor and Securing Party thereunder, as applicable. Without limiting the generality of the foregoing, each Additional Subsidiary Guarantor hereby:

(i) jointly and severally with the other Subsidiary Guarantors party to the Credit Agreement guarantees to each Secured Party and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of all Guaranteed Obligations in the same manner and to the same extent as is provided in Article III of the Credit Agreement;

(ii) pledges and grants the security interests in all right, title and interest of such Additional Subsidiary Guarantor in all Collateral (as defined in the Pledge Agreement) that it now owns or hereafter acquires and whether now existing or hereafter coming into existence provided for by Article III of the Pledge Agreement as collateral security for the Secured Obligations and agrees that the Schedules thereof shall be supplemented as provided in Appendices A and B hereto;

(iii) makes the representations and warranties set forth in Article IV of the Credit Agreement and in Article II of the Pledge Agreement, to the extent relating to such Additional Subsidiary Guarantor or to the Pledged Equity evidenced by the certificates, if any, identified in Appendix A hereto; and

(iv) submits to the jurisdiction of the courts, and waives jury trial, as provided in Sections 10.09 and 10.10 of the Credit Agreement.

The Additional Subsidiary Guarantors hereby instruct their counsel to deliver the opinions referred to in Section 6.10(a)(iii) of the Credit Agreement to the Secured Parties.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each Additional Subsidiary Guarantor has caused this Joinder Agreement to be duly executed and delivered as of the day and year first above written.

ADDITIONAL SUBSIDIARY GUARANTORS:

ASHBY STREET OUTDOOR HOLDINGS LLC

By: Lamar Media Corp., its sole member

By: /s/ Keith A Istre
Keith A. Istre, Executive Vice President and Chief Financial Officer

ASHBY STREET OUTDOOR LLC
ASHBY STREET OUTDOOR CC, LLC

By: Ashby Street Outdoor Holdings LLC, its sole member
By: Lamar Media Corp., its sole member

By: /s/ Keith A Istre
Keith A. Istre, Executive Vice President and Chief Financial Officer

Attest:

By: /s/ James R. McIlwain
James R. McIlwain, Secretary

[*Signature Page to Joinder Agreement*]

Accepted and agreed:

JPMORGAN CHASE BANK, N.A.
as Administrative Agent

By: /s/ Matthew Cheung ________________
Name: Matthew Cheung
Title: Vice President

Exhibit 31.1

CERTIFICATION

I, Sean E. Reilly, certify that:

1. I have reviewed this combined quarterly report on Form 10-Q of Lamar Advertising Company and Lamar Media Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;

4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and

5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' abilities to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: November 5, 2019

/s/ Sean E. Reilly

Sean E. Reilly
Chief Executive Officer, Lamar Advertising Company
Chief Executive Officer, Lamar Media Corp.

Exhibit 31.2

CERTIFICATION

I, Jay Johnson, certify that:

1. I have reviewed this combined quarterly report on Form 10-Q of Lamar Advertising Company and Lamar Media Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;

4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and

5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' abilities to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: November 5, 2019

/s/ Jay Johnson

Jay Johnson
Chief Financial Officer, Lamar Advertising Company
Chief Financial Officer, Lamar Media Corp.

Exhibit 32.1

LAMAR ADVERTISING COMPANY
LAMAR MEDIA CORP.

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned officers of Lamar Advertising Company ("Lamar Advertising") and Lamar Media Corp. ("Lamar Media") certifies, to his knowledge and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the combined Quarterly Report on Form 10-Q of Lamar Advertising and Lamar Media for the period ended September 30, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the combined Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Lamar Advertising and Lamar Media.

Dated: November 5, 2019

By: /s/ Sean E. Reilly
Sean E. Reilly
Chief Executive Officer, Lamar Advertising Company
Chief Executive Officer, Lamar Media Corp.

Dated: November 5, 2019

By: /s/ Jay Johnson
Jay Johnson
Chief Financial Officer, Lamar Advertising Company
Chief Financial Officer, Lamar Media Corp.

SUPPLEMENTAL INDENTURE

TO INDENTURE DATED OCTOBER 30, 2012

THIS SUPPLEMENTAL INDENTURE dated as of August 15, 2019, among LAMAR MEDIA CORP., a Delaware corporation (the "Company"), the undersigned Guarantors party hereto, ASHBY STREET OUTDOOR HOLDINGS LLC, a Delaware limited liability company; ASHBY STREET OUTDOOR CC, LLC, a Delaware limited liability company; ASHBY STREET OUTDOOR LLC, a Delaware limited liability company; LAMAR-FAIRWAY BLOCKER 1, LLC, a Delaware limited liability company (formerly known as LAMAR-Fairway Blocker 1, Inc.); LAMAR-FAIRWAY BLOCKER 2, LLC, a Delaware limited liability company (formerly known as LAMAR-Fairway Blocker 2, Inc.); MAGIC MEDIA/LAMAR, LLC, a Delaware limited liability company (formerly known as Magic Media, Inc.); and DOUGLAS OUTDOOR ADVERTISING OF GA., LLC, a Georgia limited liability company (formerly known as Douglas Outdoor Advertising of GA., Inc.) (collectively, the "New Guarantors"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (the "Trustee").

WHEREAS, each of the Company and the Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an Indenture, dated as of October 30, 2012 (the "Indenture"), providing for the issuance of 5.00% Senior Subordinated Notes due 2023 (the "Notes");

WHEREAS, New Guarantors desire to provide a guarantee (the "Guarantee") of the obligations of the Company under the Notes and the Indenture, in accordance with Article 10 of the Indenture;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the Trustee, the Guarantors and the New Guarantors are authorized to execute and deliver this Supplemental Indenture; and

WHEREAS, all conditions precedent provided for in the Indenture relating to the execution of this Supplemental Indenture have been complied with.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. All terms used herein without definition have the meanings ascribed to them in the Indenture.

2. Guarantee. New Guarantors hereby agree to provide a full and unconditional guarantee on the terms and subject to the conditions set forth in the Indenture, including but not limited to Article 10 thereof, in the form and substance of Exhibit B to the Indenture.

3. Effectiveness of Supplemental Indenture. This Supplemental Indenture shall become effective upon the execution and delivery of this Supplemental Indenture by the Company, the Guarantors, the New Guarantors and the Trustee.

4. Indenture Remains in Full Force and Effect. This Supplemental Indenture shall form a part of the Indenture for all purposes and, except as supplemented or amended hereby, all other provisions in the Indenture and the Notes, to the extent not inconsistent with the terms and provisions of this Supplemental Indenture, shall remain in full force and effect.

5. Headings. The headings of the Articles and Sections of this Supplemental Indenture are inserted for convenience of reference and shall not be deemed a part thereof.

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

7. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of laws.

8. Trustee Disclaimer. The Trustee is not responsible for the validity or sufficiency of this Supplemental Indenture nor for the recitals hereof.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the undersigned have caused this Supplemental Indenture to be duly executed as of the day and year first above written.

NEW GUARANTORS:

LAMAR-FAIRWAY BLOCKER 1, LLC
LAMAR-FAIRWAY BLOCKER 2, LLC
MAGIC MEDIA/LAMAR, LLC
DOUGLAS OUTDOOR ADVERTISING OF GA., LLC

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

ASHBY STREET OUTDOOR HOLDINGS LLC

By: Lamar Media Corp., its sole member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

ASHBY STREET OUTDOOR CC, LLC
ASHBY STREET OUTDOOR LLC

By: Ashby Street Outdoor Holdings LLC, its sole member
By: Lamar Media Corp., its sole member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

COMPANY:

LAMAR MEDIA CORP.

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

GUARANTORS:

COLORADO LOGOS, INC.
KANSAS LOGOS, INC.
LAMAR AIRPORT ADVERTISING COMPANY
LAMAR ADVERTISING OF MICHIGAN, INC.
LAMAR ADVERTISING OF YOUNGSTOWN, INC.
LAMAR ADVERTISING SOUTHWEST, INC.
LAMAR ELECTRICAL, INC.
LAMAR OCI SOUTH CORPORATION
LAMAR OHIO OUTDOOR HOLDING CORP.
LAMAR PENSACOLA TRANSIT, INC.
MICHIGAN LOGOS, INC.
MINNESOTA LOGOS, INC.
NEBRASKA LOGOS, INC.
NEVADA LOGOS, INC.
NEW MEXICO LOGOS, INC.
OHIO LOGOS, INC.
SOUTH CAROLINA LOGOS, INC.
TENNESSEE LOGOS, INC.
TLC PROPERTIES, INC.
UTAH LOGOS, INC.

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

ARIZONA LOGOS, L.L.C.
DELAWARE LOGOS, L.L.C.
GEORGIA LOGOS, L.L.C.
KENTUCKY LOGOS, LLC
LOUISIANA INTERSTATE LOGOS, L.L.C.
MAINE LOGOS, L.L.C.
MISSISSIPPI LOGOS, L.L.C.
MISSOURI LOGOS, LLC
MONTANA LOGOS, LLC
NEW HAMPSHIRE LOGOS, L.L.C.
NEW JERSEY LOGOS, L.L.C.
OKLAHOMA LOGOS, L.L.C.
VIRGINIA LOGOS, LLC
WASHINGTON LOGOS, L.L.C.
WISCONSIN LOGOS, LLC

By: Interstate Logos, L.L.C., its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

INTERSTATE LOGOS TRS, LLC

By: Lamar TRS Holdings, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

INTERSTATE LOGOS, L.L.C.
LAMAR CENTRAL OUTDOOR, LLC
THE LAMAR COMPANY, L.L.C.
LAMAR TRS HOLDINGS, LLC

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVERTISING OF COLORADO SPRINGS, L.L.C.
LAMAR ADVERTISING OF LOUISIANA, L.L.C.
LAMAR ADVERTISING OF SOUTH DAKOTA, L.L.C.
LAMAR AIR, L.L.C.
LAMAR FLORIDA, L.L.C.
LAMAR OCI NORTH, L.L.C.
LAMAR TENNESSEE, L.L.C.

By: The Lamar Company, L.L.C., its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

LAMAR TEXAS LIMITED PARTNERSHIP

By: The Lamar Company, L.L.C., its General Partner
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

TLC FARMS, L.L.C.
TLC PROPERTIES, L.L.C.

By: TLC Properties, Inc., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVANTAGE GP COMPANY, LLC
LAMAR ADVANTAGE LP COMPANY, LLC
TRIUMPH OUTDOOR HOLDINGS, LLC

By: Lamar Central Outdoor, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

LAMAR ADVANTAGE OUTDOOR COMPANY, L.P.

By: Lamar Advantage GP Company, LLC, its General Partner

By: Lamar Central Outdoor, LLC, its Managing Member

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVANTAGE HOLDING COMPANY

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR INVESTMENTS, LLC
LAMAR SERVICE COMPANY, LLC
LAMAR TRANSIT, LLC

By: Lamar TRS Holdings, LLC, its Managing Member

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

FLORIDA LOGOS, LLC

By: Interstate Logos TRS, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

OUTDOOR MARKETING SYSTEMS, L.L.C.
OUTDOOR PROMOTIONS WEST, LLC
TRIUMPH OUTDOOR RHODE ISLAND, LLC

By: Lamar Transit, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

TLC PROPERTIES II, LLC

By: Lamar Investments, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

LAMAR ADVERTISING OF PENN, LLC

By: The Lamar Company, L.L.C., its Class A Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

By: Lamar Transit, LLC, its Class B Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR OBIE COMPANY, LLC

By: Lamar Media Corp., its Class A Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

By: Lamar Transit, LLC, its Class B Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

FMG OUTDOOR HOLDINGS, LLC
FAIRWAY MEDIA GROUP, LLC
FAIRWAY OUTDOOR ADVERTISING, LLC
FAIRWAY OUTDOOR FUNDING HOLDINGS, LLC
FAIRWAY OUTDOOR FUNDING, LLC
MCC OUTDOOR, LLC
MAGIC MEDIA REAL ESTATE, LLC
FMO REAL ESTATE, LLC
OLYMPUS MEDIA/INDIANA, LLC
FAIRWAY CCO INDIANA, LLC

By: /s/ Keith A. Istre

Name: Keith A. Istre

Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

TRUSTEE:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: /s/ Lawrence M Kusch
Name: Lawrence M Kusch
Title: Vice President

[Signature Page to Supplemental Indenture]

Exhibit 4.2

SUPPLEMENTAL INDENTURE

TO INDENTURE DATED JANUARY 10, 2014

THIS SUPPLEMENTAL INDENTURE dated as of August 15, 2019, among LAMAR MEDIA CORP., a Delaware corporation (the "Company"), the undersigned Guarantors party hereto, ASHBY STREET OUTDOOR HOLDINGS LLC, a Delaware limited liability company; ASHBY STREET OUTDOOR CC, LLC, a Delaware limited liability company; ASHBY STREET OUTDOOR LLC, a Delaware limited liability company; LAMAR-FAIRWAY BLOCKER 1, LLC, a Delaware limited liability company (formerly known as LAMAR-Fairway Blocker 1, Inc.); LAMAR-FAIRWAY BLOCKER 2, LLC, a Delaware limited liability company (formerly known as LAMAR-Fairway Blocker 2, Inc.); MAGIC MEDIA/LAMAR, LLC, a Delaware limited liability company (formerly known as Magic Media, Inc.); and DOUGLAS OUTDOOR ADVERTISING OF GA., LLC, a Georgia limited liability company (formerly known as Douglas Outdoor Advertising of GA., Inc.) (collectively, the "New Guarantors"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (the "Trustee").

WHEREAS, each of the Company and the Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an Indenture, dated as of January 10, 2014 (the "Indenture"), providing for the issuance of 5.375% Senior Notes due 2024 (the "Notes");

WHEREAS, New Guarantors desire to provide a guarantee (the "Guarantee") of the obligations of the Company under the Notes and the Indenture, in accordance with Article 10 of the Indenture;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the Trustee, the Guarantors and the New Guarantors are authorized to execute and deliver this Supplemental Indenture; and

WHEREAS, all conditions precedent provided for in the Indenture relating to the execution of this Supplemental Indenture have been complied with.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. All terms used herein without definition have the meanings ascribed to them in the Indenture.

2. Guarantee. New Guarantors hereby agree to provide a full and unconditional guarantee on the terms and subject to the conditions set forth in the Indenture, including but not limited to Article 10 thereof, in the form and substance of Exhibit B to the Indenture.

3. Effectiveness of Supplemental Indenture. This Supplemental Indenture shall become effective upon the execution and delivery of this Supplemental Indenture by the Company, the Guarantors, the New Guarantors and the Trustee.

4. Indenture Remains in Full Force and Effect. This Supplemental Indenture shall form a part of the Indenture for all purposes and, except as supplemented or amended hereby, all other provisions in the Indenture and the Notes, to the extent not inconsistent with the terms and provisions of this Supplemental Indenture, shall remain in full force and effect.

5. Headings. The headings of the Articles and Sections of this Supplemental Indenture are inserted for convenience of reference and shall not be deemed a part thereof.

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

7. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of laws.

8. Trustee Disclaimer. The Trustee is not responsible for the validity or sufficiency of this Supplemental Indenture nor for the recitals hereof.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the undersigned have caused this Supplemental Indenture to be duly executed as of the day and year first above written.

NEW GUARANTORS:

LAMAR-FAIRWAY BLOCKER 1, LLC
LAMAR-FAIRWAY BLOCKER 2, LLC
MAGIC MEDIA/LAMAR, LLC
DOUGLAS OUTDOOR ADVERTISING OF GA., LLC

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

ASHBY STREET OUTDOOR HOLDINGS LLC

By: Lamar Media Corp., its sole member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

ASHBY STREET OUTDOOR CC, LLC
ASHBY STREET OUTDOOR LLC

By: Ashby Street Outdoor Holdings LLC, its sole member
By: Lamar Media Corp., its sole member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

COMPANY:

LAMAR MEDIA CORP.

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

GUARANTORS:

COLORADO LOGOS, INC.
KANSAS LOGOS, INC.
LAMAR AIRPORT ADVERTISING COMPANY
LAMAR ADVERTISING OF MICHIGAN, INC.
LAMAR ADVERTISING OF YOUNGSTOWN, INC.
LAMAR ADVERTISING SOUTHWEST, INC.
LAMAR ELECTRICAL, INC.
LAMAR OCI SOUTH CORPORATION
LAMAR OHIO OUTDOOR HOLDING CORP.
LAMAR PENSACOLA TRANSIT, INC.
MICHIGAN LOGOS, INC.
MINNESOTA LOGOS, INC.
NEBRASKA LOGOS, INC.
NEVADA LOGOS, INC.
NEW MEXICO LOGOS, INC.
OHIO LOGOS, INC.
SOUTH CAROLINA LOGOS, INC.
TENNESSEE LOGOS, INC.
TLC PROPERTIES, INC.
UTAH LOGOS, INC.

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

ARIZONA LOGOS, L.L.C.
DELAWARE LOGOS, L.L.C.
GEORGIA LOGOS, L.L.C.
KENTUCKY LOGOS, LLC
LOUISIANA INTERSTATE LOGOS, L.L.C.
MAINE LOGOS, L.L.C.
MISSISSIPPI LOGOS, L.L.C.
MISSOURI LOGOS, LLC
MONTANA LOGOS, LLC
NEW HAMPSHIRE LOGOS, L.L.C.
NEW JERSEY LOGOS, L.L.C.
OKLAHOMA LOGOS, L.L.C.
VIRGINIA LOGOS, LLC
WASHINGTON LOGOS, L.L.C.
WISCONSIN LOGOS, LLC

By: Interstate Logos, L.L.C., its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

INTERSTATE LOGOS TRS, LLC

By: Lamar TRS Holdings, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

INTERSTATE LOGOS, L.L.C.
LAMAR CENTRAL OUTDOOR, LLC
THE LAMAR COMPANY, L.L.C.
LAMAR TRS HOLDINGS, LLC

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVERTISING OF COLORADO SPRINGS, L.L.C.
LAMAR ADVERTISING OF LOUISIANA, L.L.C.
LAMAR ADVERTISING OF SOUTH DAKOTA, L.L.C.
LAMAR AIR, L.L.C.
LAMAR FLORIDA, L.L.C.
LAMAR OCI NORTH, L.L.C.
LAMAR TENNESSEE, L.L.C.

By: The Lamar Company, L.L.C., its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

LAMAR TEXAS LIMITED PARTNERSHIP

By: The Lamar Company, L.L.C., its General Partner
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

TLC FARMS, L.L.C.
TLC PROPERTIES, L.L.C.

By: TLC Properties, Inc., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVANTAGE GP COMPANY, LLC
LAMAR ADVANTAGE LP COMPANY, LLC
TRIUMPH OUTDOOR HOLDINGS, LLC

By: Lamar Central Outdoor, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

LAMAR ADVANTAGE OUTDOOR COMPANY, L.P.

By: Lamar Advantage GP Company, LLC, its General Partner

By: Lamar Central Outdoor, LLC, its Managing Member

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVANTAGE HOLDING COMPANY

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR INVESTMENTS, LLC
LAMAR SERVICE COMPANY, LLC
LAMAR TRANSIT, LLC

By: Lamar TRS Holdings, LLC, its Managing Member

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

FLORIDA LOGOS, LLC

By: Interstate Logos TRS, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

OUTDOOR MARKETING SYSTEMS, L.L.C.
OUTDOOR PROMOTIONS WEST, LLC
TRIUMPH OUTDOOR RHODE ISLAND, LLC

By: Lamar Transit, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

TLC PROPERTIES II, LLC

By: Lamar Investments, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

LAMAR ADVERTISING OF PENN, LLC

By: The Lamar Company, L.L.C., its Class A Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

By: Lamar Transit, LLC, its Class B Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR OBIE COMPANY, LLC

By: Lamar Media Corp., its Class A Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

By: Lamar Transit, LLC, its Class B Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

FMG OUTDOOR HOLDINGS, LLC
FAIRWAY MEDIA GROUP, LLC
FAIRWAY OUTDOOR ADVERTISING, LLC
FAIRWAY OUTDOOR FUNDING HOLDINGS, LLC
FAIRWAY OUTDOOR FUNDING, LLC
MCC OUTDOOR, LLC
MAGIC MEDIA REAL ESTATE, LLC
FMO REAL ESTATE, LLC
OLYMPUS MEDIA/INDIANA, LLC
FAIRWAY CCO INDIANA, LLC

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

TRUSTEE:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By:/s/ Lawrence M Kusch
Name:Lawrence M Kusch
Title: Vice President

[Signature Page to Supplemental Indenture]

Exhibit 4.3

SUPPLEMENTAL INDENTURE

TO INDENTURE DATED JANUARY 28, 2016

THIS SUPPLEMENTAL INDENTURE dated as of August 15, 2019, among LAMAR MEDIA CORP., a Delaware corporation (the "Company"), the undersigned Guarantors party hereto, ASHBY STREET OUTDOOR HOLDINGS LLC, a Delaware limited liability company; ASHBY STREET OUTDOOR CC, LLC, a Delaware limited liability company; ASHBY STREET OUTDOOR LLC, a Delaware limited liability company; LAMAR-FAIRWAY BLOCKER 1, LLC, a Delaware limited liability company (formerly known as LAMAR-Fairway Blocker 1, Inc.); LAMAR-FAIRWAY BLOCKER 2, LLC, a Delaware limited liability company (formerly known as LAMAR-Fairway Blocker 2, Inc.); MAGIC MEDIA/LAMAR, LLC, a Delaware limited liability company (formerly known as Magic Media, Inc.); and DOUGLAS OUTDOOR ADVERTISING OF GA., LLC, a Georgia limited liability company (formerly known as Douglas Outdoor Advertising of GA., Inc.) (collectively, the "New Guarantors"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (the "Trustee").

WHEREAS, each of the Company and the Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an Indenture, dated as of January 28, 2016 (the "Indenture"), providing for the issuance of 5.750% Senior Notes due 2026 (the "Notes");

WHEREAS, New Guarantors desire to provide a guarantee (the "Guarantee") of the obligations of the Company under the Notes and the Indenture, in accordance with Article 10 of the Indenture;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the Trustee, the Guarantors and the New Guarantors are authorized to execute and deliver this Supplemental Indenture; and

WHEREAS, all conditions precedent provided for in the Indenture relating to the execution of this Supplemental Indenture have been complied with.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. All terms used herein without definition have the meanings ascribed to them in the Indenture.

2. Guarantee. New Guarantors hereby agree to provide a full and unconditional guarantee on the terms and subject to the conditions set forth in the Indenture, including but not limited to Article 10 thereof, in the form and substance of Exhibit B to the Indenture.

3. Effectiveness of Supplemental Indenture. This Supplemental Indenture shall become effective upon the execution and delivery of this Supplemental Indenture by the Company, the Guarantors, the New Guarantors and the Trustee.

4. Indenture Remains in Full Force and Effect. This Supplemental Indenture shall form a part of the Indenture for all purposes and, except as supplemented or amended hereby, all other provisions in the Indenture and the Notes, to the extent not inconsistent with the terms and provisions of this Supplemental Indenture, shall remain in full force and effect.

5. Headings. The headings of the Articles and Sections of this Supplemental Indenture are inserted for convenience of reference and shall not be deemed a part thereof.

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

7. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of laws.

8. Trustee Disclaimer. The Trustee is not responsible for the validity or sufficiency of this Supplemental Indenture nor for the recitals hereof.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the undersigned have caused this Supplemental Indenture to be duly executed as of the day and year first above written.

NEW GUARANTORS:

LAMAR-FAIRWAY BLOCKER 1, LLC
LAMAR-FAIRWAY BLOCKER 2, LLC
MAGIC MEDIA/LAMAR, LLC
DOUGLAS OUTDOOR ADVERTISING OF GA., LLC

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

ASHBY STREET OUTDOOR HOLDINGS LLC

By: Lamar Media Corp., its sole member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

ASHBY STREET OUTDOOR CC, LLC
ASHBY STREET OUTDOOR LLC

By: Ashby Street Outdoor Holdings LLC, its sole member
By: Lamar Media Corp., its sole member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

COMPANY:

LAMAR MEDIA CORP.

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

GUARANTORS:

COLORADO LOGOS, INC.
KANSAS LOGOS, INC.
LAMAR AIRPORT ADVERTISING COMPANY
LAMAR ADVERTISING OF MICHIGAN, INC.
LAMAR ADVERTISING OF YOUNGSTOWN, INC.
LAMAR ADVERTISING SOUTHWEST, INC.
LAMAR ELECTRICAL, INC.
LAMAR OCI SOUTH CORPORATION
LAMAR OHIO OUTDOOR HOLDING CORP.
LAMAR PENSACOLA TRANSIT, INC.
MICHIGAN LOGOS, INC.
MINNESOTA LOGOS, INC.
NEBRASKA LOGOS, INC.
NEVADA LOGOS, INC.
NEW MEXICO LOGOS, INC.
OHIO LOGOS, INC.
SOUTH CAROLINA LOGOS, INC.
TENNESSEE LOGOS, INC.
TLC PROPERTIES, INC.
UTAH LOGOS, INC.

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

ARIZONA LOGOS, L.L.C.
DELAWARE LOGOS, L.L.C.
GEORGIA LOGOS, L.L.C.
KENTUCKY LOGOS, LLC
LOUISIANA INTERSTATE LOGOS, L.L.C.
MAINE LOGOS, L.L.C.
MISSISSIPPI LOGOS, L.L.C.
MISSOURI LOGOS, LLC
MONTANA LOGOS, LLC
NEW HAMPSHIRE LOGOS, L.L.C.
NEW JERSEY LOGOS, L.L.C.
OKLAHOMA LOGOS, L.L.C.
VIRGINIA LOGOS, LLC
WASHINGTON LOGOS, L.L.C.
WISCONSIN LOGOS, LLC

By: Interstate Logos, L.L.C., its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

INTERSTATE LOGOS TRS, LLC

By: Lamar TRS Holdings, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

INTERSTATE LOGOS, L.L.C.
LAMAR CENTRAL OUTDOOR, LLC
THE LAMAR COMPANY, L.L.C.
LAMAR TRS HOLDINGS, LLC

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVERTISING OF COLORADO SPRINGS, L.L.C.
LAMAR ADVERTISING OF LOUISIANA, L.L.C.
LAMAR ADVERTISING OF SOUTH DAKOTA, L.L.C.
LAMAR AIR, L.L.C.
LAMAR FLORIDA, L.L.C.
LAMAR OCI NORTH, L.L.C.
LAMAR TENNESSEE, L.L.C.

By: The Lamar Company, L.L.C., its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

LAMAR TEXAS LIMITED PARTNERSHIP

By: The Lamar Company, L.L.C., its General Partner
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

TLC FARMS, L.L.C.
TLC PROPERTIES, L.L.C.

By: TLC Properties, Inc., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVANTAGE GP COMPANY, LLC
LAMAR ADVANTAGE LP COMPANY, LLC
TRIUMPH OUTDOOR HOLDINGS, LLC

By: Lamar Central Outdoor, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

LAMAR ADVANTAGE OUTDOOR COMPANY, L.P.

By: Lamar Advantage GP Company, LLC, its General Partner

By: Lamar Central Outdoor, LLC, its Managing Member

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVANTAGE HOLDING COMPANY

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR INVESTMENTS, LLC
LAMAR SERVICE COMPANY, LLC
LAMAR TRANSIT, LLC

By: Lamar TRS Holdings, LLC, its Managing Member

By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre

Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

FLORIDA LOGOS, LLC

By: Interstate Logos TRS, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

OUTDOOR MARKETING SYSTEMS, L.L.C.
OUTDOOR PROMOTIONS WEST, LLC
TRIUMPH OUTDOOR RHODE ISLAND, LLC

By: Lamar Transit, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

TLC PROPERTIES II, LLC

By: Lamar Investments, LLC, its Managing Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR ADVERTISING OF PENN, LLC

By: The Lamar Company, L.L.C., its Class A Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

By: Lamar Transit, LLC, its Class B Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

LAMAR OBIE COMPANY, LLC

By: Lamar Media Corp., its Class A Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

By: Lamar Transit, LLC, its Class B Member
By: Lamar TRS Holdings, LLC, its Managing Member
By: Lamar Media Corp., its Managing Member

By: /s/ Keith A. Istre
Name: Keith A. Istre
Title: Executive Vice President and Chief Financial Officer

FMG OUTDOOR HOLDINGS, LLC
FAIRWAY MEDIA GROUP, LLC
FAIRWAY OUTDOOR ADVERTISING, LLC
FAIRWAY OUTDOOR FUNDING HOLDINGS, LLC
FAIRWAY OUTDOOR FUNDING, LLC
MCC OUTDOOR, LLC
MAGIC MEDIA REAL ESTATE, LLC
FMO REAL ESTATE, LLC
OLYMPUS MEDIA/INDIANA, LLC
FAIRWAY CCO INDIANA, LLC

By: /s/ Keith A. Istre

Name: Keith A. Istre

Title: Executive Vice President and Chief Financial Officer

[Signature Page to Supplemental Indenture]

TRUSTEE:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: /s/ Lawrence M Kusch
Name: Lawrence M Kusch
Title: Vice President

[Signature Page to Supplemental Indenture]