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

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

☐ **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 names 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 OF LAMAR ADVERTISING COMPANY
REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of exchange on which registered
Class A common stock, $0.001 par value	**The NASDAQ Stock Market, LLC**

SECURITIES OF LAMAR ADVERTISING COMPANY
REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
None

SECURITIES OF LAMAR MEDIA CORP.
REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
None

SECURITIES OF LAMAR MEDIA CORP.
REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
None

Indicate by check mark if Lamar Advertising Company is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if Lamar Advertising Company is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark if Lamar Media Corp. is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if Lamar Media Corp. is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☒ No ☐

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 and posted on its corporate web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Lamar Advertising Company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark if either registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by nonaffiliates of Lamar Advertising Company was $5,447,202,165 based on $66.30 per share as reported at the close of trading on the NASDAQ Global Select Market on June 30, 2016, the last business day of the registrant's most recently completed second fiscal quarter.

As of June 30, 2016, the aggregate market value of the voting stock held by nonaffiliates of Lamar Media Corp. was $0.

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

Class	Outstanding at February 1, 2017
Lamar Advertising Company Class A common stock, $0.001 par value per share	82,823,978 shares
Lamar Advertising Company Class B common stock, $0.001 par value per share	14,610,365 shares
Lamar Media Corp. common stock, $0.001 par value per share	100 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts into Which Incorporated
Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on May 25, 2017 (Proxy Statement)	Part III

This combined Form 10-K 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 I(1) (a) and (b) of Form 10-K and is, therefore, filing this form with the reduced disclosure format permitted by such instruction.

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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: (i) our future financial performance and condition; (ii) our business plans, objectives, prospects, growth and operating strategies; (iii) our future capital expenditures and level of acquisition activity; (iv) our ability to integrate acquired assets and realize operating efficiency from acquisitions; (v) market opportunities and competitive positions; (vi) our future cash flows and expected cash requirements; (vii) expected timing and amount of distributions to our stockholders; (viii) estimated risks; (ix) our ability to maintain compliance with applicable covenants and restrictions included in Lamar Media Corp's ("Lamar Media") senior credit facility and the indentures relating to its outstanding notes; (x) stock price; and (xi) 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 our actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements: (i) 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; (ii) the levels of expenditures on advertising in general and outdoor advertising in particular; (iii) risks and uncertainties relating to our significant indebtedness; (iv) the demand for outdoor advertising and its continued popularity as an advertising medium; (v) our need for, and ability to obtain, additional funding for acquisitions, operations and debt refinancing; (vi) increased competition within the outdoor advertising industry; (vii) the regulation of the outdoor advertising industry by federal, state and local governments; (viii) our ability to renew expiring contracts at favorable rates; (ix) the integration of businesses that we acquire and our ability to recognize cost savings and operating efficiencies as a result of these acquisitions; (x) our ability to successfully implement our digital deployment strategy; (xi) the market for our Class A common stock; (xii) changes in accounting principles, policies or guidelines; (xiii) our ability to effectively mitigate the threat of and damages caused by hurricanes and other kinds of severe weather; (xiv) our ability to maintain our status as a REIT; and (xv) changes in tax laws applicable to REITs 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 Company and Lamar Media Corp. expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained in this report, except as required by law.

INDUSTRY AND MARKET DATA

The industry and market data presented throughout this report are based on the experience and estimates of our management and the data in reports issued by third-parties, including the Outdoor Advertising Association of America (OAAA). In each case, we believe this industry and market data is reasonable. We have not, however, independently verified the industry and market data derived from third-party sources, and no independent source has verified the industry and market data derived from management's experience and estimates.

PART I

ITEM 1. BUSINESS

GENERAL

Lamar Advertising Company is one of the largest outdoor advertising companies in the United States based on number of displays and has operated under the Lamar name since 1902. We operate in a single operating and reporting segment, advertising. We lease space for advertising on billboards, buses, shelters, benches, logo plates and in airport terminals. We offer our customers a fully integrated service, satisfying all aspects of their billboard display requirements from ad copy production to placement and maintenance.

We operate three types of outdoor advertising displays: billboards, logo signs and transit advertising displays.

Billboards. As of December 31, 2016, we owned and operated approximately 149,000 billboard advertising displays in 44 states, Canada and Puerto Rico. We lease most of our advertising space on two types of billboards: bulletins and posters.

- *Bulletins* are generally large, illuminated advertising structures that are located on major highways and target vehicular traffic.
- *Posters* are generally smaller advertising structures that are located on major traffic arteries and city streets and target vehicular and pedestrian traffic.

In addition to traditional billboards, we also lease space on digital billboards, which are generally located on major traffic arteries and city streets. As of December 31, 2016, we owned and operated approximately 2,600 digital billboard advertising displays in 42 states, Canada and Puerto Rico.

Logo signs. We lease advertising space on logo signs located near highway exits.

- *Logo signs* generally advertise nearby gas, food, camping, lodging and other attractions.

We are the largest provider of logo signs in the United States, operating 23 of the 25 privatized state logo sign contracts. As of December 31, 2016, we operated approximately 144,000 logo sign advertising displays in 23 states and Canada.

Transit advertising displays. We also lease advertising space on the exterior and interior of public transportation vehicles, in airport terminals, and on transit shelters and benches in over 70 markets. As of December 31, 2016, we operated approximately 41,000 transit advertising displays in 19 states and Canada.

CORPORATE HISTORY

We have operated under the Lamar name since our founding in 1902 and have been publicly traded on NASDAQ under the symbol “LAMR” since 1996. We completed a reorganization on July 20, 1999 that created a holding company structure. At that time, the operating company (then called Lamar Advertising Company) was renamed Lamar Media Corp., and all of the operating company’s stockholders became stockholders of a new holding company. The new holding company then took the Lamar Advertising Company name, and Lamar Media Corp. became a wholly owned subsidiary of Lamar Advertising Company.

During 2014, we completed a reorganization in order to qualify as a REIT for federal income tax purposes. As part of the plan to reorganize our business operations so that we could elect to qualify as a REIT for the taxable year commencing January 1, 2014, we completed a merger with our predecessor that was approved by our stockholders on November 17, 2014. At the time of the merger each outstanding share of our predecessor’s Class A common stock, Class B common stock and Series AA preferred stock was converted into the right to receive an equal number of shares of Class A common stock, Class B common and Series AA preferred stock of the surviving corporation, respectively. Accordingly, references herein to our Class A common stock, Class B common and Series AA preferred stock refer to our capital stock and the capital stock of our predecessor, as applicable. We hold and operate certain assets through one or more taxable REIT subsidiaries (“TRSs”). The non-REIT qualified businesses that we hold through TRSs include most of our transit and foreign operations.

We may, from time to time, change the election of previously designated TRSs to be treated as qualified REIT subsidiaries or other disregarded entities (“QRSs”), and may reorganize and transfer certain assets or operations from our TRSs to other subsidiaries, including QRSs.

In this Annual Report, unless the context otherwise requires, we refer to Lamar Advertising Company and its consolidated subsidiaries (and its predecessor and its consolidated subsidiaries), as applicable, as the “Company”, “Lamar Advertising” or “we”, we refer to Lamar Advertising’s wholly owned subsidiary Lamar Media Corp. as “Lamar Media.”

OPERATING STRATEGIES

We strive to be a leading provider of outdoor advertising services in each of the markets that we serve, and our operating strategies for achieving that goal include:

Continuing to provide high quality local sales and service. We seek to identify and closely monitor the needs of our tenants and to provide them with a full complement of high quality advertising services. Local advertising constituted approximately 78% of our net revenues for the year ended December 31, 2016, which management believes is higher than the industry average. We believe that the experience of our regional, territory and local managers has contributed greatly to our success. For example, our regional managers have been with us for an average of 33 years. In an effort to provide high quality sales and service at the local level, we employed approximately 940 local account executives as of December 31, 2016. Local account executives are typically supported by additional local staff and have the ability to draw upon the resources of our central office, as well as our offices in other markets, in the event business opportunities or customers' needs support such an allocation of resources.

Continuing a centralized control and decentralized management structure. Our management believes that, for our particular business, centralized control and a decentralized organization provide for greater economies of scale and are more responsive to local market demands. Therefore, we maintain centralized accounting and financial control over our local operations, but our local managers are responsible for the day-to-day operations in each local market and are compensated according to that market's financial performance.

Continuing to focus on internal growth. Within our existing markets, we seek to increase our revenue and improve cash flow by employing highly-targeted local marketing efforts to improve our display occupancy rates and by increasing advertising rates where and when demand can absorb rate increases. Our local offices spearhead this effort and respond to local customer demands quickly.

In addition, we routinely invest in upgrading our existing displays and constructing new displays. Since January 1, 2006, we invested approximately $1.4 billion in capitalized expenditures, which include improvements to our existing real estate portfolio and the construction of new locations. Our regular improvement and expansion of our advertising display inventory allows us to provide high quality service to our current tenants and to attract new tenants.

Continuing to pursue other outdoor advertising opportunities. We plan to renew existing logo sign contracts and pursue additional logo sign contracts. Logo sign opportunities arise periodically, both from states initiating new logo sign programs and states converting from government-owned and operated programs to privately-owned and operated programs. Furthermore, we plan to pursue additional tourist oriented directional sign programs in both the United States and Canada and also other motorist information signing programs as opportunities present themselves. In addition, in an effort to maintain market share, we continue to pursue attractive transit advertising opportunities as they become available.

Reinvesting in capital expenditures including digital technology. We have historically invested in capital expenditures, however, during 2009 and 2010, we significantly reduced our capital expenditures to position the Company to manage through the economic recession. As a result of the economic recovery, the Company began to reinvest in capital expenditures beginning in 2011. We spent approximately $107.6 million in total capital expenditures in fiscal 2016, of which approximately $33.2 million was spent on digital technology. We expect our 2017 capitalized expenditures to closely approximate our spending in 2016.

CAPITAL ALLOCATION STRATEGY

The objective of our capital allocation strategy is to simultaneously increase adjusted funds from operations and our return on invested capital. To maintain our REIT status we are required to distribute to our stockholders annually an amount equal to at least 90% of our REIT taxable income. After complying with our REIT distribution requirements, we plan to continue to allocate our available capital among investment alternatives that meet our return on investment criteria. During 2016, we generated $521.8 million of cash from operating activities, which was used to fund $107.6 million of capital expenditures, dividends to our shareholders of $294.0 million and partially fund $585.1 million of acquisitions.

- ***Capital expenditures program.*** We will continue to reinvest in our existing assets and expand our outdoor advertising display portfolio through new construction. This includes maintenance and growth capital expenditures 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.
- ***Acquisitions.*** We will seek to pursue strategic acquisitions of outdoor advertising businesses and assets. This includes acquisitions in our existing markets and in new markets where we can meet our return on investment criteria. When evaluating investments in new markets, our return on investment criteria reflects the additional risks inherent to the particular geographic area.

COMPANY OPERATIONS

Billboard Advertising

We lease most of our advertising space on two types of billboard advertising displays: bulletins and posters. As of December 31, 2016, we owned and operated approximately 149,000 billboard advertising displays in 44 states, Canada and Puerto Rico. In 2016, we derived approximately 74% of our billboard advertising net revenues from bulletin rentals and 26% from poster rentals.

Bulletins are large, advertising structures (the most common size is fourteen feet high by forty-eight feet wide, or 672 square feet) consisting of panels on which advertising copy is displayed. We wrap advertising copy printed with computer-generated graphics on a single sheet of vinyl around the structure. To attract more attention, some of the panels may extend beyond the linear edges of the display face and may include three-dimensional embellishments. Because of their greater impact and higher cost, bulletins are usually located on major highways and target vehicular traffic. At December 31, 2016, we operated approximately 68,100 bulletin displays.

We generally lease individually-selected bulletin space to advertisers for the duration of the contract (ranging from 4 to 52 weeks). We also lease bulletins as part of a rotary plan under which we rotate the advertising copy from one bulletin location to another within a particular market at stated intervals (usually every sixty to ninety days) to achieve greater reach within that market.

Posters are smaller advertising structures (the most common size is eleven feet high by twenty-three feet wide, or 250 square feet; we also operate junior posters, which are five feet high by eleven feet wide, or 55 square feet). Poster panels utilize a single flexible sheet of polyethylene material that inserts onto the face of the panel. Posters are concentrated on major traffic arteries and target vehicular traffic, and junior posters are concentrated on city streets and target hard-to-reach pedestrian traffic and nearby residents. At December 31, 2016, we operated approximately 78,100 poster displays.

We generally lease poster space for 4 to 26 weeks; determined by the advertiser's campaign needs. Posters are sold in packages of Target Rating Point ("TRP") levels, which determine the percentage of a target audience an advertiser needs to reach. A package may include a combination of poster locations in order to meet reach and frequency campaign goals.

In addition to the traditional displays described above, we also rent digital billboards. Digital billboards are large electronic light emitting diode ("LED") displays (the most common sizes are fourteen feet high by forty-eight feet wide, or 672 square feet; ten and a half feet high by thirty six feet wide, or 378 square feet; and ten feet high by twenty-one feet wide, or 210 square feet) that are generally located on major traffic arteries and city streets. Digital billboards are capable of generating over one billion colors and vary in brightness based on ambient conditions. They display completely digital advertising copy from various advertisers in a slide show fashion, rotating each advertisement approximately every 6 to 8 seconds. At December 31, 2016, we operated approximately 2,600 digital billboards in various markets. These 2,600 digital billboards generated approximately 21% of billboard advertising net revenue.

We own the physical structures on which the advertising copy is displayed. We build the structures on locations we either own or lease. In each local office, one employee typically performs site leasing activities for the markets served by that office. See Item 2. — "Properties."

In the majority of our markets, our local production staffs perform the full range of activities required to create and install billboard advertising displays. Production work includes creating the advertising copy design and layout, coordinating its printing and installing the designs on the displays. Our talented design staff uses state-of-the-art technology to prepare creative, eye-catching displays for our tenants. We can also help with the strategic placement of advertisements throughout an advertiser's market by using software that allows us to analyze the target audience and its demographics. Our artists also assist in developing marketing presentations, demonstrations and strategies to attract new tenant advertisers.

In marketing billboard displays to advertisers, we compete with other forms of out-of-home advertising and other media. When selecting the media and provider through which to advertise, advertisers consider a number of factors and advertising providers, which are described in the section entitled — "Competition" below.

Logo Sign Advertising

We entered the logo sign advertising business in 1988 and have become the largest provider of logo sign services in the United States, operating 23 of the 25 privatized state logo contracts. We erect logo signs, which generally advertise nearby gas, food, camping, lodging and other attractions, and directional signs, which direct vehicle traffic to nearby services and tourist attractions, near highway exits. As of December 31, 2016, we operated over 44,500 logo sign structures containing approximately 144,000 logo advertising displays in the United States and Canada.

We operate the logo sign contracts in the province of Ontario, Canada and in the following states:

Colorado	Georgia	Louisiana	Mississippi	Nebraska	New Mexico	South Carolina
Delaware	Kansas	Michigan	Missouri(1)	Nevada	Ohio	Tennessee
Florida	Kentucky	Minnesota	Montana	New Jersey	Oklahoma	Utah
Virginia	Wisconsin					

(1) The logo sign contract in Missouri is operated by a 66 2/3% owned partnership.

We also operate the tourist oriented directional signing ("TODS") programs for the states of Colorado, Kansas, Kentucky, Louisiana, Michigan, Missouri, Montana, Nebraska, Nevada, New Jersey, Ohio, South Carolina, Utah, Virginia and the province of Ontario, Canada.

Our logo and TODS operations are decentralized. Generally, each office is staffed with an experienced local general manager, local sales and office staff and a local signing sub-contractor. This decentralization allows the management staff of Interstate Logos, L.L.C. (the subsidiary that operates all of the logo and directional sign-related businesses) to travel extensively to the various operations and serve in a technical and management advisory capacity and monitor regulatory and contract compliance. We also run a silk screening operation in Baton Rouge, Louisiana and a display construction company in Atlanta, Georgia.

State logo sign contracts represent the exclusive right to erect and operate logo signs within a state for a period of time. The terms of the contracts vary, but generally range from five to ten years, with additional renewal terms. Each logo sign contract generally allows the state to terminate the contract prior to its expiration and, in most cases, with compensation for the termination to be paid to the Company. When a logo sign contract expires, we transfer ownership of the advertising structures to the state. Depending on the contract, we may or may not be entitled to compensation at that time. Of our 24 logo sign contracts in place, in the United States and Canada, at December 31, 2016, three are subject to renewal in 2017.

States usually award new logo sign contracts and renew expiring logo sign contracts through an open proposal process. In bidding for new and renewal contracts, we compete against other logo sign providers, as well as local companies based in the state soliciting proposals.

In marketing logo signs to advertisers, we compete with other forms of out-of-home advertising and other media. When selecting the media and provider through which to advertise, advertisers consider a number of factors and advertising providers which are described in the section entitled — "Competition" below.

Transit Advertising

We entered into the transit advertising business in 1993 as a way to complement our existing business and maintain market share in certain markets. Transit contracts are generally with the local municipalities and airport authorities and allow us the exclusive right to rent advertising space to customers, in airports and on buses, benches or shelters. The terms of the contracts vary but generally range between 3-15 years, many with renewable options for contract extension. We rent transit advertising displays in airport terminals and on bus shelters, benches and buses in over 70 transit markets, and our production staff provides a full range of creative and installation services to our transit advertising tenants. As of December 31, 2016, we operated approximately 41,000 transit advertising displays in 19 states and Canada.

Municipalities usually award new transit advertising contracts and renew expiring transit advertising contracts through an open bidding process. In bidding for new and renewal contracts, we compete against national outdoor advertising providers and local, on-premise sign providers and sign construction companies. Transit advertising operators incur significant start-up costs to build and install the advertising structures (such as transit shelters) upon being awarded contracts.

In marketing transit advertising displays to advertisers, we compete with other forms of out-of-home advertising and other media. When selecting the media and provider through which to advertise, advertisers consider a number of factors and advertising providers which are described in the section entitled — "Competition" below.

COMPETITION

Although the outdoor advertising industry has encountered a wave of consolidation, the industry remains fragmented. The industry is comprised of several large outdoor advertising and media companies with operations in multiple markets, as well as smaller, local companies operating a limited number of structures in one or a few local markets.

Although we primarily focus on small to mid-size markets where we can attain a strong market share, in each of our markets, we compete against other providers of outdoor advertising and other types of media, including:

- Larger outdoor advertising providers, such as (i) Clear Channel Outdoor Holdings, Inc., which operates billboards, street furniture displays, transit displays and other out-of-home advertising displays and (ii) Outfront Media, Inc. (formerly CBS Outdoor), which operates traditional outdoor, street furniture and transit advertising properties. Clear Channel Outdoor and Outfront Media each have corporate relationships with large media conglomerates and may have greater total resources, product offerings and opportunities for cross-selling than we do.
- Broadcast and cable television, radio, print media, direct mail marketing, the internet, social media and applications used in conjunction with wireless devices.
- An increasing variety of out-of-home advertising media, such as advertising displays in shopping centers, malls, airports, stadiums, movie theaters, supermarkets and advertising displays on taxis, trains and buses.

In selecting the form of media through which to advertise, advertisers evaluate their ability to target audiences having a specific demographic profile, lifestyle, brand or media consumption or purchasing behavior or audiences located in, or traveling through, a particular geography. Advertisers also compare the relative costs of available media, evaluating the number of impressions (potential viewings), exposure (the opportunity for advertising to be seen) and circulation (traffic volume in a market), as well as potential effectiveness, quality of related services (such as advertising copy design and layout) and customer service. In competing with other media, we believe that outdoor advertising is relatively more cost-efficient than other media, allowing advertisers to reach broader audiences and target specific geographic areas or demographic groups within markets.

We believe that our strong emphasis on sales and customer service and our position as a major provider of advertising services in each of our primary markets enables us to compete effectively with the other outdoor advertising companies, as well as with other media, within those markets.

GEOGRAPHIC DIVERSIFICATION

Our advertising displays are geographically diversified across the United States, Canada and Puerto Rico. The following table sets forth information regarding the geographic diversification of our advertising displays, which are listed in order of contributions to total revenue. Markets with less than 1% of total displays are grouped in the category “all other United States and Puerto Rico”.

	Percentage of Revenues for the year ended, December 31, 2016					Number of Displays for the year ended, December 31, 2016					
Market	Static Billboard Displays	Digital Billboard Displays	Transit Displays	Logo Displays	Total Displays	Static Billboard Displays	Digital Billboard Displays	Transit Displays	Logo Displays	Total Displays	Percentage of Total Displays
New York, NY	3.6%	1.1%	0.0%	0.0%	2.7%	1,317	19	—	—	1,336	0.4%
Las Vegas, NV	1.7%	2.6%	12.7%	0.0%	2.6%	865	40	1,211	—	2,116	0.6%
Pittsburgh, PA	2.2%	3.7%	1.7%	0.0%	2.3%	3,097	53	795	—	3,945	1.2%
Gary, IN	1.7%	3.3%	0.0%	0.0%	1.8%	1,761	110	—	—	1,871	0.6%
Cleveland, OH	1.6%	3.3%	0.0%	0.0%	1.7%	2,476	58	—	—	2,534	0.8%
San Bernardino, CA	1.8%	2.1%	1.3%	0.0%	1.7%	874	23	1,163	—	2,060	0.6%
Seattle, WA	2.1%	0.9%	0.9%	0.0%	1.6%	1,913	16	717	—	2,646	0.8%
Oklahoma City, OK	1.6%	1.2%	0.0%	0.0%	1.4%	2,383	26	—	—	2,409	0.7%
Richmond, VA	1.4%	1.9%	0.0%	0.0%	1.3%	1,352	37	—	—	1,389	0.4%
Nashville, TN	1.3%	2.0%	0.0%	0.0%	1.3%	1,739	45	—	—	1,784	0.5%
Vancouver, Canada	0.0%	0.0%	16.8%	0.0%	1.2%	—	—	6,445	—	6,445	1.9%
Knoxville, TN	1.6%	0.5%	0.0%	0.0%	1.2%	1,999	11	—	—	2,010	0.6%
Dallas, TX	1.6%	0.7%	0.0%	0.0%	1.2%	1,443	15	—	—	1,458	0.4%
Cincinnati, OH	1.1%	2.4%	0.0%	0.0%	1.2%	1,227	31	—	—	1,258	0.4%
Buffalo, NY	1.0%	1.1%	3.7%	0.0%	1.2%	962	20	1,774	—	2,756	0.8%
Birmingham, AL	1.3%	1.5%	0.0%	0.0%	1.2%	1,648	25	—	—	1,673	0.5%
Baton Rouge, LA	1.3%	1.3%	0.0%	0.0%	1.1%	1,541	36	—	—	1,577	0.5%
Hartford, CT	1.2%	1.7%	0.1%	0.0%	1.1%	958	23	100	—	1,081	0.3%
Atlanta, GA	1.1%	2.1%	0.0%	0.0%	1.1%	811	44	—	—	855	0.3%
Austin, TX	1.4%	0.5%	0.0%	0.0%	1.1%	917	5	—	—	922	0.3%
Providence, RI	0.9%	1.8%	0.8%	0.0%	1.0%	610	31	676	—	1,317	0.4%
Albany, NY	1.0%	0.8%	2.4%	0.0%	1.0%	1,119	14	1,312	—	2,445	0.7%
Tulsa, OK	1.0%	1.5%	0.0%	0.0%	1.0%	1,758	30	—	—	1,788	0.6%
Gulfport, MS	1.2%	0.8%	0.0%	0.0%	1.0%	1,018	18	—	—	1,036	0.3%
All US Logo Programs	0.0%	0.0%	0.0%	94.0%	5.4%	—	—	—	138,986	138,986	41.7%
All Other United States and Puerto Rico	65.2%	61.2%	50.8%	0.0%	59.7%	112,313	1,846	22,297	—	136,456	40.9%
All Other Canada	0.1%	0.0%	8.8%	6.0%	0.9%	149	2	4,483	4,736	9,370	2.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	146,250	2,578	40,973	143,722	333,523	100.0%
Total Revenue (in millions)	$1,040.2	$ 271.7	$ 107.9	$ 80.5	$1,500.3						

TAXABLE REIT SUBSIDIARIES

We hold and operate certain of our assets that cannot be held and operated directly by a REIT through taxable REIT subsidiaries, or TRSs. A TRS is a subsidiary of a REIT that pays corporate taxes on its taxable income. The assets held in our TRSs primarily consist of our transit advertising business, advertising services business and our foreign operations in Canada and Puerto Rico. Our TRS assets and operations will continue to be subject, as applicable, to U.S. federal and state corporate income taxes. Furthermore, our assets and operations outside the United States will continue to be subject to foreign taxes in the jurisdictions in which those assets and operations are located. Net income from our TRSs will either be retained by our TRSs and used to fund their operations, or distributed to us, where it will be reinvested in our business or be available for distribution to Lamar Advertising’s stockholders. As of December 31, 2016, the annual revenue generated by our TRSs in the aggregate was approximately $256 million.

ADVERTISING TENANTS

Our tenant base is diverse. The table below sets forth the ten industries from which we derived most of our billboard advertising revenues for the year ended December 31, 2016, as well as the percentage of billboard advertising revenues attributable to the advertisers in those industries. The individual advertisers in these industries accounted for approximately 76% of our billboard advertising net revenues in the year ended December 31, 2016. No individual tenant accounted for more than 1.0% of our billboard advertising net revenues in that period.

Categories	Percentage of Net Billboard Advertising Revenues
Restaurants	12%
Service	12%
Health Care	10%
Retailers	10%
Amusement — Entertainment/Sports	7%
Automotive	6%
Gaming	5%
Education	4%
Financial — Banks, Credit Unions	4%
Telecommunications	3%
Real Estate	3%
	76%

REGULATION

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

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

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

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

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

In January 2013, Scenic America, Inc., a nonprofit membership organization, filed a lawsuit against the U.S. Department of Transportation (USDOT) and the Federal Highway Administration (FHWA). The complaint alleged that (i) the FHWA exceeded its authority when the agency issued the 2007 Guidance to assist its division offices in evaluating state regulations that authorize the construction and operation of digital billboards that are in conformance with restrictions on “intermittent”, “flashing” or “moving” lights, which restrictions are contained in the individual Federal/State Agreements that implement the provisions of the HBA and in issuing the 2007 Guidance, the FHWA violated the Administrative Procedures Act (APA) by not first engaging in formal rulemaking, (ii) the 2007 Guidance violated the HBA because it adopted “a new lighting standard” without first amending the provisions of the Federal/State Agreements and (iii) the 2007 Guidance violates the HBA (the “2007 Guidance”) because digital billboards are themselves “inconsistent with customary use” of outdoor advertising, as that term is used in the HBA. As the principal remedy for these alleged violations, the complaint sought an injunction vacating the 2007 Guidance. On June 20, 2014, the U.S. District Court for the District of Columbia dismissed all challenges made by Scenic America to the 2007 Guidance finding that (i) the 2007 Guidance was an interpretive and not a substantive rule and, therefore, did not violate the APA, (ii) the 2007 Guidance did not infringe on the Federal/State Agreements and (iii) the 2007 Guidance is consistent with “customary use” and, therefore, did not violate the HBA. Scenic America filed a notice of appeal from the District Court’s judgment to the D.C. Circuit Court of Appeals on August 7, 2014. On September 6, 2016, the U.S. Circuit Court of Appeals for the District of Columbia issued a unanimous opinion rejecting Scenic America’s attack on digital billboards, upholding the Federal Highway Administration’s 2007 Guidance that authorizes states to allow digital billboards. Scenic America has filed a writ of certiorari to the U.S. Supreme Court and the writ is still pending.

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

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

LEGAL PROCEEDINGS

From time to time, we are involved in litigation in the ordinary course of business, including disputes involving advertising contracts, site leases, employment claims and construction matters. We are also involved in routine administrative and judicial proceedings regarding billboard permits, fees and compensation for condemnations. We are not a party to any lawsuit or proceeding which, in the opinion of management, is likely to have a material adverse effect on us.

REAL ESTATE PORTFOLIO

Our management headquarters is located in Baton Rouge, Louisiana. We also own 128 local operating facilities with front office administration and sales office space connected to back-shop poster and bulletin production space. In addition, we lease an additional 132 operating facilities at an aggregate lease expense for 2016 of approximately $8.3 million.

We own over 7,600 parcels of property beneath our advertising displays. As of December 31, 2016, we leased over 69,000 outdoor sites, accounting for an annualized lease expense of approximately $250.7 million. This amount represented approximately 19% of billboard advertising net revenues for that period. These leases are for varying terms ranging from month-to-month to a term of over ten years, and many provide us with renewal options. Our lease agreements generally permit us to use the land for the construction, repair and relocation of outdoor advertising displays, including all rights necessary to access and maintain the site. Approximately 63% of our leases will expire or be subject to renewal in the next 5 years, 15% will expire or be subject to renewal in 6 to 10 years and 22% thereafter. There is no significant concentration of displays under any one lease or subject to negotiation with any one landlord. An important part of our management activity is to manage our lease portfolio and negotiate suitable lease renewals and extensions.

The following table illustrates the number of leased and owned sites by state as of December 31, 2016, which is sorted from greatest to least in number and percentage of leased sites. States in which we lease less than 2% of our portfolio are grouped in the category “All Other States”.

State	# of billboard leased sites	% of total	# of owned billboard sites	% of total
Texas	5,723	8.3%	653	8.5%
Pennsylvania	4,862	7.0%	1,512	19.7%
California	4,731	6.8%	135	1.8%
Ohio	4,648	6.7%	372	4.8%
Tennessee	3,235	4.7%	266	3.5%
Louisiana	3,144	4.6%	464	6.0%
Alabama	3,055	4.4%	407	5.3%
North Carolina	2,735	4.0%	141	1.8%
Florida	2,693	3.9%	355	4.6%
New York	2,431	3.5%	190	2.5%
Missouri	2,186	3.2%	240	3.1%
Wisconsin	2,055	3.0%	284	3.7%
Georgia	2,015	2.9%	197	2.6%
Mississippi	1,972	2.8%	333	4.3%
Indiana	1,915	2.8%	248	3.2%
Oklahoma	1,804	2.6%	119	1.5%
Michigan	1,793	2.6%	217	2.8%
Virginia	1,640	2.4%	166	2.2%
Washington	1,503	2.2%	42	0.5%
All Other States	14,932	21.6%	1,351	17.6%
	69,072	100.0%	7,692	100%

CONTRACT EXPIRATIONS

We derive revenues primarily from renting advertising space to customers on our advertising displays. Our contracts with customers generally cover periods ranging from one week to one year and are generally billed every four weeks. Since contract terms are short-term in nature, we do not consider revenues by year of contract expiration to be meaningful.

EMPLOYEES

We employed approximately 3,300 people as of December 31, 2016. Approximately 225 employees were engaged in overall management and general administration at our management headquarters in Baton Rouge, Louisiana, and the remainder, including approximately 940 local account executives were employed in our operating offices.

Fourteen of our local offices employ billposters and construction personnel who are covered by collective bargaining agreements. We believe that our relationship with our employees, including our 120 unionized employees, is good, and we have never experienced a strike or work stoppage.

INFLATION

In the last three years, inflation has not had a significant impact on us.

SEASONALITY

Our revenues and operating results are subject to seasonality. Typically, we experience our strongest financial performance in the summer and fall, and our weakest financial performance in the first quarter of the calendar year, partly because retailers cut back their advertising spending immediately following the holiday shopping season. We expect this trend to continue in the future. Because a significant portion of our expenses is fixed, a reduction in revenues in any quarter is likely to result in a period-to-period decline in operating performance and net earnings.

AVAILABLE INFORMATION

We make our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports available free of charge through our website, www.lamar.com, as soon as reasonably practicable after filing them with, or furnishing them to, the Securities and Exchange Commission. Information contained on the website is not part of this Annual Report.

ITEM 1A. RISK FACTORS

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

The Company has borrowed substantially in the past and will continue to borrow in the future. At December 31, 2016, Lamar Advertising Company's wholly owned subsidiary, Lamar Media, had approximately $2.35 billion of total debt outstanding, net of deferred financing costs, consisting of approximately $428.4 million in bank debt outstanding under Lamar Media's senior credit facility, $1.0 billion in various series of senior subordinated notes and $898.6 million in senior notes. Despite the level of debt presently outstanding, the terms of the indentures governing Lamar Media's notes and the terms of the senior credit facility allow Lamar Media to incur substantially more debt, including approximately $209.9 million available for borrowing as of December 31, 2016 under the revolving senior credit facility.

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

- make it more difficult for the Company to comply with the financial covenants in its senior credit facility, which could result in a default and an acceleration of all amounts outstanding under the facility;
- limit the cash flow available to fund the Company's working capital, capital expenditures, acquisitions or other general corporate requirements;
- limit the Company's ability to obtain additional financing to fund future dividend distributions, working capital, capital expenditures or other general corporate requirements;
- place the Company at a competitive disadvantage relative to those of its competitors that have less debt;
- force the Company to seek and obtain alternate or additional sources of funding, which may be unavailable, or may be on less favorable terms, or may require the Company to obtain the consent of lenders under its senior credit facility or the holders of its other debt;
- limit the Company's flexibility in planning for, or reacting to, changes in its business and industry; and
- increase the Company's vulnerability to general adverse economic and industry conditions.

Any of these problems could adversely affect the Company's business, financial condition and financial results.

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

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

- incur or repay debt;
- dispose of assets;
- create liens;
- make investments;
- enter into affiliate transactions; and
- pay dividends and make inter-company distributions.

At December 31, 2016, the terms of Lamar Media's senior credit facility also restrict the Company from exceeding a specified senior debt ratio. Lamar Media is also subject to certain other financial covenants relating to the incurrence of additional debt. Please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources*" for a description of the specific financial ratio requirements under the senior credit facility.

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

The Company is currently in compliance with all financial covenants. However, if in the future there are economic declines the Company can make no assurance that these declines will not negatively impact the Company's financial results and, in turn, its ability to meet these financial covenant requirements. If Lamar Media fails to comply with its financial covenants, the lenders under the senior credit facility could accelerate all of the debt outstanding, which would create serious financial problems and could lead to a default under the indentures governing Lamar Media's outstanding notes. Any of these events could adversely affect the Company's business, financial condition and financial results.

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

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

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

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

- a widespread reallocation of advertising expenditures to other available media by significant renters of the Company's displays; and
- a decline in the amount spent on advertising in general or outdoor advertising in particular.

The Company's growth through acquisitions may be difficult, which could adversely affect our future financial performance. In addition, if we are unable to successfully integrate any completed acquisitions, our financial performance would also be adversely affected.

The Company has historically grown through acquisitions. During the year ended December 31, 2016, we completed acquisitions for a total cash purchase price of approximately $585.1 million, which includes assets purchased in five markets from Clear Channel Outdoor Holdings, Inc. for an aggregate cash purchase price of approximately $458.5 million. We intend to continue to evaluate strategic acquisition opportunities as they arise.

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

- the pool of suitable acquisition candidates is dwindling, and we may have a more difficult time negotiating acquisitions on favorable terms;
- we may face increased competition for acquisition candidates from other outdoor advertising companies, some of which have greater financial resources than we do, which may result in higher prices for those businesses and assets;
- we may not have access to the capital needed to finance potential acquisitions and may be unable to obtain any required consents from our current lenders to obtain alternate financing;
- compliance with REIT requirements may hinder our ability to make certain investments and may limit our acquisition opportunities;
- we may be unable to integrate acquired businesses and assets effectively with our existing operations and systems as a result of unforeseen difficulties that could divert significant time, attention and effort from management that could otherwise be directed at developing existing business;
- we may be unable to retain key personnel of acquired businesses;

- we may not realize the benefits and cost savings anticipated in our acquisitions; and
- as the industry consolidates further, larger mergers and acquisitions may face substantial scrutiny under antitrust laws.

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

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

The Company tested goodwill for impairment on December 31, 2016. Based on the Company's review at December 31, 2016, no impairment charge was required. The Company continues to assess whether factors or indicators become apparent that would require an interim impairment test between our annual impairment test dates. For instance, if our market capitalization is below our equity book value for a period of time without recovery, we believe there is a strong presumption that would indicate a triggering event has occurred and it is more likely than not that the fair value of one or both of our reporting units are below their carrying amount. This would require us to test the reporting units for impairment of goodwill. If this presumption cannot be overcome a reporting unit could be impaired under ASC 350 "Goodwill and Other Intangible Assets" and a non-cash charge would be required. Any such charge could have a material adverse effect on the Company's net earnings.

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

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

The Company also competes against an increasing variety of out-of-home advertising media, such as advertising displays in shopping centers, malls, airports, stadiums, movie theaters and supermarkets, and on taxis, trains and buses. To a lesser extent, the Company also faces competition from other forms of media, including radio, newspapers, direct mail advertising, telephone directories and the Internet. The industry competes for advertising revenue along the following dimensions: exposure (the number of "impressions" an advertisement makes), advertising rates (generally measured in cost-per-thousand impressions), ability to target specific demographic groups or geographies, effectiveness, quality of related services (such as advertising copy design and layout) and customer service. The Company may be unable to compete successfully along these dimensions in the future, and the competitive pressures that the Company faces could adversely affect its profitability or financial performance.

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

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

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

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

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

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

In January 2013, Scenic America, Inc., a nonprofit membership organization, filed a lawsuit against the U.S. Department of Transportation ("USDOT") and the Federal Highway Administration. The complaint alleged that (i) the FHWA exceeded its authority when the agency issued the 2007 Guidance to assist its division offices in evaluating state regulations that authorize the construction and operation of digital billboards that are in conformance with restrictions on "intermittent", "flashing" or "moving" lights, which restrictions are contained in the individual Federal/State Agreements that implement the provisions of the HBA (the "2007 Guidance") and that in issuing the 2007 Guidance, the FHWA violated the Administrative Procedures Act by not first engaging in formal rulemaking, (ii) the 2007 Guidance violated the HBA because it adopted "a new lighting standard" without first amending the provisions of the Federal/State Agreements and (iii) the 2007 Guidance violated the HBA because digital billboards are themselves "inconsistent with customary use" of outdoor advertising, as that term is used in the HBA. As the principal remedy for these alleged violations, the complaint sought an injunction vacating the 2007 Guidance. On June 20, 2014, the U.S. District Court for the District of Columbia dismissed all challenges made by Scenic America to the 2007 Guidance finding that (i) the 2007 Guidance was an interpretive and not a substantive rule and, therefore, did not violate the APA, (ii) the 2007 Guidance did not infringe on the Federal/State Agreements and (iii) the 2007 Guidance is consistent with "customary use" and, therefore, did not violate the HBA. Scenic America filed a notice of appeal from the District Court's judgment to the D.C. Circuit Court of Appeals on August 7, 2014. On September 6, 2016, the U.S. Circuit Court of Appeals for the District of Columbia issued a unanimous opinion rejecting Scenic America's attack on digital billboards, upholding the Federal Highway Administration's 2007 Guidance that authorizes states to allow digital billboards. Scenic America has filed a writ of certiorari to the U.S. Supreme Court and the writ is still pending.

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

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

In 2016, the Company generated approximately 5% of its revenues from state-awarded logo sign contracts. In bidding for these contracts, the Company competes against other national and local logo sign providers. A logo sign provider incurs significant start-up costs upon being awarded a new contract. These contracts generally have a term of five to ten years, with additional renewal periods. Some states reserve the right to terminate a contract early, and most contracts require the state to pay compensation to the logo sign provider for early termination. At the end of the contract term, the logo sign provider transfers ownership of the logo sign structures to the state. Depending on the contract, the logo provider may or may not be entitled to compensation for the structures at the end of the contract term.

Of the Company's 24 logo sign contracts in place at December 31, 2016, three are subject to renewal in 2017. The Company may be unable to renew its expiring contracts. The Company may also lose the bidding on new contracts.

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

As of December 31, 2016, members of the Reilly family, including Kevin P. Reilly, Jr., the Company's Chairman and President, and Sean Reilly, the Company's Chief Executive Officer, and their affiliates, owned in the aggregate approximately 15% of the Company's outstanding common stock, assuming the conversion of all Class B common stock to Class A common stock. As of that date, their combined holdings represented approximately 64% of the voting power of Lamar Advertising's outstanding capital stock, which would give the Reilly family and their affiliates the power to:

- elect the Company's entire board of directors;
- control the Company's management and policies; and
- determine the outcome of any corporate transaction or other matter requiring stockholder approval, including charter amendments, mergers, consolidations and asset sales.

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

If the Company's contingency plans relating to hurricanes and other natural disasters fail, the resulting losses could hurt the Company's business.

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

If Lamar Advertising fails to remain qualified as a REIT, both Lamar Advertising and Lamar Media would be taxed as regular C corporations and would not be able to deduct distributions to the stockholders of Lamar Advertising when computing their taxable income.

Lamar Advertising elected to qualify as a REIT for U.S. federal income tax purposes starting with its taxable year ended December 31, 2014. REIT qualification involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, as amended, (the "Code") to Lamar Advertising's assets and operations as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions. Although Lamar Advertising plans to operate in a manner consistent with the REIT qualification, the Company cannot assure you that it will so qualify or remain so qualified. Lamar Media is treated as a qualified REIT subsidiary of Lamar Advertising that is disregarded as separate from its parent REIT for U.S. federal income tax purposes.

If, in any taxable year, Lamar Advertising fails to qualify for taxation as a REIT, and is not entitled to relief under the Code:

- it will not be allowed a deduction for distributions to its stockholders in computing its taxable income;
- it and its subsidiaries, including Lamar Media, will be subject to applicable federal and state income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates; and
- it would be disqualified from REIT tax treatment for the four taxable years following the year during which it was so disqualified.

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

Even if it qualifies as a REIT, certain of Lamar Advertising's business activities will be subject to U.S. and foreign taxes on its income and assets, which will continue to reduce its cash flows, and it will have potential deferred and contingent tax liabilities.

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

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

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

In addition, the IRS and any state or local tax authority may successfully assert liabilities against the Company for corporate income taxes for taxable years of Lamar Advertising prior to the effective time of the REIT election, in which case the Company will owe these taxes plus applicable interest and penalties, if any. Moreover, any increase in taxable income for these pre-REIT periods will likely result in an increase in non-REIT accumulated earnings and profits which could cause the Company to pay taxable distributions to its stockholders after the relevant determination.

Failure to make sufficient distributions would jeopardize Lamar Advertising's qualification as a REIT and/or would subject it to U.S. federal income and excise taxes.

As a REIT, Lamar Advertising is required to distribute to its stockholders with respect to each taxable year at least 90% of its taxable income (net of any available net operating loss carry forwards) in order to qualify as a REIT, and 100% of its taxable income (net of any available net operating loss carry forwards) in order to avoid U.S. federal income and excise taxes. For these purposes, Lamar Advertising's subsidiaries that are not TRSs, including Lamar Media, will be treated as part of the REIT and therefore Lamar Advertising also will be required to distribute out their taxable income.

Because the REIT distribution requirements will prevent us from retaining earnings, we may be required to refinance debt at maturity with additional debt or equity, which may not be available on acceptable terms, or at all.

Covenants specified in our existing and future debt instruments may limit Lamar Advertising's ability to make required REIT distributions.

Lamar Media's senior credit facility and the indentures relating to Lamar Media's outstanding notes contain certain covenants that could limit Lamar Advertising's distributions to its stockholders. If these limits prevent Lamar Advertising from satisfying its REIT distribution requirements, it could fail to qualify for taxation as a REIT. If these limits do not jeopardize its qualification for taxation as a REIT but do nevertheless prevent it from distributing 100% of its REIT taxable income, it will be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts.

Lamar Advertising and its subsidiaries may be required to borrow funds, sell assets, or raise equity to satisfy its REIT distribution requirements or maintain the asset tests.

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

In addition, if Lamar Advertising fails to comply with certain asset tests at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its REIT qualification. As a result, it may be required to liquidate otherwise attractive investments. These actions may reduce its income and amounts available for distribution to its stockholders.

Our cash distributions are not guaranteed and may fluctuate

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

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

Complying with REIT requirements may cause Lamar Advertising, its subsidiaries (other than TRSs) to forego otherwise attractive opportunities.

To qualify as a REIT for federal income tax purposes, Lamar Advertising must continually satisfy tests concerning, among other things, the sources of its income, the nature and diversification of its assets, the amounts it distributes to its stockholders and the ownership of Lamar Advertising common stock. For these purposes, Lamar Advertising is treated as owning the assets of and receiving or accruing the income of its subsidiaries (other than TRSs). Thus, compliance with these tests will require Lamar Advertising and its subsidiaries to refrain from certain activities and may hinder their ability to make certain attractive investments, including investments in the businesses to be conducted by TRSs, and to that extent limit their opportunities. Furthermore, acquisition opportunities in domestic and international markets may be adversely affected if Lamar Advertising needs or requires the target company to comply with some REIT requirements prior to closing.

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

In order for Lamar Advertising to remain qualified as a REIT, no more than 50% of the value of the outstanding shares of its stock may be owned, directly or indirectly or through application of certain attribution rules by five or fewer "individuals" (as defined in the Code) at any time during the last half of a taxable year (other than the first taxable year for which an election to be a REIT has been made). To preserve its REIT qualification, the Lamar Advertising charter generally prohibits any person or entity from owning actually and by virtue of the applicable constructive ownership provisions more than 5% of the outstanding shares of Lamar Advertising common stock. These ownership limitations could restrict stockholders from acquiring or transferring certain amounts of shares of its stock. The Lamar Advertising charter also provides a separate share ownership limitation for certain members of the Reilly family and their affiliates that allows them to own actually and by virtue of the applicable constructive ownership provisions no more than 19% of the outstanding shares of Lamar Advertising common stock and, during the second half of any taxable year other than its first taxable year as a REIT, no more than 33% in value of the aggregate of the outstanding shares of all classes and series of its stock, in each case excluding any shares of its stock that are not treated as outstanding for federal income tax purposes.

Complying with REIT requirements may limit the Company's ability to hedge effectively and increase the cost of its hedging, and may cause us to incur tax liabilities.

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

Lamar Advertising has limited experience operating as a REIT, which may adversely affect its financial condition, results of operations, cash flow, per share trading price of Lamar Class A common stock and ability to satisfy debt service obligations.

Lamar Advertising elected to qualify as a REIT for the taxable year ended December 31, 2014 and, therefore, has limited operating history as a REIT. In addition, its senior management team has limited experience operating a REIT. The Company cannot assure you that its management’s past experience will be sufficient to operate the Company successfully as a REIT. Failure to maintain REIT status could adversely affect Lamar Advertising’s and its subsidiaries’ financial condition, results of operations, cash flow, per share trading price of Lamar Advertising’s Class A common stock and ability to satisfy debt service obligations.

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

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

- impose restrictions on ownership and transfer of Lamar Advertising common stock that are intended to facilitate the Company’s compliance with certain REIT rules relating to share ownership;
- limit who may call a special meeting of stockholders;
- establish advance notice and informational requirements and time limitations on any director nomination or proposal that a stockholder wishes to make at a meeting of stockholders;
- do not permit cumulative voting in the election of its directors, which would otherwise permit less than a majority of stockholders to elect directors; and
- provide the board of directors the ability to issue additional classes and shares of preferred stock and to set voting rights, preferences and other terms of the preferred stock without stockholder approval.

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

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

Legislative or other actions affecting REITs could have a negative effect on Lamar Advertising and its subsidiaries.

At any time, the U.S. federal income tax laws governing REITs or the administrative and judicial interpretations of those laws may be amended or interpreted in a different manner. Federal and state tax laws are constantly under review by persons involved in the legislative process, the IRS, the U.S. Department of the Treasury, and state taxing authorities. Changes to the tax laws, regulations and administrative and judicial interpretations, which may have retroactive application, could adversely affect Lamar Advertising and its subsidiaries. The Company cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws, regulations and administrative and judicial interpretations applicable to Lamar Advertising may be changed. Accordingly, the Company cannot assure you that any such change will not significantly affect Lamar Advertising’s ability to qualify for taxation as a REIT or the federal income tax consequences to it of such qualification.

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

The Lamar Advertising charter provides that the board of directors may revoke or otherwise terminate the REIT election, without the approval of its stockholders, if the board determines that it is no longer in the Company's best interest to continue to qualify as a REIT. If the Company ceases to be a REIT, it will be subject to federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on its total return to its stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our management headquarters is located in Baton Rouge, Louisiana. We also own 128 local operating facilities with front office administration and sales office space connected to back-shop poster and bulletin production space. In addition, the Company leases an additional 132 operating facilities at an aggregate lease expense for 2016 of approximately $8.3 million.

We own approximately 7,600 parcels of property beneath our outdoor advertising structures. As of December 31, 2016, we leased approximately 69,000 active outdoor sites, accounting for a total annual lease expense of approximately $250.7 million. This amount represented approximately 19% of billboard advertising net revenues for that period. These leases are for varying terms ranging from month-to-month to a term of over ten years, and many provide the Company with renewal options. There is no significant concentration of displays under any one lease or subject to negotiation with any one landlord. An important part of our management activity is to manage our lease portfolio and negotiate suitable lease renewals and extensions.

ITEM 3. LEGAL PROCEEDINGS

The Company from time to time is involved in litigation in the ordinary course of business, including disputes involving advertising contracts, site leases, employment claims and construction matters. The Company is also involved in routine administrative and judicial proceedings regarding billboard permits, fees and compensation for condemnations. The Company is not a party to any lawsuit or proceeding which, in the opinion of management, is likely to have a material adverse effect on the Company.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Class A common stock has been publicly traded since August 2, 1996 and is currently listed on the NASDAQ Global Select Market under the symbol "LAMR." As of December 31, 2016, the Class A common stock was held by 123 shareholders of record. The Company believes, however, that the actual number of beneficial holders of the Class A common stock may be substantially greater than the stated number of holders of record because a substantial portion of the Class A common stock is held in street name.

The following table sets forth, for the periods indicated, the high and low sales prices for the Class A common stock:

	High	Low
Year ended December 31, 2016		
First Quarter	$ 61.62	$ 49.73
Second Quarter	$ 66.37	$ 60.02
Third Quarter	$ 69.35	$ 59.58
Fourth Quarter	$ 68.85	$ 58.68
Year ended December 31, 2015		
First Quarter	$ 59.78	$ 52.71
Second Quarter	$ 61.73	$ 56.93
Third Quarter	$ 60.89	$ 51.03
Fourth Quarter	$ 60.76	$ 51.36

The Company's Class B common stock is not publicly traded and is held of record by members of the Reilly family and the Reilly Family Limited Partnership (the "RFLP"). Kevin P. Reilly, Jr., our President and Chairman of the Board, is the managing general partner of the RFLP and Sean E. Reilly, our Chief Executive Officer, and Wendell Reilly and Anna Reilly, each of whom is a member of our board of directors are also general partners in the RFLP.

The Company's Series AA preferred stock is entitled to preferential dividends, in an annual aggregate amount of $364,904, before any dividends may be paid on the common stock. All dividends related to the Company's preferred stock are paid on a quarterly basis. In addition, the Company's senior credit facility and other indebtedness have terms restricting the payment of dividends.

Dividends

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

During the years ended December 31, 2016 and 2015, we declared and paid the following regular cash distributions to the holders of our Class A and Class B common stock:

Declaration Date	Payment Date	Record Date	Distribution per share	Aggregate Payment Amount (in millions)
February 25, 2016	March 31, 2016	March 16, 2016	$ 0.75	$ 72.7
May 26, 2016	June 30, 2016	June 16, 2016	$ 0.75	$ 72.9
August 29, 2016	September 30, 2016	September 16, 2016	$ 0.76	$ 73.9
December 8, 2016	December 30, 2016	December 19, 2016	$ 0.76	$ 74.0

Declaration Date	Payment Date	Record Date	Distribution per share	Aggregate Payment Amount (in millions)
February 27, 2015	March 31, 2015	March 17, 2015	$ 0.68	$ 65.2
May 28, 2015	June 30, 2015	June 16, 2015	$ 0.69	$ 66.6
September 1, 2015	September 30, 2015	September 16, 2015	$ 0.69	$ 66.6
December 9, 2015	December 30, 2015	December 21, 2015	$ 0.69	$ 66.7

Issuer Purchases of Equity Securities

On December 11, 2014, the Company announced that its Board of Directors had approved a stock repurchase program authorizing the repurchase of up to $250 million of the Company’s Class A common stock. There were no repurchases under the plan and the stock repurchase program expired on June 30, 2016.

ITEM 6. SELECTED FINANCIAL DATA

Lamar Advertising Company

The selected consolidated statement of income, statement of cash flows and balance sheet data presented below are derived from the year ended December 31 audited consolidated financial statements of the Company, which are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The data presented below should be read in conjunction with the audited consolidated financial statements, related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included herein.

	2016	2015	2014	2013	2012
			(Dollars in Thousands)		
Statement of Income Data:					
Net revenues	$ 1,500,294	$ 1,353,396	$ 1,287,060	$ 1,245,842	$ 1,179,736
Operating expenses:					
Direct advertising expenses	525,597	473,760	453,269	436,844	418,538
General and administrative expenses	345,789	313,941	299,878	288,786	264,406
Depreciation and amortization	204,958	191,433	258,435	300,579	296,083
Gain on disposition of assets	(15,095)	(8,765)	(3,192)	(3,804)	(13,817)
Total operating expenses	1,061,249	970,369	1,008,390	1,022,405	965,210
Operating income	439,045	383,027	278,670	223,437	214,526
Other expense (income):					
Loss on extinguishment of debt	3,198	—	26,023	14,345	41,632
Other-than-temporary impairment of investment	—	—	4,069	—	—
Interest income	(6)	(34)	(102)	(165)	(331)
Interest expense	123,688	98,433	105,254	146,277	157,093
Total other expense	126,880	98,399	135,244	160,457	198,394
Income before income taxes	312,165	284,628	143,426	62,980	16,132
Income tax expense (benefit)	13,356	22,058	(110,092)	22,841	8,242
Net income	298,809	262,570	253,518	40,139	7,890
Preferred stock dividends	365	365	365	365	365
Net income applicable to common stock	$ 298,444	$ 262,205	$ 253,153	$ 39,774	$ 7,525
Net income per share basic	$ 3.07	$ 2.72	$ 2.66	$ 0.42	$ 0.08
Net income per share diluted	$ 3.05	$ 2.72	$ 2.66	$ 0.42	$ 0.08
Cash dividends declared per common share	$ 3.02	$ 2.75	$ 2.50	$ —	$ —
Statement of Cash Flow Data:					
Cash flows provided by operating activities	$ 521,823	$ 477,650	$ 452,529	$ 394,705	$ 375,909
Cash flows used in investing activities	$ 680,983	$ 253,880	$ 163,997	$ 191,869	$ 303,399
Cash flows provided by (used in) financing activities	$ 171,908	$ (224,808)	$ (294,315)	$ (227,195)	$ (47,417)
Balance Sheet Data(1)					
Cash and cash equivalents	$ 35,530	$ 22,327	$ 26,035	$ 33,212	$ 58,911
Working capital	38,511	44,902	47,803	36,705	82,127
Total assets	3,900,466	3,363,744	3,318,818	3,401,618	3,514,030
Total debt (including current maturities)	2,349,183	1,891,450	1,899,895	1,938,802	2,160,854
Total long-term obligations	2,553,614	2,105,855	2,112,011	2,223,319	2,433,297
Stockholders' equity	1,069,528	1,021,059	981,466	932,946	861,625

(1) Certain balance sheet reclassifications were made in order to be comparable to the current year presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains forward-looking statements. These statements are subject to risks and uncertainties including those described in Item 1A under the heading "Risk Factors," and elsewhere in this Annual Report, that could cause actual results to differ materially from those projected in these forward-looking statements. The Company cautions investors 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 years ended December 31, 2016, 2015 and 2014. This discussion should be read in conjunction with the consolidated financial statements of the Company and the related notes.

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 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 year ended December 31, 2016, the Company completed acquisitions for a total cash purchase price of approximately $585.1 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 past three years:

	2016	2015	2014
		(In thousands)	
Billboard — Traditional	$ 48,009	$ 32,283	$ 25,829
Billboard — Digital	33,181	49,531	53,536
Logos	7,781	9,420	9,747
Transit	700	510	425
Land and buildings	10,295	10,629	8,668
PP&E	7,646	8,052	9,368
Total capital expenditures	$ 107,612	$ 110,425	$ 107,573

We expect our 2017 capital expenditures to approximate our 2016 spending.

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), gain (loss) on extinguishment of debt and investments, stock-based compensation, depreciation and amortization and gain or loss on disposition of assets and investments.

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 non-controlling interest.

We define AFFO as FFO before (i) straight-line revenue and expense; (ii) stock-based compensation expense; (iii) non-cash tax expense (benefit); (iv) non-real estate related depreciation and amortization; (v) amortization of deferred financing and debt issuance costs, (vi) loss on extinguishment of debt; (vii) non-recurring infrequent or unusual losses (gains); (viii) less maintenance capital expenditures; and (ix) an adjustment for 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

The following table presents certain items in the Consolidated Statements of Income as a percentage of net revenues for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	**2015**	**2014**
Net revenues	100.0%	100.0%	100.0%
Operating expenses:			
Direct advertising expenses	35.0	35.0	35.2
General and administrative expenses	18.0	17.9	17.9
Corporate expenses	5.1	5.3	5.4
Depreciation and amortization	13.7	14.1	20.1
Operating income	29.3	28.3	21.7
Loss on extinguishment of debt	0.2	—	2.0
Interest expense	8.2	7.3	8.2
Income tax expense (benefit)	0.9	1.6	(8.6)
Net income	19.9	19.4	19.7

Year ended December 31, 2016 compared to Year ended December 31, 2015

Net revenues increased $146.9 million or 10.9% to $1.50 billion for the year ended December 31, 2016 from $1.35 billion for the same period in 2015. This increase was attributable primarily to an increase in billboard net revenues of $125.0 million or 10.5% over the prior period, which is primarily related to the integration of outdoor assets acquired during 2015 and 2016, which included five new U.S. markets in January 2016 from Clear Channel Outdoor Holdings, Inc. and the addition of approximately 300 digital displays during the year ended December 31, 2016. In addition, logo sign revenue increased $5.7 million, which represents an increase of 7.6% over the prior period, primarily due to the addition of a logo program in Tennessee and an overall increase in occupancy in all other logo markets of over 1.5%. Transit revenue increased $16.2 million, which represents an increase of 17.7% over the prior period, primarily due to the acquisition of Alliance Airports in July 2015.

For the year ended December 31, 2016, there was a $42.7 million increase in net revenues as compared to acquisition-adjusted net revenue for the year ended December 31, 2015. The $42.7 million increase in revenue primarily consists of a $32.6 million increase in billboard revenue, a $4.2 million increase in logo revenue and a $5.9 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable period in 2015. The increase in revenue represents an increase of 2.9% over the comparable period in 2015. See "*Reconciliations*" below.

Total operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased $83.7 million or 10.6% to $871.4 million for the year ended December 31, 2016. The $83.7 million increases over the prior year is comprised of a $79.1 million increase in operating expenses related to the operations of our outdoor advertising assets and an increase in corporate expenses of $4.6 million.

Depreciation and amortization expense increased $13.5 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015, primarily due to depreciation and amortization on the assets acquired in the five new U.S. markets purchased in January 2016.

Gain on disposition of assets for the year ended December 31, 2016 increased $6.3 million over the same period in 2015 primarily due to a $8.6 million non-cash gain resulting from an exchange of outdoor advertising assets in the period.

Due primarily to the above factors, operating income increased $56.0 million to $439.0 million for the year ended December 31, 2016 compared to $383.0 million for the same period in 2015.

During the year ended December 31, 2016, the Company recognized a $3.2 million loss on extinguishment of debt related to the prepayment of Lamar Media's Term A-1 loan under its senior credit facility.

Interest expense increased approximately $25.3 million from $98.4 million for the year ended December 31, 2015 to $123.7 million for the year ended December 31, 2016, primarily resulting from the January 2016 issuance of Lamar Media's $400.0 million aggregate principal amount of 5 3/4% Senior Notes due 2026 (the "5 3/4% Senior Notes"). See —"*Uses of Cash — Tender Offers and Debt Repayment*" for more information.

The increase in operating income offset by the increase in interest expense and loss on debt extinguishment over the comparable period in 2015, resulted in a $27.5 million increase in net income before income taxes. The Company recognized $13.4 million in income tax expense for the year ended December 31, 2016. The effective tax rate for the year ended December 31, 2016 is approximately 4.3%, 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 year ended December 31, 2016 of $298.8 million, as compared to net income of $262.6 million for the same period in 2015.

Reconciliations:

Because acquisitions occurring after December 31, 2014 (the "acquired assets") have contributed to our net revenue results for the periods presented, we provide 2015 acquisition-adjusted net revenue, which adjusts our 2015 net revenue for the year ended December 31, 2015 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 year ended December 31, 2016.

Reconciliations of 2015 reported net revenue to 2015 acquisition-adjusted net revenue for the year ended December 31, 2015 as well as a comparison of 2015 acquisition-adjusted net revenue to 2016 reported net revenue for the year ended December 31, 2016, are provided below:

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

	Year ended December 31, 2016	Year ended December 31, 2015
	(in thousands)	
Reported net revenue	$ 1,500,294	$ 1,353,396
Acquisition net revenue	—	104,201
Adjusted totals	$ 1,500,294	$ 1,457,597

Key Performance Indicators

Net Income/Adjusted EBITDA

(in thousands)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 298,809	$ 262,570	$ 36,239	13.8%
Income tax expense	13,356	22,058	(8,702)	
Loss on extinguishment of debt	3,198	—	3,198	
Interest expense (income), net	123,682	98,399	25,283	
Gain on disposition of assets	(15,095)	(8,765)	(6,330)	
Depreciation and amortization	204,958	191,433	13,525	
Stock-based compensation expense	28,560	25,890	2,670	
Adjusted EBITDA	$ 657,468	$ 591,585	$ 65,883	11.1%

Adjusted EBITDA for the year ended December 31, 2016 increased 11.1% to $657.5 million. The increase in Adjusted EBITDA was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense) of $95.1 million, and was partially offset by an increase in general administrative and corporate expenses of $29.2 million, excluding the impact of stock-based compensation expense.

Net Income/FFO/AFFO

(in thousands)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 298,809	$ 262,570	$ 36,239	13.8%
Depreciation and amortization related to real estate	190,964	176,132	14,832	
Gain from disposition of real estate assets and investments	(14,789)	(8,467)	(6,322)	
Adjustments for unconsolidated affiliates and non-controlling interest	605	631	(26)	
FFO	$ 475,589	$ 430,866	$ 44,723	10.4%
Straight-line expense	255	463	(208)	
Stock-based compensation expense	28,560	25,890	2,670	
Non-cash portion of tax provision	(343)	11,099	(11,442)	
Non-real estate related depreciation and amortization	13,994	15,301	(1,307)	
Amortization of deferred financing costs	5,333	4,682	651	
Loss on extinguishment of debt	3,198	—	3,198	
Capital expenditures – maintenance	(37,090)	(45,605)	8,515	
Adjustments for unconsolidated affiliates and non-controlling interest	(605)	(631)	26	
AFFO	$ 488,891	$ 442,065	$ 46,826	10.6%

FFO for the year ended December 31, 2016 was $475.6 million as compared to FFO of $430.9 million for the same period in 2015. AFFO for the year ended December 31, 2016 increased 10.6% to $488.9 million as compared to $442.1 million for the same period in 2015. AFFO growth was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense), partially offset by increases in general and administrative expenses, corporate expenses and interest expense.

Year ended December 31, 2015 compared to Year ended December 31, 2014

Net revenues increased $66.3 million or 5.2% to $1.35 billion for the year ended December 31, 2015 from $1.29 billion for the same period in 2014. This increase was attributable primarily to an increase in billboard net revenues of $47.7 million or 4.2% over the prior period, which is primarily related to an increase in billboard panels through acquisitions in 2014 and 2015 as well as the addition of approximately 175 digital panels during the year, an increase in logo sign revenue of $3.5 million, which represents an increase of 5.0% over the prior period and a $15.2 million increase in transit revenue, which represents an increase of 19.8% over the prior period. The increase in transit revenue primarily resulted from the addition of 14 transit markets, which included 11 airport markets.

For the year ended December 31, 2015, there was a $39.4 million increase in net revenues as compared to acquisition-adjusted net revenue for the year ended December 31, 2014. The $39.4 million increase in revenue primarily consists of a $31.6 million increase in billboard revenue, a $2.8 million increase in logo revenue and a $4.9 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable period in 2014. The increase in revenue represents an increase of 3.0% over the comparable period in 2014. See “Reconciliations” below.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased $34.6 million or 4.6% to $787.7 million for the year ended December 31, 2015. Operating expenses related to the operations of our outdoor advertising assets increased $31.9 million and corporate expenses increased $2.7 million.

Depreciation and amortization expense decreased $67.0 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily due to a portion of our digital and traditional billboard structures being fully depreciated as well as our change to the straight-line method of depreciation effective January 1, 2015.

Gain on disposition of assets for the year ended December 31, 2015 increased $5.6 million over the same period in 2014 primarily due to a $4.3 million non-cash gain resulting from an exchange of outdoor advertising assets in the period.

Due primarily to the above factors, operating income increased $104.4 million to $383.0 million for the year ended December 31, 2015 compared to $278.7 million for the same period in 2014.

The Company did not have any financing transactions during the year ended December 31, 2015. However, during the year ended December 31, 2014, the Company recognized a loss on debt extinguishment of $26.0 million related to the redemption of Lamar Media's 7 7/8% Senior Subordinated Notes due 2018 (the "7 7/8% Notes") and the amendment of its senior credit facility. Approximately $10.3 million of the loss was a non-cash expense attributable to the write off of unamortized debt issuance fees associated with the then existing senior credit facility and the 7 7/8% Notes.

Interest expense decreased approximately $6.8 million from $105.3 million for the year ended December 31, 2014 to $98.4 million for the year ended December 31, 2015, primarily resulting from the Company's April 2014 refinancing of the 7 7/8% Notes. See —*"Uses of Cash — Tender Offers and Debt Repayment"* for more information.

The increase in operating income and decrease in interest expense, and the decreases in other-than-temporary impairment of investments and loss on debt extinguishment over the comparable period in 2014, resulted in a $141.2 million increase in net income before income taxes. The Company recognized $22.1 million in income tax expense for the year ended December 31, 2015. The effective tax rate for the year ended December 31, 2015 is approximately 7.7%, 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 year ended December 31, 2015 of $262.6 million, as compared to net income of $253.5 million for the same period in 2014.

Reconciliations:

Because acquisitions occurring after December 31, 2013 (the "acquired assets") have contributed to our net revenue results for the periods presented, we provide 2014 acquisition-adjusted net revenue, which adjusts our 2014 net revenue for the year ended December 31, 2014 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 year ended December 31, 2015.

Reconciliations of 2014 reported net revenue to 2014 acquisition-adjusted net revenue for the year ended December 31, 2014 as well as a comparison of 2014 acquisition-adjusted net revenue to 2015 reported net revenue for the year ended December 31, 2015, are provided below:

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

	Year ended December 31,	
	2015	**2014**
	(in thousands)	
Reported net revenue	$ 1,353,396	$ 1,287,060
Acquisition net revenue	—	26,943
Adjusted totals	$ 1,353,396	$ 1,314,003

Key Performance Indicators

Net Income/Adjusted EBITDA

(in thousands)

	Year Ended December 31, 2015	Year Ended December 31, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 262,570	$ 253,518	$ 9,052	3.6%
Income tax expense (benefit)	22,058	(110,092)	132,150	
Loss on other-than-temporary impairment of investment	—	4,069	(4,069)	
Loss on extinguishment of debt	—	26,023	(26,023)	
Interest expense (income), net	98,399	105,152	(6,753)	
Gain on disposition of assets	(8,765)	(3,192)	(5,573)	
Depreciation and amortization	191,433	258,435	(67,002)	
Stock-based compensation expense	25,890	24,120	1,770	
Adjusted EBITDA	$ 591,585	$ 558,033	$ 33,552	6.0%

Adjusted EBITDA for the year ended December 31, 2015 increased 6.0% to $591.6 million. The increase in Adjusted EBITDA was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense) of $45.8 million, and was partially offset by an increase in general administrative and corporate expenses of $12.3 million, excluding the impact of stock-based compensation expense.

Net Income/FFO/AFFO

(in thousands)

	Year Ended December 31, 2015	Year Ended December 31, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 262,570	$ 253,518	$ 9,052	3.6%
Depreciation and amortization related to real estate	176,132	241,294	(65,162)	
Gain from disposition of real estate assets and investments	(8,467)	(2,681)	(5,786)	
One time adjustment to taxes related to REIT conversion	—	(120,081)	120,081	
Adjustments for unconsolidated affiliates and non-controlling interest	631	695	(64)	
FFO	$ 430,866	$ 372,745	$ 58,121	15.6%
Straight-line expense (income)	463	(841)	1,304	
Stock-based compensation expense	25,890	24,120	1,770	
Non-cash portion of tax provision	11,099	(2,056)	13,155	
Non-real estate related depreciation and amortization	15,301	17,141	(1,840)	
Amortization of deferred financing costs	4,682	4,777	(95)	
Loss on other-than-temporary impairment of investment	—	4,069	(4,069)	
Loss on extinguishment of debt	—	26,023	(26,023)	
Capital expenditures – maintenance	(45,605)	(56,820)	11,215	
Adjustments for unconsolidated affiliates and non-controlling interest	(631)	(695)	64	
AFFO	$ 442,065	$ 388,463	$ 53,602	13.8%

FFO for the year ended December 31, 2015 was $430.9 million as compared to FFO of $372.7 million for the same period in 2014. AFFO for the year ended December 31, 2015 increased 13.8% to $442.1 million as compared to $388.5 million for the same period in 2014. AFFO growth was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense) and decrease in interest expense, partially offset by increases in general and administrative expenses and corporate expenses.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

Sources of Cash

Total Liquidity at December 31, 2016. As of December 31, 2016 we had approximately $245.4 million of total liquidity, which is comprised of approximately $35.5 million in cash and cash equivalents and approximately $209.9 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.

Cash Generated by Operations. For the years ended December 31, 2016, 2015 and 2014 our cash provided by operating activities was $521.8 million, $477.7 million and $452.5 million, respectively. The increase in cash provided by operating activities for the year ended December 31, 2016 over the same period in 2015 relates to an increase in revenues partially offset by an increase in operating expenses, excluding depreciation and amortization. We generated cash flows from operations during 2016 in excess of our cash needs for operations and capital expenditures as described herein. We used the excess cash generated principally to pay dividends and fund our acquisitions. See — "*Cash Flows*" for more information.

Credit Facilities. On January 7, 2016, Lamar Media entered into Incremental Amendment No. 1 to the Second Amended and Restated Credit Agreement, dated as of February 3, 2014 with the Company, certain of Lamar Media's subsidiaries as guarantors, JPMorgan Chase Bank, N.A. as administrative agent and the lenders party thereto. The Incremental Amendment established a $300 million Term A-1 loan as a new class of incremental term loan. Lamar Media borrowed the $300 million in Term A-1 loans on January 7, 2016. The term A-1 loan was repaid in full with the proceeds of an intuitional private placement of senior notes on January 28, 2016. See—"Sources of Cash-Note Offerings" for more information.

Lamar Media's Second Amended and Restated Credit Agreement dated as of February 3, 2014 (as amended, the "senior credit facility") currently consists of a $400.0 million revolving credit facility and a $300.0 million Term A loan facility (the "Term A Loans"). The Term A Loans were established on April 18, 2014 under Amendment No.1 to the Second Amended and Restated Credit Agreement. On March 4, 2016, Lamar Media entered into Amendment No. 2 to the Second Amended and Restated Credit Agreement, which eliminated the previously existing $500.0 million cap on incremental loans with the result that Lamar Media may borrow incremental term and revolving loans under its senior credit facility without monetary limits, so long as Lamar Advertising's Senior Debt Ratio does not exceed 3.5 to 1.0. Lamar Media is the borrower under the senior credit facility and may also from time to time designate wholly-owned subsidiaries as subsidiary borrowers under the incremental loan facility. Incremental loans may be in the form of additional term loan tranches or increases in the revolving credit facility. Our lenders have no obligation to make additional loans to us, or any designated subsidiary borrower, under the incremental facility, but may enter into such commitments in their sole discretion.

As of December 31, 2016, Lamar Media had approximately $209.9 million of unused capacity under the revolving credit facility included in the senior credit facility. The aggregate balance outstanding under the senior credit facility was $433.1 million, consisting of $253.1 million outstanding in Term A Loans and $180.0 million outstanding under the revolving credit facility.

Note Offerings. On January 28, 2016, Lamar Media completed an institutional private placement of $400 million aggregate principal amount of its 5 3/4% Senior Notes due 2026. The institutional private placement resulted in net proceeds to Lamar Media, after payment of fees and expenses of approximately $394.5 million. Lamar Media used the proceeds of this offering to repay the $300 million term A-1 loan, which it borrowed on January 7, 2016 in order to fund the acquisition of certain assets of Clear Channel Outdoor Holdings, Inc., and a portion of the borrowing outstanding under its revolving credit facility. On September 1, 2016, Lamar Media completed an exchange offer for all of its then outstanding 5 3/4% Senior Notes, which were not registered under the Securities Act of 1933, as amended, for an equal principal amount of newly issued 5 3/4% Senior Notes that were so registered. Lamar Media did not receive any proceeds from the exchange offer.

On January 10, 2014, Lamar Media completed an institutional private placement of $510 million aggregate principal amount of its 5 3/8% Senior Notes due 2024. The institutional private placement resulted in net proceeds to Lamar Media, after payment of fees and expenses, of approximately $502.3 million. Lamar Media used the proceeds of this offering to repay $502.1 million of indebtedness, including all outstanding term loans, under its senior 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. Lamar must comply with certain covenants and restrictions related to the senior credit facility and its outstanding debt securities.

Restrictions Under Debt Securities. Lamar must comply with certain covenants and restrictions related to its outstanding debt securities. Currently Lamar Media has outstanding $500 million 5 7/8% Senior Subordinated Notes issued in February 2012 (the "5 7/8% Senior Subordinated Notes"), $535 million 5% Senior Subordinated Notes issued in October 2012 (the "5% Senior Subordinated Notes"), $510 million 5 3/8% Senior Notes issued in January 2014 (the "5 3/8% Senior Notes") and the $400 million 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 million or 5% of Lamar Media's net tangible assets; and
- additional debt not to exceed $75 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 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 December 31, 2016, and currently, we were in compliance with all such tests under the senior credit facility.

Lamar Media must maintain a senior debt ratio, defined as total consolidated debt (other than subordinated indebtedness) of Lamar Advertising and its restricted subsidiaries, minus the lesser of (x) $100 million and (y) the aggregate amount of unrestricted cash and cash equivalents of Lamar Advertising 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 3.50 to 1.00.

Lamar Media is also restricted from incurring additional indebtedness under certain circumstances unless, after giving to the incurrence of such indebtedness, it is in compliance with the senior debt ratio covenant and its total debt ratio, defined as (a) total consolidated debt of Lamar Advertising Company and its restricted subsidiaries as of any date minus the lesser of (i) $100 million and (ii) the aggregate amount of unrestricted cash and cash equivalents of Lamar Advertising Company and its restricted subsidiaries to (b) EBITDA, as defined below, for the most recent four fiscal quarters then ended is less than 6.0 to 1.00.

Under the senior credit facility "EBITDA" means, for any period, operating income for the Company and its restricted subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) for such period (calculated before (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 credit facility transactions, (vii) costs and expenses of Lamar Advertising associated with the REIT conversion, provided that the aggregate amount of costs and expenses that may be added back pursuant to this clause (vii) shall not exceed $10 million in the aggregate and (viii) the amount of cost savings, operating expense reductions and other operating improvements or synergies projected by the Lamar Media in good faith to be realized as a result of any acquisition, investment, merger, amalgamation or disposition within 12 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 shall 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 synergies that are (I) directly attributable to such acquisition, investment, merger, amalgamation or disposition, (II) expected to have a continuing impact on the Lamar Media and its restricted subsidiaries and (III) factually supportable, in each case all as certified by the Chief Financial Officer of the Lamar Media on behalf of the Lamar Media, and (ix) 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 (except to the extent received or paid in cash by the Company and its restricted subsidiaries income or loss attributable to equity in affiliates for such period), excluding any extraordinary and unusual gains or losses during such period and excluding the proceeds of any casualty events whereby insurance or other proceeds are received and certain dispositions. For purposes of calculating EBITDA, the effect on such calculation of any adjustments required under Statement of Financial Accounting Standards No. 141R is excluded. If during any period for which EBITDA is being determined, the Company shall have consummated any acquisition or disposition, EBITDA shall 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 2017. All debt obligations are reflected on the Company's balance sheet.

Uses of Cash

Capital Expenditures. Capital expenditures excluding acquisitions were approximately $107.6 million for the year ended December 31, 2016. We anticipate our 2017 total capital expenditures will closely approximate our 2016 spending.

Acquisitions. On January 7, 2016, the Company acquired the assets in five U.S. markets from Clear Channel Outdoor Holdings, Inc. for an aggregate cash purchase price of approximately $458.5 million. The cash purchase price was funded using borrowings from the Company's revolving credit facility of $160 million and $300 million in borrowings under a Term A-1 incremental loan facility funded by JPMorgan Chase Bank, N.A. The Term A-1 Loan and a portion of the borrowing under the revolving credit facility were subsequently paid off on January 28, 2016 using the net proceeds from Lamar Media's issuance of $400.0 million in aggregate principal amount 5 3/4% Senior Notes. See—"*Sources of Cash-Note Offerings*" for more information.

The Company also completed twenty-six additional acquisitions in the aggregate amount of $126.6 million during the year ended December 31, 2016, which were financed using available cash on hand or borrowings under its revolving credit facility.

Stock Repurchase Program. On December 11, 2014, the Company announced that its Board of Directors authorized the repurchase of up to $250 million of the Company's Class A common stock. There were no repurchases under the repurchase program for the years ended December 31, 2016, 2015 and 2014. The repurchase program expired on June 30, 2016.

Note Redemption. On April 21, 2014, Lamar Media redeemed in full all $400.0 million of its 7 7/8% Senior Subordinated Notes due 2018 at a redemption price equal to 103.938% of aggregate principal amount of outstanding notes, plus accrued and unpaid interest to, but not including the redemption date for a total redemption price of $416.3 million. Lamar Media used cash on hand and borrowings under its senior credit facility to fund the redemption.

Term A Loans. The Term A Loans mature on February 2, 2019. The $253.1 million in principal amount outstanding as of December 31, 2016 will amortize in quarterly installments paid on each March 31, June 30, September 30 and December 31, thereafter, as follows:

Principal Payment Date	Principal Amount (in thousands)
March 31, 2017	$ 5,625
June 30, 2017-December 31, 2018	$ 11,250
Term A Loan Maturity Date	$ 168,750

The Term A Loans bear interest at rates based on the Adjusted LIBO Rate ("Eurodollar loans") or the Adjusted Base Rate ("Base Rate loans"), at Lamar Media's option. Eurodollar loans bear interest at a rate per annum equal to the Adjusted LIBO Rate plus 2.0%; (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 Loans bear interest at a rate per annum equal to the Adjusted Base Rate plus 1.00% (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 revolving credit facility bears interest at rates based on the Adjusted LIBO Rate ("Eurodollar loans") or the Adjusted Base Rate ("Base Rate loans"), at Lamar Media's option. Eurodollar 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 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 Loans and revolving credit facility.

Dividends. On February 23, 2017, Lamar Advertising Company's Board of Directors declared a quarterly cash dividend of $0.83 per share payable on March 31, 2017 to its stockholders of record of its Class A common stock and Class B common stock on March 15, 2017. The Company expects aggregate quarterly distributions to stockholders in 2017, including the dividend payable on March 31, 2017, will total $3.32 per common share.

During the year ended December 31, 2016 the Company made four cash distributions to its common stockholders totaling approximately $293.6 million or $3.02 per share of common stock. 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 TRSs and other factors that the Board of Directors may deem relevant.

Debt Service and Contractual Obligations. As of December 31, 2016, we had outstanding debt of approximately $2.35 billion. In the future, Lamar Media has principal reduction obligations and revolver commitment reductions under the senior credit facility. In addition, it has fixed commercial commitments. These commitments are detailed as follows:

		Payments Due by Period			
Contractual Obligations	**Total**	**Less Than 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**After 5 Years**
			(In millions)		
Long-Term Debt	$ 2,349.2	$ 33.9	$ 384.4	$ (7.8)	$ 1,938.7
Interest obligations on long term debt(1)	597.3	125.9	192.5	176.3	102.6
Billboard site and other operating leases	1,414.7	185.8	281.1	219.4	728.4
Total payments due	$ 4,361.2	$ 345.6	$ 858.0	$ 387.9	$ 2,769.7

(1) Interest rates on our variable rate instruments are assuming rates at the December 2016 levels.

		Amount of Expiration Per Period			
Other Commercial Commitments	**Total Amount Committed**	**Less Than 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**After 5 Years**
			(In millions)		
Revolving Bank Facility(2)	$ 400.0	$ —	400.0		$ —
Standby Letters of Credit(3)	$ 10.1	$ 8.8	$ 1.3	$ —	$ —

(2) Lamar Media had $180.0 million outstanding under the revolving facility at December 31, 2016.

(3) The standby letters of credit are issued under Lamar Media's revolving bank facility and reduce the availability of the facility by the same amount.

Cash Flows

The Company's cash flows provided by operating activities increased by $44.2 million for the year ended December 31, 2016 primarily resulting from an increase in revenues of approximately $146.9 million, offset by an increase of interest expense of approximately $25.3 million, an increase of operating expenses of approximately $2.6 million and an increase in operating net assets of $10.5 million, as compared to the comparable period in 2015.

Cash flows used in investing activities increased $427.1 million from $253.9 million in 2015 to $681.0 million in 2016 primarily due to an increase in acquisition activity of $431.2 million as compared to the same period in 2015.

Cash flows provided by financing activities of $171.9 million was an increase of $396.7 million over the comparable period in 2015. The increase was primarily due to the proceeds received from the 5 3/4% Senior Notes. See *“Liquidity and Capital Resources—Uses of Cash”*.

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our estimates and judgments, including those related to long-lived asset recovery, intangible assets, goodwill impairment, deferred taxes, asset retirement obligations, stock-based compensation and allowance for doubtful accounts. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events and, where applicable, established valuation techniques. These estimates form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results may differ from our estimates. We believe that the following significant accounting policies and assumptions may involve a higher degree of judgment and complexity than others.

Long-Lived Asset Recovery. Long-lived assets, consisting primarily of property, plant and equipment and intangibles comprise a significant portion of the Company’s total assets. Purchases of property, plant and equipment are recorded at purchase cost, while acquired property, plant and equipment is recorded at fair value determined primarily through estimates of replacement costs. Property, plant and equipment of $1.2 billion and intangible assets of $637.2 million are reviewed for impairment whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset or asset group to future undiscounted net cash flows expected to be generated by that asset or asset group before interest expense. These undiscounted cash flow projections are based on management’s assumptions surrounding future operating results and the anticipated future economic environment. If actual results differ from management’s assumptions, an impairment of these intangible assets may exist and a charge to income would be made in the period such impairment is determined. During the year ended December 31, 2016, there were no indications that an impairment test was necessary.

Intangible Assets. The Company has significant intangible assets recorded on its balance sheet. Intangible assets primarily represent site locations of $566.6 million and customer relationships of $69.0 million associated with the Company’s acquisitions. The fair values of intangible assets recorded are determined using discounted cash flow models that require management to make assumptions related to future operating results, including projecting net revenue growth discounted using current cost of capital rates, of each acquisition and the anticipated future economic environment. If actual results differ from management’s assumptions, an impairment of these intangibles may exist and a charge to income would be made in the period such impairment is determined. Historically no impairment charge has been required with respect to the Company’s intangible assets.

Goodwill Impairment. The Company has a significant amount of goodwill on its balance sheet and must perform an impairment test of goodwill annually or on a more frequent basis if events and circumstances indicate that the asset might be impaired. The first step of the impairment test requires management to determine the implied fair value of its reporting units and compare it to its book value (including goodwill). To the extent the book value of a reporting unit exceeds the fair value of the reporting unit, the Company would be required to perform the second step of the impairment test, as this is an indicator that the reporting unit may be impaired. Impairment testing involves various estimates and assumptions, which could vary, and an analysis of relevant market data and market capitalization.

We have identified two reporting units (Logo operations and Billboard operations) in accordance with Accounting Standards Codification (“ASC”) 350. No changes have been made to our reporting units from the prior period. The reporting units and their carrying amounts of goodwill as of December 31, 2016 and 2015 are as follows:

	Carrying Value of Goodwill (in thousands) December 31, 2016	December 31, 2015
Billboard operations	$ 1,725,397	$ 1,545,633
Logo operations	$ 961	$ 961

We believe there are numerous facts and circumstances that need to be considered when estimating the reasonableness of the reporting unit’s estimated fair value. In conducting our impairment test, we assessed the reasonableness of the reporting unit’s estimated fair value based on both market capitalization and discounted future cash flows. The discounted cash flow analysis incorporated various growth rate assumptions and discounting based on a present value factor.

Consideration of market capitalization. The Company first considered its market capitalization as of its annual impairment testing date of December 31. The market capitalization of its Class A common stock as of December 31, 2016 was $6.7 billion compared to stockholders' equity of $1.1 billion as of that date, resulting in an excess of approximately $5.6 billion, which is substantially in excess of our book value. Market capitalization was calculated using a 10-day average of the closing prices of the Class A common stock beginning five trading days prior to the measurement date. The Company considers market capitalization over book value a strong indicator that no impairment of goodwill exists as of the measurement date of December 31, 2016.

Calculations of Fair Value using Discounted Cash Flow Analysis. We also estimate fair value using a discounted cash flow analysis that compares the estimated future cash flows of each reporting unit to the book value of the reporting unit. The discount rate and projected revenue and EBITDA (earnings before interest, tax, depreciation and amortization) growth rates are significant assumptions utilized in our calculation of the present value of cash flows used to estimate fair value of the reporting units. These assumptions could be adversely impacted by certain risks including deterioration in industry and economic conditions. See discussion in "Risk Factors" in Item 1A of this Annual Report. For additional information about goodwill, see Note 5 to the Consolidated Financial Statements.

Our discount rate assumption is based on our cost of capital, which we determine annually based on our estimated costs of debt and equity relative to our capital structure. As of December 31, 2016 our weighted average cost of capital (WACC) was approximately 9.5%. In developing our revenue and EBITDA growth rates, we consider our historical performance and current market trends in the markets in which we operate. The assumptions used in our impairment test are based on the best available market information and are consistent with our internal forecast and operating plans. The five year projected Compound Annual Growth Rate (CAGR) used in our discounted cash flow analysis for billboard revenue and billboard EBITDA was 3.1% and 2.7%, respectively, and our logo operations revenue and EBITDA CAGR was 2.4% and 1.9%, respectively. The projected CAGR for revenue and EBITDA discussed above would have to deteriorate significantly, among other factors, before further testing of goodwill impairment would be necessary for our reporting units. The fair values calculated as of December 31, 2016, using the discounted cash flow analysis described above for both reporting units were substantially in excess of their book values.

Based upon the Company's annual review as of December 31, 2016, using both the market capitalization approach and discounted cash flow analysis, there was no indication of a potential impairment and, therefore, the second step of the impairment test was not required and no impairment charge was necessary.

Income Taxes. We elected to be taxed as a REIT under the U.S. Federal Tax Code effective January 1, 2014, and are generally not subject to federal and state income taxes on our QRSs' taxable income that we distribute to our stockholders provided that we meet certain organizational and operating requirements. However, even as a REIT, we will remain obligated to pay income taxes on foreign earnings as well as earnings from our TRS assets.

Accounting for income taxes requires us to estimate the timing and impact of amounts recorded in our financial statements that may be recognized differently for tax purposes. To the extent that the timing of amounts recognized for financial reporting purposes differs from the timing of recognition for tax reporting purposes, deferred tax assets or liabilities are required to be recorded. Deferred tax assets and liabilities are measured based on the rate at which we expect these items to be reflected in our tax returns, which may differ from the current rate. We do not expect to pay federal taxes on our REIT taxable income.

We periodically review our deferred tax assets, and we record a valuation allowance to reduce our net deferred tax asset to the amount that management believes is more likely than not to be realized. Valuation allowances may be reversed if related deferred tax assets are deemed realizable based on changes in facts and circumstances relevant to the assets' recoverability.

We recognize the benefit of uncertain tax positions when, in management's judgment, it is more likely than not that positions we have taken in our tax returns will be sustained upon examination, which are measured at the largest amount that is greater than 50% likely of being realized upon settlement. We adjust our tax liabilities when our judgment changes as a result of the evaluation of new information or information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which additional information is available or the position is ultimately settled under audit.

We consider the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs. Should we decide to repatriate the foreign earnings, we may have to adjust the income tax provision in the period we determined that the earnings will no longer be indefinitely invested outside of the United States.

Asset Retirement Obligations. The Company had an asset retirement obligation of $210.9 million as of December 31, 2016. This liability relates to the Company's obligation upon the termination or non-renewal of a lease to dismantle and remove its billboard structures from the leased land and to reclaim the site to its original condition. The Company records the present value of obligations associated with the retirement of tangible long-lived assets in the period in which they are incurred. The liability is capitalized as part of the related long-lived asset's carrying amount. Over time, accretion of the liability is recognized as an operating expense and the capitalized cost is depreciated over the expected useful life of the related asset. In calculating the liability, the Company calculates the present value of the estimated cost to dismantle using an average cost to dismantle, adjusted for inflation and market risk.

This calculation includes 100% of the Company's billboard structures on leased land (which currently consist of approximately 74,000 structures). The Company uses a 15-year retirement period based on historical operating experience in its core markets, including the actual time that billboard structures have been located on leased land in such markets and the actual length of the leases in the core markets, which includes the initial term of the lease, plus consideration of any renewal period. Historical third-party cost information is used to estimate the cost of dismantling of the structures and the reclamation of the site. The interest rate used to calculate the present value of such costs over the retirement period is based on the Company's historical credit-adjusted risk free rate.

Stock-based Compensation. Share-based compensation expense is based on the value of the portion of share-based payment awards that is ultimately expected to vest. Share-Based Payment Accounting requires the use of a valuation model to calculate the fair value of share-based awards. The Company has elected to use the Black-Scholes option-pricing model. The Black-Scholes option-pricing model incorporates various assumptions, including volatility, expected life and interest rates. The expected life is based on the observed and expected time to post-vesting exercise and forfeitures of stock options by our employees. Upon the adoption of Share-Based Payment Accounting, we used a combination of historical and implied volatility, or blended volatility, in deriving the expected volatility assumption as allowed under Share-Based Payment Accounting. The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of our stock options. The dividend yield assumption is based on our history and expectation of dividend payouts. Share-Based Payment Accounting requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on our historical experience. If factors change and we employ different assumptions in the application of Share-Based Payment Accounting in future periods, the compensation expense that we record under Share-Based Payment Accounting may differ significantly from what we have recorded in the current period. During 2016, we recorded $10.1 million as compensation expense related to stock options and employee stock purchases. We evaluate and adjust our assumptions on an annual basis. See Note 14 "Stock Compensation Plans" of the Notes to Consolidated Financial Statements for further discussion.

Allowance for Doubtful Accounts. The Company maintains allowances for doubtful accounts based on the payment patterns of its customers. Management analyzes historical results, the economic environment, changes in the credit worthiness of its customers, and other relevant factors in determining the adequacy of the Company's allowance. Bad debt expense was $6.9 million, $6.5 million and $5.9 million or approximately 0.5% of net revenue for each of the years ended December 31, 2016, 2015, and 2014, respectively. If the future economic environment declines, the inability of customers to pay may occur and the allowance for doubtful accounts may need to be increased, which will result in additional bad debt expense in future years.

ACCOUNTING STANDARDS AND REGULATORY UPDATE

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In August 2015, the FASB issued ASU No. 2015-14 deferring the effective date from January 1, 2017 to January 1, 2018, while allowing for early adoption as of January 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently reviewing its revenue contract arrangements and we expect our review to be complete in 2017. At this time we do not expect any material impact on our consolidated financial statements for the adoption of ASU 2014-09. We have not yet determined whether we will adopt the provisions of ASU 2014-09 on a retrospective basis or through a cumulative adjustment to equity.

In November 2015, the FASB issued ASU No. 2015-17 *Income taxes – Balance Sheet Classification of Deferred Taxes*. The amendments in this update require deferred tax liabilities and assets be classified as noncurrent in the balance sheet. The amendments are effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted as of the beginning of an interim or annual reporting period. The Company does not expect the adoption of this amendment will have a material impact on the consolidated balance sheet.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The update is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about lease arrangements. The amendments in this update are effective beginning January 1, 2019 with retrospective application. The Company is the process of assessing the impact ASU 2016-02 will have on our consolidated financial statements. The Company expects the primary impact to our consolidated financial statements will be the recognition, on a discounted basis, of our minimum commitments under non-cancelable operating leases on our consolidated balance sheets resulting in the recording of right of use assets and lease obligations. Our current minimum commitments under non-cancelable operating leases are disclosed in Note 6.

In March 2016, the FASB issued ASU 2106-09, *Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting*. The update is designed to simplify accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The update is effective for annual periods beginning January 1, 2017 with early adoption permitted. The Company does not expect the adoption of this update will have a material impact on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments*. The update clarifies how certain cash receipts and cash payments are presented in the statement of cash flows. The update is effective for annual periods beginning January 1, 2018 with early adoption permitted. The Company adopted the update for the period ended December 31, 2016. The update did not have a material impact on the Company's consolidated statement of cash flows.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations: Clarifying the definition of a business*. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The update is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. Early adoption is allowed for transactions which the acquisition date occurs before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance. The Company adopted the update in ASU 2017-01 for transactions which occurred on or after October 1, 2016. The adoption of this update did not have a material impact on the 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 years ended December 31, 2016, 2015 and 2014. This discussion should be read in conjunction with the consolidated financial statements of Lamar Media and the related notes.

RESULTS OF OPERATIONS

The following table presents certain items in the Consolidated Statements of Income as a percentage of net revenues for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
Net revenues	100.0%	100.0%	100.0%
Operating expenses:			
Direct advertising expenses	35.0	35.0	35.2
General and administrative expenses	18.0	17.9	17.9
Corporate expenses	5.1	5.3	5.3
Depreciation and amortization	13.7	14.1	20.1
Operating income	29.3	28.3	21.7
Loss on extinguishment of debt	0.2	—	2.0
Interest expense	8.2	7.3	8.2
Income tax expense (benefit)	0.9	1.6	(11.1)
Net income	19.9	19.4	22.3

Year ended December 31, 2016 compared to Year ended December 31, 2015

Net revenues increased $146.9 million or 10.9% to $1.50 billion for the year ended December 31, 2016 from $1.35 billion for the same period in 2015. This increase was attributable primarily to an increase in billboard net revenues of $125.0 million or 10.5% over the prior period, which is primarily related to the integration of outdoor assets acquired during 2015 and 2016, which included five new U.S. markets in January 2016 from Clear Channel Outdoor Holdings, Inc. and the addition of approximately 300 digital displays during the year ended December 31, 2016. In addition, logo sign revenue increased $5.7 million, which represents an increase of 7.6% over the prior period, primarily due to the addition of a logo program in Tennessee and an overall increase in occupancy in all other logo markets of over 1.5%. Transit revenue increased $16.2 million, which represents an increase of 17.7% over the prior period, primarily due to the acquisition of Alliance Airports in July 2015.

For the year ended December 31, 2016, there was a $42.7 million increase in net revenues as compared to acquisition-adjusted net revenue for the year ended December 31, 2015. The $42.7 million increase in revenue primarily consists of a $32.6 million increase in billboard revenue, a $4.2 million increase in logo revenue and a $5.9 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable period in 2015. The increase in revenue represents an increase of 2.9% over the comparable period in 2015. See "*Reconciliations*" below.

Total operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased $83.7 million or 10.6% to $871.0 million for the year ended December 31, 2016. The $83.7 million increases over the prior year is comprised of a $79.1 million increase in operating expenses related to the operations of our outdoor advertising assets and an increase in corporate expenses of $4.6 million.

Depreciation and amortization expense increased $13.5 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015, primarily due to Lamar Media's acquisition of five new U.S markets in January 2016.

Gain on disposition of assets for the year ended December 31, 2016 increased $6.3 million over the same period in 2015 primarily due to an $8.6 million non-cash gain resulting from an exchange of outdoor advertising assets in the period.

Due primarily to the above factors, operating income increased $56.1 million to $439.4 million for the year ended December 31, 2016 compared to $383.4 million for the same period in 2015.

During the year ended December 31, 2016, Lamar Media recognized a $3.2 million loss on extinguishment of debt related to the prepayment of the Term A-1 loan under its senior credit facility

Interest expense increased approximately $25.3 million from $98.4 million for the year ended December 31, 2015 to $123.7 million for the year ended December 31, 2016, primarily resulting from the January 2016 issuance of Lamar Media's $400.0 million aggregate principal amount of 5 3/4% Senior Notes. See —"*Uses of Cash — Tender Offers and Debt Repayment*" for more information.

The increase in operating income offset by the increase in interest expense and loss on debt extinguishment over the comparable period in 2015, resulted in a $27.6 million increase in net income before income taxes. Lamar Media recognized $13.4 million in income tax expense for the year ended December 31, 2016. The effective tax rate for the year ended December 31, 2016 is approximately 4.3%, 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 year ended December 31, 2016 of $299.2 million, as compared to net income of $262.9 million for the same period in 2015.

Reconciliations:

Because acquisitions occurring after December 31, 2014 (the "acquired assets") have contributed to our net revenue results for the periods presented, we provide 2015 acquisition-adjusted net revenue, which adjusts our 2015 net revenue for the year ended December 31, 2015 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 year ended December 31, 2016.

Reconciliations of 2015 reported net revenue to 2015 acquisition-adjusted net revenue for the year ended December 31, 2015 as well as a comparison of 2015 acquisition-adjusted net revenue to 2016 reported net revenue for the year ended December 31, 2016, are provided below:

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

	Year ended December 31, 2016	Year ended December 31, 2015
	(in thousands)	
Reported net revenue	$ 1,500,294	$ 1,353,396
Acquisition net revenue	—	104,201
Adjusted totals	$ 1,500,294	$ 1,457,597

Key Performance Indicators

Net Income/Adjusted EBITDA

(in thousands)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 299,181	$ 262,903	$ 36,278	13.8%
Income tax expense	13,356	22,058	(8,702)	
Loss on extinguishment of debt	3,198	—	3,198	
Interest expense (income), net	123,682	98,399	25,283	
Gain on disposition of assets	(15,095)	(8,765)	(6,330)	
Depreciation and amortization	204,958	191,433	13,525	
Stock-based compensation expense	28,560	25,890	2,670	
Adjusted EBITDA	$ 657,840	$ 591,918	$ 65,922	11.1%

Adjusted EBITDA for the year ended December 31, 2016 increased 11.1% to $657.8 million. The increase in Adjusted EBITDA was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense) of $95.1 million, and was partially offset by an increase in general administrative and corporate expenses of $29.1 million, excluding the impact of stock-based compensation expense.

Net Income/FFO/AFFO

(in thousands)

	Year Ended December 31, 2016	2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 299,181	$ 262,903	$ 36,278	13.8%
Depreciation and amortization related to real estate	190,964	176,132	14,832	
Gain from disposition of real estate assets and investments	(14,789)	(8,467)	(6,322)	
Adjustments for unconsolidated affiliates and non-controlling interest	605	631	(26)	
FFO	$ 475,961	$ 431,199	$ 44,762	10.4%
Straight-line expense	255	463	(208)	
Stock-based compensation expense	28,560	25,890	2,670	
Non-cash portion of tax provision	(343)	11,099	(11,442)	
Non-real estate related depreciation and amortization	13,994	15,301	(1,307)	
Amortization of deferred financing costs	5,333	4,682	651	
Loss on extinguishment of debt	3,198	—	3,198	
Capital expenditures – maintenance	(37,090)	(45,605)	8,515	
Adjustments for unconsolidated affiliates and non-controlling interest	(605)	(631)	26	
AFFO	$ 489,263	$ 442,398	$ 46,865	10.6%

FFO for the year ended December 31, 2016 was $476.0 million as compared to FFO of $431.2 million for the same period in 2015. AFFO for the year ended December 31, 2016 increased 10.6% to $489.3 million as compared to $442.4 million for the same period in 2015. AFFO growth was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense) and decrease in interest expense, partially offset by increases in general and administrative expenses and corporate expenses.

Year ended December 31, 2015 compared to Year ended December 31, 2014

Net revenues increased $66.3 million or 5.2% to $1.35 billion for the year ended December 31, 2015 from $1.29 billion for the same period in 2014. This increase was attributable primarily to an increase in billboard net revenues of $47.7 million or 4.2% over the prior period, which is primarily related to an increase in billboard panels obtained through acquisitions in 2014 and 2015 as well as the addition of approximately 175 digital panels during the year; an increase in logo sign revenue of $3.5 million, which represents an increase of 5.0% over the prior period and a $15.2 million increase in transit revenue, which represents an increase of 19.8% over the prior period. The increase in transit revenue primarily resulted from the addition of 14 transit markets, which included 11 airport markets.

For the year ended December 31, 2015, there was a $39.4 million increase in net revenues as compared to acquisition-adjusted net revenue for the year ended December 31, 2014. The $39.4 million increase in revenue primarily consists of a $31.6 million increase in billboard revenue, a $2.8 million increase in logo revenue and a $4.9 million increase in transit revenue over the acquisition-adjusted net revenue for the comparable period in 2014. The increase in revenue represents an increase of 3.0% over the comparable period in 2014. See “Reconciliations” below.

Operating expenses, exclusive of depreciation and amortization and gain on sale of assets, increased $34.6 million or 4.6% to $787.4 million for the year ended December 31, 2015. Operating expenses related to the operations of our outdoor advertising assets increased $31.9 million and corporate expenses increased $2.7 million.

Depreciation and amortization expense decreased $67.0 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily due to a portion of our digital and traditional billboard structures being fully depreciated as well as our change to the straight-line method of depreciation effective January 1, 2015.

Gain on disposition of assets for the year ended December 31, 2015 increased $5.6 million over the same period in 2014 primarily due to a $4.3 million non-cash gain resulting from an exchange of outdoor advertising assets in the period.

Due primarily to the above factors, operating income increased $104.4 million to $383.4 million for the year ended December 31, 2015 compared to $279.0 million for the same period in 2014.

Lamar Media did not have any financing transactions during the year ended December 31, 2015. However, during the year ended December 31, 2014, Lamar Media recognized a loss on debt extinguishment of $26.0 million related to the redemption of its 7 7/8% Senior Subordinated Notes due 2018 (the "7 7/8% Notes") and the amendment of its senior credit facility. Approximately $10.3 million of the loss was a non-cash expense attributable to the write off of unamortized debt issuance fees associated with the then existing senior credit facility and the 7 7/8% Notes.

Interest expense decreased approximately $6.8 million from $105.3 million for the year ended December 31, 2014 to $98.4 million for the year ended December 31, 2015, primarily resulting from our April 2014 refinancing of the 7 7/8% Notes. See —*"Uses of Cash — Tender Offers and Debt Repayment"* for more information.

The increase in operating income and the decreases in interest expense, other-than-temporary impairment of investments and loss on debt extinguishment over the comparable period in 2014, resulted in a $141.2 million increase in net income before income taxes. Lamar Media recognized $22.1 million in income tax expense for the year ended December 31, 2015. The effective tax rate for the year ended December 31, 2015 is approximately 7.7%, 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 year ended December 31, 2015 of $262.9 million, as compared to net income of $287.0 million for the same period in 2014.

Reconciliations:

Because acquisitions occurring after December 31, 2013 (the "acquired assets") have contributed to our net revenue results for the periods presented, we provide 2014 acquisition-adjusted net revenue, which adjusts our 2014 net revenue for the year ended December 31, 2014 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 year ended December 31, 2015.

Reconciliations of 2014 reported net revenue to 2014 acquisition-adjusted net revenue for the year ended December 31, 2014 as well as a comparison of 2014 acquisition-adjusted net revenue to 2015 reported net revenue for the year ended December 31, 2015, are provided below:

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

	Year ended December 31,	
	2015	2014
	(in thousands)	
Reported net revenue	$ 1,353,396	$ 1,287,060
Acquisition net revenue	—	26,943
Adjusted totals	$ 1,353,396	$ 1,314,003

Key Performance Indicators

Net Income/Adjusted EBITDA

(in thousands)

	Year Ended December 31,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2015	2014		
Net income	$ 262,903	$ 287,035	$ (24,132)	(8.4)%
Income tax expense (benefit)	22,058	(143,264)	165,322	
Loss on other-than-temporary impairment of investment	—	4,069	(4,069)	
Loss on extinguishment of debt	—	26,023	(26,023)	
Interest expense (income), net	98,399	105,152	(6,753)	
Gain on disposition of assets	(8,765)	(3,192)	(5,573)	
Depreciation and amortization	191,433	258,435	(67,002)	
Stock-based compensation expense	25,890	24,120	1,770	
Adjusted EBITDA	$ 591,918	$ 558,378	$ 33,540	6.0%

Adjusted EBITDA for the year ended December 31, 2015 increased 6.0% to $591.9 million. The increase in Adjusted EBITDA was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense) of $45.8 million, and was partially offset by an increase in general administrative and corporate expenses of $12.3 million, excluding the impact of stock-based compensation expense.

Net Income/FFO/AFFO

(in thousands)

	Year Ended December 31, 2015	Year Ended December 31, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$ 262,903	$ 287,035	$ (24,132)	(8.4)%
Depreciation and amortization related to real estate	176,132	241,294	(65,162)	
Gain from disposition of real estate assets and investments	(8,467)	(2,681)	(5,786)	
One time adjustment to taxes related to REIT conversion	—	(153,472)	153,472	
Adjustments for unconsolidated affiliates and non-controlling interest	631	695	(64)	
FFO	$ 431,199	$ 372,871	$ 58,328	15.6%
Straight-line expense (income)	463	(841)	1,304	
Stock-based compensation expense	25,890	24,120	1,770	
Non-cash portion of tax provision	11,099	(2,056)	13,155	
Non-real estate related depreciation and amortization	15,301	17,141	(1,840)	
Amortization of deferred financing costs	4,682	4,777	(95)	
Loss on other-than-temporary impairment of investment	—	4,069	(4,069)	
Loss on extinguishment of debt	—	26,023	(26,023)	
Capital expenditures – maintenance	(45,605)	(56,820)	11,215	
Adjustments for unconsolidated affiliates and non-controlling interest	(631)	(695)	64	
AFFO	$ 442,398	$ 388,589	$ 53,809	13.8%

FFO for the year ended December 31, 2015 was $431.2 million as compared to FFO of $372.9 million for the same period in 2014. AFFO for the year ended December 31, 2015 increased 13.8% to $442.4 million as compared to $388.6 million for the same period in 2014. AFFO growth was primarily attributable to the increase in our gross margin (net revenue less direct advertising expense) and decrease in interest expense, partially offset by increases in general and administrative expenses and corporate expenses.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Lamar Advertising Company and Lamar Media Corp.

Lamar Advertising Company is exposed to interest rate risk in connection with variable rate debt instruments issued by its wholly owned subsidiary Lamar Media Corp. The information below summarizes the Company’s interest rate risk associated with its principal variable rate debt instruments outstanding at December 31, 2016, and should be read in conjunction with Note 8 of the Notes to the Company’s Consolidated Financial Statements.

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

At December 31, 2016 there was approximately $433.1 million of aggregate indebtedness outstanding under the senior credit facility, or approximately 18.2% of the Company’s outstanding long-term debt on that date, bearing interest at variable rates. The aggregate interest expense for 2016 with respect to borrowings under the senior credit facility was $13.5 million, and the weighted average interest rate applicable to borrowings under this credit facility during 2016 was 2.5%. Assuming that the weighted average interest rate was 200 basis points higher (that is 4.5% rather than 2.5%), then the Company’s 2016 interest expense would have increased by approximately $10.1 million for the years ended December 31, 2016.

The Company attempted to mitigate the interest rate risk resulting from its variable interest rate long-term debt instruments by issuing fixed rate long-term debt instruments and maintaining a balance over time between the amount of the Company’s variable rate and fixed rate indebtedness. In addition, the Company has the capability under the senior credit facility to fix the interest rates applicable to its borrowings at an amount equal to 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 8. FINANCIAL STATEMENTS

**LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES**

Management's Report on Internal Control Over Financial Reporting

The management of Lamar Advertising Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act.

Lamar Advertising's management assessed the effectiveness of Lamar Advertising's internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on this assessment, Lamar Advertising's management has concluded that, as of December 31, 2016, Lamar Advertising's internal control over financial reporting is effective based on those criteria. The effectiveness of Lamar Advertising's internal control over financial reporting as of December 31, 2016 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 to this Annual Report.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Lamar Advertising Company:

We have audited Lamar Advertising Company's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Lamar Advertising Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Lamar Advertising Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Lamar Advertising Company and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and the financial statement schedules, and our report dated February 23, 2017, expressed an unqualified opinion on those consolidated financial statements and schedules.

/s/ KPMG LLP
KPMG LLP

Baton Rouge, Louisiana
February 23, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Lamar Advertising Company:

We have audited the accompanying consolidated balance sheets of Lamar Advertising Company and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedules II and III. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lamar Advertising Company and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in note 20 to the consolidated financial statements, Lamar Advertising Company changed its method of accounting for business combinations effective October 1, 2016 due to the adoption of FASB ASU No. 2017-01, *Clarifying the Definition of a Business*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lamar Advertising Company's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 23, 2017, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
KPMG LLP

Baton Rouge, Louisiana
February 23, 2017

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2016 and 2015
(In thousands, except share and per share data)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,530	$ 22,327
Receivables, net of allowance for doubtful accounts of $9,356 and $8,984 as of 2016 and 2015, respectively	189,935	174,398
Prepaid lease expenses	48,815	44,437
Deferred income tax assets (note 11)	1,582	1,352
Other current assets	39,973	39,218
Total current assets	315,835	281,732
Property, plant and equipment (note 4)	3,294,251	3,139,239
Less accumulated depreciation and amortization	(2,111,536)	(2,044,102)
Net property, plant and equipment	1,182,715	1,095,137
Goodwill (note 5)	1,726,358	1,546,594
Intangible assets, net (note 5)	637,153	402,886
Other assets	38,405	37,395
Total assets	$ 3,900,466	$ 3,363,744
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 17,653	$ 17,452
Current maturities of long-term debt, net of deferred financing costs of $5,459 and $4,823 in 2016 and 2015, respectively (note 8)	33,916	16,509
Accrued expenses (note 7)	134,433	115,208
Deferred income	91,322	87,661
Total current liabilities	277,324	236,830
Long-term debt, net of deferred financing costs of $23,510 and $23,211 in 2016 and 2015, respectively (note 8)	2,315,267	1,874,941
Deferred income tax liabilities (note 11)	1,861	2,052
Asset retirement obligation (note 9)	210,889	206,234
Other liabilities	25,597	22,628
Total liabilities	2,830,938	2,342,685
Stockholders' equity (note 13):		
Series AA preferred stock, par value $.001, $63.80 cumulative dividends, authorized 5,720 shares; 5,720 shares issued and outstanding at 2016 and 2015	—	—
Class A common stock, par value $.001, 362,500,000 shares authorized, 83,038,831 and 82,188,372 shares issued and 82,822,743 and 82,083,536 outstanding at 2016 and 2015, respectively	83	82
Class B common stock, par value $.001, 37,500,000 shares authorized, 14,610,365 shares issued and outstanding at 2016 and 2015	15	15
Additional paid-in-capital	1,713,312	1,664,038
Accumulated comprehensive loss	(624)	(1,178)
Accumulated deficit	(630,955)	(635,799)
Cost of shares held in treasury, 216,088 and 104,836 shares in 2016 and 2015, respectively	(12,303)	(6,099)
Stockholders' equity	1,069,528	1,021,059
Total liabilities and stockholders' equity	$ 3,900,466	$ 3,363,744

See accompanying notes to consolidated financial statements.

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Consolidated Statements of Income and Comprehensive Income
Years Ended December 31, 2016, 2015 and 2014
(In thousands, except share and per share data)

	2016	2015	2014
Statements of Income			
Net revenues	$ 1,500,294	$ 1,353,396	$ 1,287,060
Operating expenses (income):			
Direct advertising expenses (exclusive of depreciation and amortization)	525,597	473,760	453,269
General and administrative expenses (exclusive of depreciation and amortization)	269,423	242,182	230,800
Corporate expenses (exclusive of depreciation and amortization)	76,366	71,759	69,078
Depreciation and amortization (note 10)	204,958	191,433	258,435
Gain on disposition of assets	(15,095)	(8,765)	(3,192)
	1,061,249	970,369	1,008,390
Operating income	439,045	383,027	278,670
Other expense (income):			
Loss on extinguishment of debt	3,198	—	26,023
Other-than-temporary impairment of investment	—	—	4,069
Interest income	(6)	(34)	(102)
Interest expense	123,688	98,433	105,254
	126,880	98,399	135,244
Income before income tax expense	312,165	284,628	143,426
Income tax expense (benefit) (note 11)	13,356	22,058	(110,092)
Net income	298,809	262,570	253,518
Preferred stock dividends	365	365	365
Net income applicable to common stock	$ 298,444	$ 262,205	$ 253,153
Earnings per share:			
Basic earnings per share	$ 3.07	$ 2.72	$ 2.66
Diluted earnings per share	$ 3.05	$ 2.72	$ 2.66
Cash dividends declared per share of common stock	$ 3.02	$ 2.75	$ 2.50
Weighted average common shares used in computing earnings per share:			
Weighted average common shares outstanding basic	97,129,614	96,321,578	95,218,083
Weighted average common shares outstanding diluted	97,693,424	96,375,130	95,284,126
Statements of Comprehensive Income			
Net income	$ 298,809	$ 262,570	$ 253,518
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	554	(3,632)	(1,413)
Comprehensive income	$ 299,363	$ 258,938	$ 252,105

See accompanying notes to consolidated financial statements.

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2016, 2015 and 2014
(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, 2013	$ —	97	15	(893,831)	2,470,375	3,867	(647,577)	932,946
Non-cash compensation	—	—	—	—	17,600	—	—	17,600
Exercise of 522,032 shares of stock options	—	1	—	—	16,246	—	—	16,247
Issuance of shares of common stock through employee purchase plan	—	—	—	—	4,368	—	—	4,368
Tax shortfall related to options exercised	—	—	—	—	(13)	—	—	(13)
Purchase of 54,295 shares of treasury stock	—	—	—	(2,987)	—	—	—	(2,987)
Retirement of 17,270,930 shares of treasury stock	—	(17)	—	896,818	(896,801)	—	—	—
Foreign currency translation	—	—	—	—	—	(1,413)	—	(1,413)
Net income	—	—	—	—	—	—	253,518	253,518
Dividends/distributions to common shareholders ($2.50 per common share)	—	—	—	—	—	—	(238,435)	(238,435)
Dividends ($63.80 per preferred share)	—	—	—	—	—	—	(365)	(365)
Balance, December 31, 2014	$ —	81	15	—	1,611,775	2,454	(632,859)	981,466
Non-cash compensation	—	—	—	—	23,883	—	—	23,883
Exercise of 881,936 shares of stock options	—	1	—	—	23,371	—	—	23,372
Issuance of shares of common stock through employee purchase plan	—	—	—	—	5,027	—	—	5,027
Tax shortfall related to options exercised	—	—	—	—	(18)	—	—	(18)
Purchase of 104,836 shares of treasury stock	—	—	—	(6,099)	—	—	—	(6,099)
Foreign currency translation	—	—	—	—	—	(3,632)	—	(3,632)
Net income	—	—	—	—	—	—	262,570	262,570
Dividends/distributions to common shareholders ($2.75 per common share)	—	—	—	—	—	—	(265,145)	(265,145)
Dividends ($63.80 per preferred share)	—	—	—	—	—	—	(365)	(365)
Balance, December 31, 2015	$ —	82	15	(6,099)	1,664,038	(1,178)	(635,799)	1,021,059
Non-cash compensation	—	—	—	—	26,177	—	—	26,177
Exercise of 470,029 shares of stock options	—	1	—	—	17,151	—	—	17,152
Issuance of shares of common stock through employee purchase plan	—	—	—	—	5,930	—	—	5,930
Tax benefit related to options exercised	—	—	—	—	16	—	—	16
Purchase of 111,252 shares of treasury stock	—	—	—	(6,204)	—	—	—	(6,204)
Foreign currency translation	—	—	—	—	—	554	—	554
Net income	—	—	—	—	—	—	298,809	298,809
Dividends/distributions to common shareholders ($3.02 per common share)	—	—	—	—	—	—	(293,600)	(293,600)
Dividends ($63.80 per preferred share)	—	—	—	—	—	—	(365)	(365)
Balance, December 31, 2016	$ —	83	15	(12,303)	1,713,312	(624)	(630,955)	1,069,528

See accompanying notes to consolidated financial statements.

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2016, 2015 and 2014
(In thousands)

	2016	2015	2014
Cash flows from operating activities:			
Net income	$ 298,809	$ 262,570	$ 253,518
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	204,958	191,433	258,435
Stock-based compensation	28,560	25,890	24,120
Amortization included in interest expense	5,333	4,682	4,777
Gain on disposition of assets and investments	(15,095)	(8,765)	(3,192)
Other-than-temporary impairment of investment	—	—	4,069
Loss on extinguishment of debt	3,198	—	26,023
Deferred income tax (benefit) expense	(343)	11,099	(122,137)
Provision for doubtful accounts	6,870	6,506	5,947
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Receivables	(22,677)	(9,034)	(13,553)
Prepaid expenses	1,320	(575)	524
Other assets	5,462	(4,475)	662
(Decrease) increase in:			
Trade accounts payable	(746)	(458)	1,076
Accrued expenses	10,245	3,335	8,273
Other liabilities	(4,071)	(4,558)	3,987
Cash flows provided by operating activities	521,823	477,650	452,529
Cash flows from investing activities:			
Capital expenditures	(107,612)	(110,425)	(107,573)
Acquisitions	(585,054)	(153,877)	(65,021)
Decrease (increase) in notes receivable	21	(7)	4,462
Proceeds from disposition of assets and investments	11,662	10,429	4,135
Cash flows used in investing activities	(680,983)	(253,880)	(163,997)
Cash flows from financing activities:			
Net proceeds from issuance of common stock	23,082	28,399	20,615
Cash used for purchase of treasury shares	(6,204)	(6,099)	(2,987)
Proceeds received from revolving credit facility	483,000	317,000	325,000
Payments on revolving credit facility	(403,000)	(282,000)	(410,000)
Principal payments on long term debt	(21,118)	(15,468)	(11,750)
Proceeds received from senior credit facility	300,000	—	300,000
Debt issuance costs	(9,467)	—	(17,441)
Proceeds received from note offering	400,000	—	510,000
Payment on senior subordinated notes	—	—	(415,752)
Payment on senior credit facility	(300,000)	—	(352,106)
Distributions to non-controlling interest	(420)	(1,130)	(1,094)
Dividends/distributions	(293,965)	(265,510)	(238,800)
Cash flows provided by (used in) financing activities	171,908	(224,808)	(294,315)
Effect of exchange rate changes in cash and cash equivalents	455	(2,670)	(1,394)
Net increase (decrease) in cash and cash equivalents	13,203	(3,708)	(7,177)
Cash and cash equivalents at beginning of period	22,327	26,035	33,212
Cash and cash equivalents at end of period	$ 35,530	$ 22,327	$ 26,035
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 108,719	$ 93,765	$ 94,646
Cash paid for state and federal income taxes	$ 14,167	$ 10,786	$ 12,754

See accompanying notes to consolidated financial statements.

(1) Significant Accounting Policies

(a) Nature of Business

Lamar Advertising Company (the Company) is engaged in the outdoor advertising business, operating approximately 149,000 billboard advertising displays in 44 states, Canada and Puerto Rico. The Company's operating strategy is to be the leading provider of outdoor advertising services in the markets it serves.

In addition, the Company operates a logo sign business in 23 states throughout the United States and the province of Ontario, Canada and operates approximately 41,000 transit advertising displays in 19 states and Canada. Logo signs are erected pursuant to state-awarded service contracts on public rights-of-way near highway exits and deliver brand name information on available gas, food, lodging and camping services. Included in the Company's logo sign business are tourism signing contracts. The Company provides transit advertising in airport terminals, on bus shelters, benches and buses in the markets it serves.

The Company operates as a Real Estate Investment Trust ("REIT") for U.S. federal income tax purposes and generally will not be subject to federal income taxes on its income and gains that the Company distributes to its stockholders, including the income derived from advertising rental revenue. However, even as a REIT, the Company will remain obligated to pay income taxes on earnings from the assets of its taxable REIT subsidiaries ("TRSs"). In addition, the Company's foreign assets and operations continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted.

(b) Principles of Consolidation

The accompanying consolidated financial statements include Lamar Advertising Company, its wholly owned subsidiary, Lamar Media Corp. (Lamar Media), and its majority-owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

An operating segment is a component of an enterprise:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the enterprise's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

We define the term 'chief operating decision maker' to be our executive management group, which consist of our Chief Executive Officer, President and Chief Financial Officer. Currently, all operations are reviewed on a consolidated basis for budget and business plan performance by our executive management group. Additionally, operational performance at the end of each reporting period is viewed in the aggregate by our management group. Any decisions related to changes in invested capital, personnel, operational improvement or training, or to allocate other company resources are made based on the combined results.

We operate in a single operating and reporting segment, advertising. We rent advertising space on billboards, buses, shelters, benches, logo plates and in airport terminals.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets during the years ended 2016 and 2015. For the year ended December 31, 2014 depreciation is calculated using accelerated and straight-line methods over the estimated useful lives of the assets.

(d) Goodwill and Intangible Assets

Goodwill is subject to an annual impairment test. The Company designated December 31 as the date of its annual goodwill impairment test. Impairment testing involves various estimates and assumptions, which could vary, and an analysis of relevant market data and market capitalization. If industry and economic conditions deteriorate, the Company may be required to assess goodwill impairment before the next annual test, which could result in impairment charges.

The Company is required to identify its reporting units and determine the carrying value of each reporting unit. The Company has indentified two reporting units, Billboard operations and Logo operations, by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. The Company is required to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. To the extent the carrying amount of a reporting unit exceeds the fair value of the reporting unit, the Company would be required to perform the second step of the impairment test, as this is an indication that the reporting unit goodwill may be impaired. The fair value of each reporting unit exceeded its carrying amount at its annual impairment test date on December 31, 2016 and 2015; therefore, the Company was not required to recognize an impairment loss.

Intangible assets, consisting primarily of site locations, customer lists and contracts, and non-competition agreements are amortized using the straight-line method over the assets estimated useful lives, generally from 3 to 15 years.

(e) Impairment of Long-Lived Assets

Long-lived assets, such as property, plant and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset or asset group before interest expense. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset or asset group. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

(f) Acquisitions

The Company accounts for transactions that meet the definition of a business and group asset purchases as acquisitions. For transactions that meet the definition of a business combination, the Company allocates the purchase price, including any contingent consideration, to the assets acquired and the liabilities assumed at their estimated fair values as of the date of the acquisition with any excess of the purchase price paid over the estimated fair value of net assets acquired recorded as goodwill. For transactions that meet the definition of asset group purchases, the Company allocates the purchase price to the assets acquired and the liabilities assumed at their estimated fair values as of the date of the acquisition. If a transaction is determined to be a group of assets, any direct acquisition costs are capitalized. Transaction costs for transactions determined to be a business combination are expensed as incurred.

The fair value of the assets acquired and liabilities assumed is typically determined by using either estimates of replacement costs or discounted cash flow valuation methods. When determining the fair value of tangible assets acquired, the Company must estimate the cost to replace the asset with a new asset, adjusted for an estimated reduction in fair value due to age of the asset, and the economic useful life. When determining the fair value of intangible assets acquired, the Company must estimate the applicable discount rate and the timing and amount of future cash flows. The determination of the final purchase price and the acquisition-date fair value of identifiable assets acquired and liabilities assumed may extend over more than one period and result in adjustments to the preliminary estimate recognized in the prior period financial statements.

Effective October 1, 2016, the Company changed its accounting for business combinations, as further discussed in note 20 to the consolidated financial statements.

(g) Deferred Income

Deferred income consists principally of advertising revenue invoiced in advance. Deferred advertising revenue is recognized in income over the term of the contract.

(Dollars in thousands, except share and per share data)

(h) Revenue Recognition

The Company recognizes outdoor advertising revenue on an accrual basis ratably over the term of the contracts. Production revenue and the related expense for the advertising copy are recognized upon completion of the sale.

The Company engages in barter transactions where the Company trades advertising space for goods and services. The Company recognizes revenues and expenses from barter transactions at fair value, which is determined based on the Company's own historical practice of receiving cash for similar advertising space from buyers unrelated to the party in the barter transaction. The amount of revenue and expense recognized for advertising barter transactions is as follows:

	2016	2015	2014
Net revenues	$ 8,051	$ 7,956	$ 7,839
Direct advertising expenses	$ 3,559	$ 3,137	$ 2,928
General and administrative expenses	$ 4,067	$ 4,407	$ 4,675

(i) Income Taxes

As a REIT, the Company is generally not subject to federal income taxes on income and gains distributed to the Company's stockholders. However, the Company remains obligated to pay income taxes on earnings from domestic TRSs. In addition, the Company's foreign assets and operations continue to be subject to taxation in the foreign jurisdictions where those assets are held or where those operations are conducted, including those designated as Qualified REIT Subsidiaries, or QRSs, for federal income tax purposes. Accordingly, the consolidated financial statements reflect provisions for federal, state, local and foreign income taxes. The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as operating loss and tax credit carryforwards. The Company measures deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carry forwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities as a result of a change in tax rates is recognized in income in the period that includes the enactment date.

(j) Dividends/Distributions

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). During the years ended December 31, 2016, 2015 and 2014, the Company declared and paid distributions of its REIT taxable income of an aggregate of $293,600 or $3.02 per share, $265,145 or $2.75 per share and $198,520 or $2.08 per share, respectively. In addition, the Company paid distributions of its pre-REIT accumulated earnings and profits of $39,915 or $0.42 per share during the year ended December 31, 2014. 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 the 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 ("NOLs") to offset, in whole or in part, the Company's distribution requirements, limitations on its ability to fund distributions using cash generated through its TRSs and other factors that the Board of Directors may deem relevant. During the years ended December 31, 2016, 2015 and 2014, the Company paid cash dividend distributions to holders of its Series AA Preferred Stock of $365 or $63.80 per share.

(k) 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. For the years ended December 31, 2016, 2015 and 2014 there were no dilutive shares excluded from the calculation.

(l) Stock Based Compensation

Compensation expense for share-based awards is recognized based on the grant date fair value of those awards. Stock-based compensation expense includes an estimate for pre-vesting forfeitures and is recognized over the requisite service periods of the awards on a straight-line basis, which is generally commensurate with the vesting term. Non-cash compensation expense recognized during the years ended December 31, 2016, 2015, and 2014 were $28,560, $25,890 and $24,120, respectively. The $28,560 expensed during the year ended December 31, 2016 consists of (i) $10,142 related to stock options, (ii) $18,069 related to stock grants made under the Company’s performance-based stock incentive program in 2016 and (iii) $349 related to stock awards to directors. See Note 14 for information on the assumptions used to calculate the fair value of stock-based compensation.

(m) Cash and Cash Equivalents

The Company considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

(n) Foreign Currency Translation

Local currencies generally are considered the functional currencies outside the United States. Assets and liabilities for operations in local-currency environments are translated at year-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the year. Foreign currency translation adjustments are recorded as a component of other comprehensive income (loss) in the Consolidated Statements of Income and Comprehensive Income and as a component of accumulated comprehensive income (loss) in the Consolidated Statements of Stockholders’ Equity.

(o) Asset Retirement Obligations

The Company is required to record the fair value of obligations associated with the retirement of tangible long-lived assets in the period in which it is incurred. The liability is capitalized as part of the related long-lived asset’s carrying amount. Over time, accretion of the liability is recognized as an operating expense and the capitalized cost is depreciated over the expected useful life of the related asset. The Company’s asset retirement obligations relate primarily to the dismantlement, removal, site reclamation and similar activities of its properties.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) Comprehensive Income

Total comprehensive income is presented in the Consolidated Statements of Income and Comprehensive Income and the components of accumulated comprehensive income (loss) are presented in the Consolidated Statements of Stockholders’ Equity. Comprehensive income (loss) is composed of foreign currency translation effects.

(r) Fair Value Measurements

The Company determines the fair value of its financial instruments using the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

(s) Subsequent Events

The Company has performed an evaluation of subsequent events through the date on which the financial statements are issued.

(Dollars in thousands, except share and per share data)

(2) Acquisitions

Year Ended December 31, 2016

During the twelve months ended December 31, 2016, the Company completed several acquisitions of outdoor advertising assets for a total purchase price of $594,054, of which $585,054 was in cash and $9,000 in non-cash consideration consisting principally of exchanges of outdoor advertising assets. The purchases included the acquisition of assets in five U.S. markets from Clear Channel Outdoor Holdings, Inc. for an aggregate cash purchase price of approximately $458,500. As a result of the acquisitions, a gain of $8,599 was recorded for transactions which involved the exchanges of outdoor advertising assets during the year ended December 31, 2016.

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 estimates at the dates of acquisition. The following is a summary of the allocation of the acquisition costs in the above transactions.

	Total
Property, plant and equipment	$ 100,257
Goodwill	180,001
Site locations	268,763
Non-competition agreements	130
Customer lists and contracts	45,619
Asset acquisition costs	166
Current assets	6,694
Other assets	4,185
Current liabilities	(9,714)
Long–term liabilities	(2,047)
	$ 594,054

Total acquired intangible assets for the year ended December 31, 2016 were $494,679, of which $180,001 was assigned to goodwill. Although goodwill is not amortized for financial statement purposes, $180,001 is expected to be fully deductible for tax purposes. The remaining $314,678 of acquired intangible assets have a weighted average useful life of approximately 14 years. The intangible assets include customer lists and contracts of $45,619 (7 year weighted average useful life) and site locations of $268,763 (15 year weighted average useful life). The aggregate amortization expense related to the 2016 acquisitions for the year ended December 31, 2016 was approximately $20,430.

The following unaudited pro forma financial information for the Company gives effect to the 2016 and 2015 acquisitions as if they had occurred on January 1, 2015. These pro forma results do not purport to be indicative of the results of operations which actually would have resulted had the acquisitions occurred on such date or to project the Company's results of operations for any future period.

	2016	2015
	(unaudited)	
Net revenues	$ 1,509,704	$ 1,469,699
Net income applicable to common stock	$ 297,164	$ 251,299
Net income per common share — basic	$ 3.06	$ 2.61
Net income per common share — diluted	$ 3.04	$ 2.61

(Dollars in thousands, except share and per share data)

Year Ended December 31, 2015

During the twelve months ended December 31, 2015, the Company completed several acquisitions of outdoor advertising assets for a total cash purchase price of $158,552, of which $153,877 was in cash and $4,675 in non-cash consideration consisting principally of exchanges of outdoor advertising assets during the year ended December 31, 2015.

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.

	Total
Property, plant and equipment	$ 26,547
Goodwill	34,275
Site locations	87,899
Non-competition agreements	455
Customer lists and contracts	14,901
Current assets	5,650
Current liabilities	(8,674)
Long-term liabilities	(2,501)
	$ 158,552

Total acquired intangible assets for the year ended December 31, 2015 were $137,530, of which $34,275 was assigned to goodwill. Although goodwill is not amortized for financial statement purposes, $27,082 is expected to be fully deductible for tax purposes. The remaining $103,255 of acquired intangible assets have a weighted average useful life of approximately 14 years. The intangible assets include customer lists and contracts of $14,901 (7 year weighted average useful life) and site locations of $87,899 (15 year weighted average useful life). The aggregate amortization expense related to the 2015 acquisitions for the year ended December 31, 2015 was approximately $4,588.

The following unaudited pro forma financial information for the Company gives effect to the 2015 and 2014 acquisitions as if they had occurred on January 1, 2014. These pro forma results do not purport to be indicative of the results of operations which actually would have resulted had the acquisitions occurred on such date or to project the Company’s results of operations for any future period.

	2015	2014
	(unaudited)	
Net revenues	$ 1,374,831	$ 1,336,710
Net income applicable to common stock	$ 263,079	$ 256,245
Net income per common share — basic	$ 2.73	$ 2.69
Net income per common share — diluted	$ 2.73	$ 2.69

(3) Non-cash Financing and Investing Activities

For the years ended December 31, 2016, 2015 and 2014, the Company had $9,000, $6,036 and $1,900 non-cash investing activities related to capital expenditures and acquisitions of outdoor advertising assets, respectively. During the year ended December 31, 2014, the Company had non-cash financing activity related to the retirement of 17,270,930 shares of treasury stock for $896,818 related to the Company’s conversion to a REIT. There were no significant non-cash financing activities during the years ended December 31, 2016 and 2015.

(Dollars in thousands, except share and per share data)

(4) Property, Plant and Equipment

Major categories of property, plant and equipment at December 31, 2016 and 2015 are as follows:

	Estimated Life (Years)	2016	2015
Land	—	$ 355,211	$ 326,942
Building and improvements	10 — 39	147,660	136,587
Advertising structures	5 — 15	2,643,529	2,529,301
Automotive and other equipment	3 — 7	147,851	146,409
		$ 3,294,251	$ 3,139,239

(5) Goodwill and Other Intangible Assets

The following is a summary of intangible assets at December 31, 2016 and December 31, 2015:

	Estimated Life (Years)	2016 Gross Carrying Amount	2016 Accumulated Amortization	2015 Gross Carrying Amount	2015 Accumulated Amortization
Amortizable Intangible Assets:					
Customer lists and contracts	7 — 10	$ 559,513	$ 490,514	$ 513,832	$ 477,006
Non-competition agreements	3 — 15	64,646	63,692	64,514	63,453
Site locations	15	1,885,554	1,318,976	1,616,345	1,251,825
Other	5 — 15	14,174	13,552	14,008	13,529
		$ 2,523,887	$ 1,886,734	$ 2,208,699	$ 1,805,813
Unamortizable Intangible Assets:					
Goodwill		$ 1,979,894	$ 253,536	$ 1,800,130	$ 253,536

The changes in the gross carrying amount of goodwill for the year ended December 31, 2016 are as follows:

Balance as of December 31, 2015	$ 1,800,130
Goodwill acquired during the year	180,001
Purchase price adjustments and other	(237)
Impairment losses	—
Balance as of December 31, 2016	$ 1,979,894

Amortization expense for the years ended December 31, 2016, 2015 and 2014 was $80,864, $66,490 and $96,139, respectively. The following is a summary of the estimated amortization expense for future years:

2017	$ 79,115
2018	74,367
2019	68,865
2020	58,989
2021	53,882
Thereafter	301,935
Total	$ 637,153

(Dollars in thousands, except share and per share data)

(6) Leases

The Company is party to various operating leases for production facilities, vehicles and sites upon which advertising structures are built. The leases expire at various dates, and have varying options to renew and to cancel and may contain escalation provisions. The following is a summary of minimum annual rental payments required under those operating leases that have original or remaining lease terms in excess of one year as of December 31, 2016:

2017	$	185,792
2018	$	148,062
2019	$	133,004
2020	$	117,701
2021	$	101,745
Thereafter	$	728,384

Rental expense related to the Company's operating leases was $266,706, $240,518 and $227,879 for the years ended December 31, 2016, 2015 and 2014, respectively.

(7) Accrued Expenses

The following is a summary of accrued expenses at December 31, 2016 and 2015:

	2016	2015
Payroll	$ 16,764	$ 14,943
Interest	38,904	29,268
Insurance benefits	15,672	13,951
Accrued lease expense	36,928	33,628
Stock-based compensation	17,696	15,301
Other	8,469	8,117
	$ 134,433	$ 115,208

(Dollars in thousands, except share and per share data)

(8) Long-term Debt

Long-term debt consists of the following at December 31, 2016 and 2015:

	December 31, 2016		
	Debt	Deferred financing costs	Debt, net of deferred financing costs
Senior Credit Facility	$ 433,125	$ 4,769	$ 428,356
5 7/8% Senior Subordinated Notes	500,000	7,071	492,929
5% Senior Subordinated Notes	535,000	5,709	529,291
5 3/8% Senior Notes	510,000	5,662	504,338
5 3/4% Senior Notes	400,000	5,758	394,242
Other notes with various rates and terms	27	—	27
	2,378,152	28,969	2,349,183
Less current maturities	(39,375)	(5,459)	(33,916)
Long-term debt, excluding current maturities	$ 2,338,777	$ 23,510	$ 2,315,267

	December 31, 2015		
	Debt	Deferred financing costs	Debt, net of deferred financing costs
Senior Credit Facility	$ 373,750	$ 7,058	$ 366,692
5 7/8% Senior Subordinated Notes	500,000	8,219	491,781
5% Senior Subordinated Notes	535,000	6,451	528,549
5 3/8% Senior Notes	510,000	6,306	503,694
Other notes with various rates and terms	734	—	734
	1,919,484	28,034	1,891,450
Less current maturities	(21,332)	(4,823)	(16,509)
Long-term debt, excluding current maturities	$ 1,898,152	$ 23,211	$ 1,874,941

Long-term debt matures as follows:

	Debt	Deferred financing costs	Debt, net of deferred financing costs
2017	$ 39,375	$ 5,459	$ 33,916
2018	$ 45,000	$ 5,647	$ 39,353
2019	$ 348,750	$ 3,749	$ 345,001
2020	$ —	$ 3,769	$ (3,769)
2021	$ —	$ 3,993	$ (3,993)
Later years	$ 1,945,027	$ 6,352	$ 1,938,675

During the year ended December 31, 2016, the Company adopted the FASB's Accounting Standards Updated ("ASU") No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. The pronouncement requires the Company to present debt issuance costs related to a note as a direct deduction from the face amount of the note presented in the balance sheet. The Company has applied the new guidance on a retrospective basis. The effects of the adoption to the Company's Consolidated Balance Sheet as of December 31, 2015 were a decrease in total assets, current maturities of long-term debt and long-term debt of $28,034, $4,823 and $23,211, respectively.

5 7/8% Senior Subordinated Notes

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

At any time prior to February 1, 2017, Lamar Media may redeem some or all of the 5 7/8% Notes at a price equal to 100% of the aggregate principal amount plus a make-whole premium. On or after February 1, 2017, Lamar Media may redeem the 5 7/8% Notes, in whole or in part, in cash at redemption prices specified in the 5 7/8% 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 7/8% Notes at a price equal to 101% of the principal amount of the 5 7/8% Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

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.

At any time prior to May 1, 2018, Lamar Media may redeem some or all of the 5% Notes at a price equal to 100% of the aggregate principal amount plus a make-whole premium. On or after May 1, 2018, 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% Senior Notes"). The institutional private placement resulted in net proceeds to Lamar Media of approximately $502,300.

Lamar Media may redeem up to 35% of the aggregate principal amount of the 5 3/8% Senior Notes, at any time and from time to time, at a price equal to 105.375% of the aggregate principal amount so redeemed, plus accrued and unpaid interest thereon, with the net cash proceeds of certain public equity offerings completed before January 15, 2017, provided that following the redemption, at least 65% of the 5 3/8% Senior Notes that were originally issued remain outstanding and any such redemption occurs within 120 days following the closing of any such public equity offering. At any time prior to January 15, 2019, Lamar Media may redeem some or all of the 5 3/8% Senior Notes at a price equal to 100% of the aggregate principal amount, plus accrued and unpaid interest thereon and a make-whole premium. On or after January 15, 2019, Lamar Media may redeem the 5 3/8% Senior Notes, in whole or in part, in cash at redemption prices specified in the 5 3/8% Senior 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% Senior Notes at a price equal to 101% of the principal amount of the 5 3/8% Senior 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 resulted in net proceeds to Lamar Media of approximately $394,500.

(Dollars in thousands, except share and per share data)

Lamar Media may redeem up to 35% of the aggregate principal amount of the 5 3/4% Notes, at any time and from time to time, at a price equal to 105.750% of the aggregate principal amount so redeemed, plus accrued and unpaid interest thereon, with the net cash proceeds of certain public equity offerings completed before February 1, 2019, provided that following the redemption, at least 65% of the 5 3/4% Notes that were originally issued remain outstanding and any such redemption occurs within 120 days following the closing of any such public equity offering. 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.

Senior Credit Facility

On January 7, 2016, Lamar Media entered into a new incremental Term A-1 loan of $300,000 to partially fund the purchase of certain Clear Channel Outdoor Holdings, Inc. assets. The Term A-1 loan was repaid in full on January 28, 2016 by using proceeds received from the issuance of the 5 3/4% Notes. For the year ended December 31, 2016, the Company incurred a loss of $3,198 related to the repayment of the Term A-1 loan.

On February 3, 2014, Lamar Media entered into a Second Restatement Agreement (the “Second Restatement Agreement”) with the Company, 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 and restate Lamar Media’s existing senior credit facility on the terms set forth in the Second Amended and Restated Credit Agreement attached as Exhibit A to the Second Restatement Agreement (such Second and Amended and Restated Credit Agreement together with the Second Restatement Agreement being herein referred to as the “senior credit facility”). The senior credit facility consists of a $400,000 revolving credit facility and a $500,000 incremental facility.

Lamar Media is the borrower under the senior credit facility. We may also from time to time designate wholly owned subsidiaries as subsidiary borrowers under the incremental loan facility. Incremental loans may be in the form of additional term loan tranches or increases in the revolving credit facility. Our lenders have no obligation to make additional loans to us, or any designated subsidiary borrower, under the incremental facility, but may enter into such commitments in their sole discretion.

On April 18, 2014, Lamar Media entered into Amendment No. 1 to the Second Amended and Restated Credit Agreement (the “First Amendment”) under which the parties agreed to amend Lamar Media’s existing senior credit agreement on the terms set forth therein. The First Amendment created a new $300,000 Term A Loan facility (the “Term A Loans”) and made certain other amendments. Lamar Media borrowed $300,000 in Term A Loans on April 18, 2014. The net loan proceeds of this borrowing, together with borrowings under the revolving portion of the senior credit facility and cash on hand, were used to fund the redemption and retirement of all $400,000 in outstanding principal amount of Lamar Media’s 7 7/8% Notes due 2018 on April 21, 2014. On March 4, 2016, Lamar Media entered into Amendment No. 2 to the Second Amended and Restated Credit Agreement (the “Second Amendment”) under which the parties agreed to amend Lamar Media’s existing senior credit agreement on the terms set forth therein. Among certain other amendments, the Second Amendment eliminated the $500,000 cap on incremental loans with the result that Lamar Media may borrow incremental term and revolving loans without monetary limits, so long as Lamar Advertising’s Senior Debt Ratio does not exceed 3.5 to 1.0.

The Term A Loans began amortizing on June 30, 2014 in quarterly installments on each September 30, December 31, March 31, and June 30 thereafter, as follows:

Principal Payment Date	Principal Amount
March 31, 2017	$ 5,625
June 30, 2017-December 31, 2018	$ 11,250
Term A Loan Maturity Date	$ 168,750

The Term A Loans bear interest at rates based on the Adjusted LIBO Rate (“Eurodollar loans”) or the Adjusted Base Rate (“Base Rate loans”), at Lamar Media’s option. Eurodollar loans bear interest at a rate per annum equal to the Adjusted LIBO Rate plus 2.0% (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 loans bear interest at a rate per annum equal to the Adjusted Base Rate plus 1.00% (or the Adjusted Base Rate plus 0.75% at any time the Total

(Dollars in thousands, except share and per share data)

Debt Ratio is less than or equal to 3.00 to 1). The revolving credit facility bears interest at rates based on the Adjusted LIBO Rate ("Eurodollar loans") or the Adjusted Base Rate ("Base Rate loans"), at Lamar Media's option. Eurodollar 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 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 Loans and revolving credit facility.

As of December 31, 2016, there was $180,000 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 $10,104 letters of credit outstanding as of December 31, 2016 resulting in $209,896 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 February 2, 2019, and bear interest, at Lamar Media's option, at the Adjusted LIBO Rate or the Adjusted Base Rate plus applicable margins, such margins are set at an initial rate with the possibility of a step down based on Lamar Media's ratio of debt to trailing four quarters EBITDA, as defined in the senior credit facility.

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

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

The senior credit facility contains provisions that would allow Lamar Media to conduct its affairs in a manner that would allow 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 applicable senior credit agreement provisions during the periods presented.

(9) Asset Retirement Obligation

The Company's asset retirement obligation includes 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, 2014	$	204,327
Additions to asset retirement obligations		1,680
Accretion expense		4,845
Liabilities settled		(4,618)
Balance at December 31, 2015	$	206,234
Additions to asset retirement obligations		5,008
Accretion expense		4,272
Liabilities settled		(4,625)
Balance at December 31, 2016	$	210,889

(Dollars in thousands, except share and per share data)

(10) Depreciation and Amortization

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

	Year Ended December 31,		
	2016	2015	2014
Direct expenses	$ 191,169	$ 175,937	$ 241,471
General and administrative expenses	3,650	3,178	4,534
Corporate expenses	10,139	12,318	12,430
	$ 204,958	$ 191,433	$ 258,435

Effective January 1, 2015, the Company changed its depreciation method from the double declining balance method to the straight-line method. The Company believes that the straight-line method better reflects the pattern of consumption of the future benefits to be derived from those assets being depreciated. The increase to operating income and net income and decrease to depreciation expense for the Company's assets existing as of January 1, 2015 is $11,089 for the year ended December 31, 2015.

(11) Income Taxes

The Company has filed, for prior taxable years through its taxable year ended December 31, 2013, a consolidated U.S. federal tax return, which includes all of its wholly owned domestic subsidiaries. For its taxable year commencing January 1, 2014, the Company filed, and intends to continue to file, as a REIT, and its TRSs filed, and intend to continue to file, as C corporations. The Company also files tax returns in various states and countries. The Company's state tax returns reflect different combinations of the Company's subsidiaries and are dependent on the connection each subsidiary has with a particular state. The following information pertains to the Company's income taxes on a consolidated basis.

Income tax expense (benefit) consists of the following:

	Current	Deferred	Total
Year ended December 31, 2016:			
U.S. federal	$ 9,518	$ (935)	$ 8,583
State and local	2,681	(6)	2,675
Foreign	1,500	598	2,098
	$ 13,699	$ (343)	$ 13,356
Year ended December 31, 2015:			
U.S. federal	$ 7,686	$ (930)	$ 6,756
State and local	1,746	(246)	1,500
Foreign	1,527	12,275	13,802
	$ 10,959	$ 11,099	$ 22,058
Year ended December 31, 2014:			
U.S. federal	$ 8,721	$ (119,014)	$ (110,293)
State and local	2,632	(2,909)	(277)
Foreign	692	(214)	478
	$ 12,045	$ (122,137)	$ (110,092)

(Dollars in thousands, except share and per share data)

The income tax provision for the year ended December 31, 2014 is net of the deferred tax benefit due to the REIT conversion of $120,081. As of December 31, 2016 and 2015, the Company had income taxes payable of $747 and $524, respectively, included in accrued expenses. The U.S. and foreign components of earnings before income taxes are as follows:

	2016	2015	2014
U.S.	$ 313,429	$ 282,774	$ 144,298
Foreign	(1,264)	1,854	(872)
Total	$ 312,165	$ 284,628	$ 143,426

A reconciliation of significant differences between the reported amount of income tax expense and the expected amount of income tax expense that would result from applying the U.S. federal statutory income tax rate of 35 percent to income before taxes is as follows:

	2016	2015	2014
Income tax expense at U.S. federal statutory rate	$ 109,257	$ 99,620	$ 50,199
Tax adjustment related to REIT(a)	(101,868)	(92,073)	(44,891)
State and local income taxes, net of federal income tax benefit	1,481	1,180	1,017
Book expenses not deductible for tax purposes	2,465	2,117	2,061
Stock-based compensation	169	66	(33)
Valuation allowance(b)	2,340	13,818	—
Rate change	(19)	90	91
Deferred tax adjustment due to REIT conversion	—	—	(120,081)
Other differences, net	(469)	(2,760)	1,545
Income tax expense	$ 13,356	$ 22,058	$ (110,092)

(a) Includes dividend paid deduction of $102,888, $83,750 and $62,937 for the tax years ended December 31, 2016, 2015 and 2014, respectively.

(b) In May of 2015, Puerto Rico's "Act 72 of 2015" was signed into law. Under the enacted legislation, significant changes to the 2011 Internal Revenue Code rendered the Company's tax planning strategy to provide a source of taxable income to support recognition of deferred tax assets in Puerto Rico no longer feasible. As a result, for the years ended December 31, 2016 and 2015, a non-cash valuation allowance of $2,340 and $13,818, respectively, was recorded to income tax expense due to our limited ability to utilize the Puerto Rico deferred tax assets in future years.

(Dollars in thousands, except share and per share data)

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and (liabilities) are presented below:

	2016	2015
Deferred tax assets:		
Allowance for doubtful accounts	$ 551	$ 722
Accrued liabilities not deducted for tax purposes	4,574	4,362
Asset retirement obligation	116	97
Net operating loss carry forwards	14,835	12,762
Tax credit carry forwards	153	155
Charitable contributions carry forward	6	6
Property, plant and equipment	1,424	1,080
Investment in partnerships	320	246
Gross deferred tax assets	21,979	19,430
Less: valuation allowance	(16,167)	(13,827)
Net deferred tax assets	5,812	5,603
Deferred tax liabilities:		
Intangibles	(6,091)	(6,303)
Gross deferred tax liabilities	(6,091)	(6,303)
Net deferred tax liabilities	$ (279)	$ (700)
Classification in the consolidated balance sheets:		
Current deferred tax assets	$ 1,582	$ 1,352
Noncurrent deferred tax liabilities	(1,861)	(2,052)
Net deferred tax liabilities	$ (279)	$ (700)

As of December 31, 2016, we have approximately $230,302 of U.S. net operating loss carry forwards to offset future taxable income. Of this amount, $2,043 is subject to an IRC §382 limitation. These carry forwards expire between 2020 through 2032. In addition, we have $4,789 of various credits available to offset future U.S. federal income tax.

As of December 31, 2016 we have approximately $588,877 of state net operating loss carry forwards before valuation allowances. These state net operating losses are available to reduce future taxable income and expire at various times and amounts. In addition, we have $218 of various credits available to offset future state income tax. There was no valuation allowance related to state net operating loss carry forwards as of December 31, 2016 and 2015. The net change in the total state valuation allowance for the year ended December 31, 2014 was a decrease of $2,322. There were no net changes in the total state valuation allowance for the years ended December 31, 2016 and 2015. The decrease in 2014 was primarily due to the adjustment of deferred tax assets and related valuation allowance for assets and liabilities of REIT operations no longer subject to state income taxes at the REIT level, which had the effect of valuing these assets at an expected rate of 0%.

During 2016, we generated $5,643 of Puerto Rico net operating losses. As of December 31, 2016, we had approximately $36,188 of Puerto Rico net operating loss carry forwards before valuation allowances. These Puerto Rico net operating losses are available to offset future taxable income. These carry forwards expire between 2018 and 2026. In addition, we have $153 of alternative minimum tax credits available to offset future Puerto Rico income tax.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those jurisdictions during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carry back and carry forward periods), projected future taxable income, and tax-planning strategies in making this assessment. In order to fully realize the deferred tax assets, the Company will need to generate future taxable income before the expiration of the carry forwards governed by the tax code. Based on the current level of pretax earnings and significant changes in Puerto Rico tax legislation, the Company will not generate the minimum amount of future taxable income to support the realization of the deferred tax assets. As a result, management has determined that a valuation allowance related to Puerto Rico net operating loss carry forwards and other deferred tax assets is necessary. The valuation allowance for these deferred tax assets as of December 31, 2016 and 2015 was $16,167 and $13,827, respectively. The net change in the total valuation allowance for the years ended December 31, 2016 and 2015 was an increase of $2,340 and $13,818, respectively. The amount of the deferred tax asset considered realizable, however, could be adjusted in the near term if estimates of future taxable income during the carry forward period increase.

(Dollars in thousands, except share and per share data)

We have not recognized a deferred tax liability of approximately $10,946 for the undistributed earnings of our Canadian operations that arose in 2016 and prior years as management considers these earnings to be indefinitely invested outside the U.S. As of December 31, 2016, the undistributed earnings of these subsidiaries were approximately $31,275.

Under ASC 740 *Income Taxes*, we provide for uncertain tax positions, and the related interest, and adjust recognized tax benefits and accrued interest accordingly. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance as of December 31, 2015	$	—
Additions for tax positions related to current year		696
Additions for tax positions related to prior years		76
Reductions for tax positions related to prior years		—
Lapse of statute of limitations		—
Settlements		—
Balance as of December 31, 2016	$	772

Included in the balance of unrecognized benefits at December 31, 2016 is $772 of tax benefits that, if recognized in future periods, would impact our effective tax rate. During the year ended December 31, 2016, we recognized interest and penalties of $18 as a component of income tax expense in connection with our liabilities related to uncertain tax positions.

Within the next twelve months, we do not expect to decrease our unrecognized tax benefits as a result of the expiration of statute of limitations.

We are subject to income taxes in the U.S. and nearly all states. In addition, the Company is subject to income taxes in Canada and the Commonwealth of Puerto Rico. We are no longer subject to U.S federal income tax examinations by tax authorities for years prior to 2013, or for any U.S. state income tax audit prior to 2008. The IRS has completed a review of the 2013 income tax return. With respect to Canada and Puerto Rico, we are no longer subject to income tax audits for years before 2013 and 2012, respectively.

(12) Related Party Transactions

Affiliates, as used within these statements, are persons or entities that are affiliated with Lamar Advertising Company or its subsidiaries through common ownership and directorate control.

In June 2011, the Company entered into a service contract with Joule Energy LA, LLC (“Joule”), of which Ross L. Reilly was a member and owned 26.66% interest. Mr. Reilly sold his entire interest in Joule during 2014. Joule provided services related to the Company’s installation of solar arrays in the State of Louisiana, which services were completed in 2014. In addition, from time to time beginning in 2012, Joule provided lighting installation services for certain of Lamar Advertising’s billboards in the state of Louisiana. As of December 31, 2014, the aggregate amount paid to Joule under the service contract was approximately $1,914. Ross L. Reilly is the son of Kevin P. Reilly, Jr., our Chairman of the Board of Directors and President.

In addition, the Company had receivables from employees of $10 and $0 at December 31, 2016 and 2015, respectively. These receivables are primarily relocation loans for employees. The Company does not have any receivables from its current executive officers.

(13) Stockholders' Equity

On July 16, 1999, the Board of Directors designated 5,720 shares of the 1,000,000 shares of previously undesignated preferred stock, par value $.001, as Series AA preferred stock, which shares were subsequently exchanged on a one for one basis in the REIT conversion. The Series AA preferred stock ranks senior to the Class A common stock and Class B common stock with respect to dividends and upon liquidation. Holders of Series AA preferred stock are entitled to receive, on a pari passu basis, dividends at the rate of $15.95 per share per quarter when, as and if declared by the Board of Directors. The Series AA preferred stock is entitled to receive, on a pari passu basis, $638 plus a further amount equal to any dividend accrued and unpaid to the date of distribution before any payments are made or assets distributed to the Class A common stock or Class B stock upon voluntary or involuntary liquidation, dissolution or winding up of the Company. The liquidation value of the outstanding Series AA preferred stock at December 31, 2016 was $3,649. The Series AA preferred stock is entitled to one vote per share.

All of the outstanding shares of common stock are fully paid and nonassessable. In the event of the liquidation or dissolution of the Company, following any required distribution to the holders of outstanding shares of preferred stock, the holders of common stock are entitled to share pro rata in any balance of the corporate assets available for distribution to them. The Company may pay dividends if, when and as declared by the Board of Directors from funds legally available therefore, subject to the restrictions set forth in the Company's existing indentures and the senior credit facility. Subject to the preferential rights of the holders of any class of preferred stock, holders of shares of common stock are entitled to receive such dividends as may be declared by the Company's Board of Directors out of funds legally available for such purpose. No dividend may be declared or paid in cash or property on any share of either class of common stock unless simultaneously the same dividend is declared or paid on each share of the other class of common stock, provided that, in the event of stock dividends, holders of a specific class of common stock shall be entitled to receive only additional shares of such class.

The rights of the Class A and Class B common stock are equal in all respects, except holders of Class B common stock have ten votes per share on all matters in which the holders of common stock are entitled to vote and holders of Class A common stock have one vote per share on such matters. The Class B common stock will convert automatically into Class A common stock upon the sale or transfer to persons other than permitted transferees (as defined in the Company's certificate of incorporation, as amended).

During the year ended December 31, 2014, the Company completed its REIT conversion and merger. In connection with the merger each share of the Company's then outstanding 17,270,930 treasury shares valued at $896,818, ceased to exist and returned to unissued status through a $17 and $896,801 reduction of Class A common stock and additional paid-in capital, respectively.

On December 11, 2014, the Company announced that its Board of Directors authorized the repurchase of up to $250,000 of the Company's Class A common stock (the "repurchase program"). There were no repurchases under the repurchase program for the years ended December 31, 2016, 2015 or 2014. The repurchase program expired on June 30, 2016.

(14) Stock Compensation Plans

Equity Incentive Plan. Lamar's 1996 Equity Incentive Plan, as amended, (the "Incentive Plan") has reserved 15.5 million shares of common stock for issuance to directors and employees, including options granted 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 which primarily includes 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.

In February 2013, the plan was amended to eliminate the provision that limited the amount of Class A common stock, including shares retained from an award, that could be withheld to satisfy tax withholding obligations to the minimum tax obligations required by law (except with respect to option awards). In accordance with ASC 718, the Company is required to classify the awards affected by the amendment as liability-classified awards at fair value each period prior to their settlement. As of December 31, 2016 and 2015, the Company recorded a liability, in accrued expenses, of $17,696 and $15,301, respectively, related to its equity incentive awards affected by this amendment.

(Dollars in thousands, except share and per share data)

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 highly subjective assumptions, including expected term and expected volatility. We have reviewed our historical pattern of option exercises and have determined that meaningful differences in option exercise activity existed among vesting schedules. Therefore, for all stock options granted after January 1, 2006, we have categorized these awards into two groups of vesting 1) 5-year cliff vest and 2) 4-year graded vest, for valuation purposes. We have determined there were no meaningful differences in employee activity under our ESPP due to the nature of the plan.

We estimate the expected term of options granted using an implied life derived from the results of a hypothetical mid-point settlement scenario, which incorporates our historical exercise, expiration and post-vesting employment termination patterns, while accommodating for partial life cycle effects. We believe these estimates will approximate future behavior.

We estimate the expected volatility of our Class A common stock at the grant date using a blend of 90% historical volatility of our Class A common stock and 10% implied volatility of publicly traded options with maturities greater than six months on our Class A common stock as of the option grant date. Our decision to use a blend of historical and implied volatility was based upon the volume of actively traded options on our common stock and our belief that historical volatility alone may not be completely representative of future stock price trends.

Our risk-free interest rate assumption is determined using the Federal Reserve nominal rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued. We assumed an expected dividend yield of 5%.

We estimate option forfeitures at the time of grant and periodically revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We record stock-based compensation expense only for those awards expected to vest using an estimated forfeiture rate based on our historical forfeiture data.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

Grant Year	Dividend Yield	Expected Volatility	Risk Free Interest Rate	Expected Lives
2016	5%	45%	2%	6
2015	5%	45%	2%	6
2014	2%	48%	1%	6

Information regarding the 1996 Plan for the year ended December 31, 2016 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Contractual Life
Outstanding, beginning of year	1,926,055	$ 37.49	
Granted	131,000	63.48	
Exercised	(470,029)	36.49	
Forfeited	(19,600)	51.56	
Expired	—	—	
Outstanding, end of year	1,567,426	39.78	5.63
Exercisable at end of year	1,080,526	36.20	5.04

At December 31, 2016 there was $2,843 of unrecognized compensation cost related to stock options granted which is expected to be recognized over a weighted-average period of 1.58 years.

Shares available for future stock option and restricted share grants to employees and directors under existing plans were 1,421,193 at December 31, 2016. The aggregate intrinsic value of options outstanding as of December 31, 2016 was $43,041, and the aggregate intrinsic value of options exercisable was $33,541. Total intrinsic value of options exercised was $12,182 for the year ended December 31, 2016.

(Dollars in thousands, except share and per share data)

Stock Purchase Plan. In 2009 our board of directors adopted a new employee stock purchase plan, the 2009 Employee Stock Purchase Plan or 2009 ESPP, which was approved by our shareholders on May 28, 2009. The 2009 ESPP reserved 588,154 shares of Class A common stock for issuance to our employees, which included 88,154 shares of Class A common stock that had been available for issuance under our 2000 Employee Stock Purchase Plan or 2000 ESPP. The 2000 ESPP was terminated following the issuance of all shares that were subject to the offer that commenced under the 2000 ESPP on January 1, 2009 and ended June 30, 2009. The terms of the 2009 ESPP are substantially the same as the 2000 ESPP.

The number of shares of Class A common stock available under the 2009 ESPP was automatically increased by 82,084 shares on January 1, 2016 pursuant to the automatic increase provisions of the 2009 ESPP. The following is a summary of 2009 ESPP share activity for the year ended December 31, 2016:

	Shares
Available for future purchases, January 1, 2016	279,589
Additional shares reserved under 2009 ESPP	82,084
Purchases	(111,100)
Available for future purchases, December 31, 2016	250,573

Performance-based compensation. Unrestricted shares of our Class A common stock may be awarded to key officers and employees under our 1996 Plan based on certain Company performance measures for fiscal 2016. The number of shares to be issued, if any, are dependent on the level of achievement of these performance measures as determined by the Company’s Compensation Committee based on our 2016 results and were issued in the first quarter of 2017. 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. Based on the Company’s performance measures achieved through December 31, 2016, the Company has accrued $17,398 as compensation expense related to these agreements.

(15) Benefit Plans

The Company sponsors a partially self-insured group health insurance program. The Company is obligated to pay all claims under the program, which are in excess of premiums, up to program limits. The Company is also self-insured with respect to its income disability benefits and against casualty losses on advertising structures. Amounts for expected losses, including a provision for losses incurred but not reported, is included in accrued expenses in the accompanying consolidated financial statements. As of December 31, 2016, the Company maintained $1,305 in letters of credit with a bank to meet requirements of the Company’s worker’s compensation and general liability insurance carrier.

Savings and Profit Sharing Plan

The Company sponsors The Lamar Corporation Savings and Profit Sharing Plan covering eligible employees who have completed one year of service and are at least 21 years of age. The Company has the option to match 50% of employees’ contributions up to 5% of eligible compensation. Employees can contribute up to 100% of compensation. Full vesting on the Company’s matched contributions occurs after three years for contributions made after January 1, 2002. Annually, at the Company’s discretion, an additional profit sharing contribution may be made on behalf of each eligible employee. The Company matched contributions of $4,545, $4,148 and $3,973 for the years ended December 31, 2016, 2015 and 2014, respectively.

Deferred Compensation Plan

The Company sponsors a Deferred Compensation Plan for the benefit of certain of its board-elected officers who meet specific age and years of service and other criteria. Officers that have attained the age of 30 and have a minimum of 10 years of service to the Company and satisfying additional eligibility guidelines are eligible for annual contributions to the Plan generally ranging from $3 to $8, depending on the employee’s length of service. The Company’s contributions to the Plan are maintained in a rabbi trust and, accordingly, the assets and liabilities of the Plan are reflected in the balance sheet of the Company in other assets and other liabilities. Upon termination, death or disability, participating employees are eligible to receive an amount equal to the fair market value of the assets in the employee’s deferred compensation account. For the years ended December 31, 2016, 2015 and 2014, the Company contributed $1,487, $1,430 and $1,400, respectively.

On December 8, 2005, the Company's Board of Directors approved an amendment to the Lamar Deferred Compensation Plan in order to (1) to comply with the requirements of Section 409A of the Internal Revenue Code ("Section 409A") applicable to deferred compensation and (2) to reflect changes in the administration of the Plan. The Company's Board of Directors also approved the adoption of a grantor trust pursuant to which amounts may be set aside, but remain subject to claims of the Company's creditors, for payments of liabilities under the new plan, including amounts contributed under the old plan. The plan was further amended in August 2007 to make certain amendments to reflect Section 409A regulations issued on April 10, 2007. An additional clarifying amendment was made to the plan in December 2013.

(16) Commitment and Contingencies

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

(17) 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 December 31, 2016 and December 31, 2015, 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 $2,702,633 and $2,487,196, respectively.

As of December 31, 2016, transfers to Lamar Advertising are permitted under Lamar Media's senior credit facility and as defined therein, unless, after giving effect such distributions, (i) the total debt ratio is equal to or greater than 6.0 to 1 or (ii) the senior debt ratio is equal to or greater than 3.5 to 1. As of December 31, 2016, the total debt ratio was less than 6.0 to 1 and Lamar Media's senior debt ratio was less than 3.5 to 1; therefore, dividends or distributions to Lamar Advertising were not subject to any additional restrictions under the senior credit facility. In addition, as of December 31, 2016 the senior credit facility allows Lamar Media to conduct its affairs in a manner that would allow Lamar Advertising to qualify and remain qualified for taxation as a REIT, including by allowing Lamar Media to make distributions to Lamar Advertising required for Lamar Advertising to qualify and remain qualified for taxation as a REIT, subject to certain restrictions.

(18) Fair Value of Financial Instruments

At December 31, 2016 and 2015, 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. Investments and initial recognition of asset retirement obligations are reported at fair values. Fair values for investments held at cost are not readily available, but are estimated to approximate fair value. The estimated fair value of the Company's long term debt (including current maturities) was $2,444,231, which exceeded both the gross and carrying amount of $2,378,152 as of December 31, 2016. 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).

(19) Information about Geographic Areas

Revenues from external customers attributable to foreign countries totaled $32,669, $32,705 and $33,124 for the years ended December 31, 2016, 2015 and 2014, respectively. Net carrying value of long lived assets located in foreign countries totaled $4,893 and $5,613 as of December 31, 2016 and 2015, respectively. All other revenues from external customers and long lived assets relate to domestic operations.

(20) New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In

August 2015, the FASB issued ASU No. 2015-14 deferring the effective date from January 1, 2017 to January 1, 2018, while allowing for early adoption as of January 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently reviewing its revenue contract arrangements and we expect our review to be complete in 2017. At this time we do not expect any material impact on our consolidated financial statements for the adoption of ASU 2014-09. We have not yet determined whether we will adopt the provisions of ASU 2014-09 on a retrospective basis or through a cumulative adjustment to equity.

In November 2015, the FASB issued ASU No. 2015-17 *Income taxes – Balance Sheet Classification of Deferred Taxes*. The amendments in this update require deferred tax liabilities and assets be classified as noncurrent in the balance sheet. The amendments are effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted as of the beginning of an interim or annual reporting period. The Company does not expect the adoption of this amendment will have a material impact on the consolidated balance sheet.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The update is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about lease arrangements. The amendments in this update are effective beginning January 1, 2019 with retrospective application. The Company is the process of assessing the impact ASU 2016-02 will have on our consolidated financial statements. The Company expects the primary impact to our consolidated financial statements will be the recognition, on a discounted basis, of our minimum commitments under non-cancelable operating leases on our consolidated balance sheets resulting in the recording of right of use assets and lease obligations. Our current minimum commitments under non-cancelable operating leases are disclosed in Note 6.

In March 2016, the FASB issued ASU 2106-09, *Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting*. The update is designed to simplify accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The update is effective for annual periods beginning January 1, 2017 with early adoption permitted. The Company does not expect the adoption of this update will have a material impact on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments*. The update clarifies how certain cash receipts and cash payments are presented in the statement of cash flows. The update is effective for annual periods beginning January 1, 2018 with early adoption permitted. The Company adopted the update for the period ended December 31, 2016. The update did not have a material impact on the Company's consolidated statement of cash flows.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations: Clarifying the definition of a business*. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The update is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. Early adoption is allowed for transactions which the acquisition date occurs before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance. The Company adopted the update in ASU 2017-01 for transactions which occurred on or after October 1, 2016. The adoption of this update did not have a material impact on the consolidated financial statements.

(Dollars in thousands, except share and per share data)

(21) Quarterly Financial Data (Unaudited)

The tables below represent the balances for the selected quarterly financial data of the Company for each reporting period in the years ended December 31, 2016 and 2015.

	Year 2016 Quarters			
	March 31	June 30	September 30	December 31
Net revenues	$ 338,533	$ 387,528	$ 387,516	$ 386,717
Net revenues less direct advertising expenses	$ 209,808	$ 254,803	$ 255,738	$ 254,348
Net income applicable to common stock	$ 51,223	$ 81,818	$ 84,970	$ 80,433
Net income per common share basic	$ 0.53	$ 0.84	$ 0.87	$ 0.83
Net income per common share diluted	$ 0.53	$ 0.84	$ 0.87	$ 0.81

	Year 2015 Quarters			
	March 31	June 30	September 30	December 31
Net revenues	$ 302,477	$ 344,249	$ 350,701	$ 355,969
Net revenues less direct advertising expenses	$ 189,245	$ 228,298	$ 229,025	$ 233,068
Net income applicable to common stock	$ 40,625	$ 59,269	$ 85,874	$ 76,437
Net income per common share basic	$ 0.42	$ 0.61	$ 0.89	$ 0.80
Net income per common share diluted	$ 0.42	$ 0.61	$ 0.89	$ 0.80

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Valuation and Qualifying Accounts
Years Ended December 31, 2016, 2015 and 2014
(In thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
Year ended December 31, 2016				
Deducted in balance sheet from trade accounts receivable:				
Allowance for doubtful accounts	$ 8,984	6,870	6,498	$ 9,356
Deducted in balance sheet from deferred tax assets:				
Valuation allowance	$ 13,827	2,340	—	$ 16,167
Year ended December 31, 2015				
Deducted in balance sheet from trade accounts receivable:				
Allowance for doubtful accounts	$ 7,957	6,506	5,479	$ 8,984
Deducted in balance sheet from deferred tax assets:				
Valuation allowance	$ 9	13,821	3	$ 13,827
Year ended December 31, 2014				
Deducted in balance sheet from trade accounts receivable:				
Allowance for doubtful accounts	$ 7,615	5,947	5,605	$ 7,957
Deducted in balance sheet from deferred tax assets:				
Valuation allowance	$ 2,331	—	2,322	$ 9

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Schedule of Real Estate and Accumulated Depreciation
December 31, 2016, 2015 and 2014
(In thousands)

Description(1)	Encumbrances	Initial Cost(2)	Gross Carrying Amount(3)	Accumulated Depreciation	Construction Date	Acquisition Date	Useful Lives
333,523 Displays	—	—	$ 2,998,540	$ (1,973,958)	Various	Various	5 to 20 years

(1) No single asset exceeded 5% of the total gross carrying amount at December 31, 2016

(2) This information is omitted, as it would be impracticable to compile such information on a site-by-site basis

(3) Includes sites under construction

The following table summarizes activity for the Company's real estate assets, which consists of advertising displays and the related accumulated depreciation.

	December 31, 2016	December 31, 2015	December 31, 2014
Gross real estate assets:			
Balance at the beginning of the year	$ 2,856,243	$ 2,837,442	$ 2,772,308
Capital expenditures on new advertising displays(4)	50,799	46,871	53,832
Capital expenditures on improvements/redevelopments of existing advertising displays	12,031	14,412	12,961
Capital expenditures other recurring	26,254	34,336	25,870
Land acquisitions(5)	30,283	13,851	4,701
Acquisition of advertising displays(6)	69,821	13,781	6,021
Assets sold or written-off	(47,317)	(101,912)	(37,005)
Foreign exchange	426	(2,538)	(1,246)
Balance at the end of the year	$ 2,998,540	$ 2,856,243	$ 2,837,442
Accumulated depreciation:			
Balance at the beginning of the year	$ 1,910,860	$ 1,903,434	$ 1,799,325
Depreciation	100,197	100,005	135,679
Assets sold or written-off	(37,373)	(91,218)	(30,994)
Foreign exchange	274	(1,361)	(576)
Balance at the end of the year	$ 1,973,958	$ 1,910,860	$ 1,903,434

(4) Includes non-cash amounts of $379, $2,698 and $3,126 at December 31, 2016, 2015 and 2014, respectively

(5) Includes non-cash amounts of $200 at December 31, 2015

(6) Includes non-cash amounts of $4,623 and $502 at December 31, 2016 and 2015, respectively

LAMAR MEDIA CORP.
AND SUBSIDIARIES

Management's Report on Internal Control Over Financial Reporting

The management of Lamar Media Corp. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act.

Lamar Media's management assessed the effectiveness of Lamar Media's internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on this assessment, Lamar Media's management has concluded that, as of December 31, 2016, Lamar Media's internal control over financial reporting is effective based on those criteria. The effectiveness of Lamar Media's internal control over financial reporting as of December 31, 2016 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 to this Annual Report.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder
Lamar Media Corp.:

We have audited Lamar Media Corp.'s internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Lamar Media Corp.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Lamar Media Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Lamar Media Corp. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, stockholder's equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and the financial statement schedules, and our report dated February 23, 2017, expressed an unqualified opinion on those consolidated financial statements and schedules.

/s/ KPMG LLP
KPMG LLP

Baton Rouge, Louisiana
February 23, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder
Lamar Media Corp.:

We have audited the accompanying consolidated balance sheets of Lamar Media Corp. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, stockholder's equity, and cash flows for each of the years in the three-year period ended December 31, 2016. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedules II and III. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lamar Media Corp. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in note 20 to the consolidated financial statements of Lamar Advertising Company, the Company changed its method of accounting for business combinations effective October 1, 2016 due to the adoption of FASB ASU No. 2017-01, *Clarifying the Definition of a Business*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lamar Media Corp.'s internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 23, 2017, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
KPMG LLP

Baton Rouge, Louisiana
February 23, 2017

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2016 and 2015
(In thousands, except share and per share data)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,030	$ 21,827
Receivables, net of allowance for doubtful accounts of $9,356 and $8,984 as of 2016 and 2015, respectively	189,935	174,398
Prepaid expenses	48,815	44,437
Deferred income tax assets (note 6)	1,582	1,352
Other current assets	39,973	39,218
Total current assets	315,335	281,232
Property, plant and equipment	3,294,251	3,139,239
Less accumulated depreciation and amortization	(2,111,536)	(2,044,102)
Net property, plant and equipment	1,182,715	1,095,137
Goodwill (note 3)	1,716,207	1,536,443
Intangible assets, net (note 3)	636,685	402,418
Other assets	33,120	32,110
Total assets	$ 3,884,062	$ 3,347,340
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Trade accounts payable	$ 17,653	$ 17,452
Current maturities of long-term debt, net of deferred financing costs of $5,459 and $4,823 in 2016 and 2015, respectively (note 5)	33,916	16,509
Accrued expenses (note 4)	131,171	110,728
Deferred income	91,322	87,661
Total current liabilities	274,062	232,350
Long-term debt, net of deferred financing costs of $23,510 and $21,257 in 2016 and 2015, respectively (note 5)	2,315,267	1,876,895
Deferred income tax liabilities (note 6)	1,861	2,052
Asset retirement obligation	210,889	206,234
Other liabilities	25,597	22,628
Total liabilities	2,827,676	2,340,159
Stockholder's equity:		
Common stock, $.01 par value, authorized 3,000 shares; 100 shares issued and outstanding at 2016 and 2015	—	—
Additional paid-in-capital	2,783,753	2,734,479
Accumulated comprehensive loss	(624)	(1,178)
Accumulated deficit	(1,726,743)	(1,726,120)
Stockholder's equity	1,056,386	1,007,181
Total liabilities and stockholder's equity	$ 3,884,062	$ 3,347,340

See accompanying notes to consolidated financial statements.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Consolidated Statements of Income and Comprehensive Income
Years Ended December 31, 2016, 2015 and 2014
(In thousands)

	2016	2015	2014
Statements of Income			
Net revenues	$ 1,500,294	$ 1,353,396	$ 1,287,060
Operating expenses (income):			
Direct advertising expenses (exclusive of depreciation and amortization)	525,597	473,760	453,269
General and administrative expenses (exclusive of depreciation and amortization)	269,423	242,182	230,800
Corporate expenses (exclusive of depreciation and amortization)	75,994	71,426	68,733
Depreciation and amortization	204,958	191,433	258,435
Gain on disposition of assets	(15,095)	(8,765)	(3,192)
	1,060,877	970,036	1,008,045
Operating income	439,417	383,360	279,015
Other expense (income):			
Loss on extinguishment of debt	3,198	—	26,023
Other-than-temporary impairment of investment	—	—	4,069
Interest income	(6)	(34)	(102)
Interest expense	123,688	98,433	105,254
	126,880	98,399	135,244
Income before income tax expense	312,537	284,961	143,771
Income tax expense (benefit) (note 6)	13,356	22,058	(143,264)
Net income	$ 299,181	$ 262,903	$ 287,035
Statements of Comprehensive Income			
Net income	$ 299,181	$ 262,903	$ 287,035
Other comprehensive loss, net of tax			
Foreign currency translation adjustments	554	(3,632)	(1,413)
Comprehensive income	$ 299,735	$ 259,271	$ 285,622

See accompanying notes to consolidated financial statements.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Consolidated Statements of Stockholder's Equity
Years Ended December 31, 2016, 2015 and 2014
(In thousands, except share and per share data)

	Common Stock	Additional Paid-In Capital	Accumulated Comprehensive Income (Loss)	Accumulated Deficit	Total
Balance, December 31, 2013	$ —	2,644,015	3,867	(1,763,392)	884,490
Contribution from parent	—	38,201	—	—	38,201
Foreign currency translations	—	—	(1,413)	—	(1,413)
Net income	—	—	—	287,035	287,035
Dividend to parent	—	—	—	(241,422)	(241,422)
Balance, December 31, 2014	$ —	2,682,216	2,454	(1,717,779)	966,891
Contribution from parent	—	52,263	—	—	52,263
Foreign currency translations	—	—	(3,632)	—	(3,632)
Net income	—	—	—	262,903	262,903
Dividend to parent	—	—	—	(271,244)	(271,244)
Balance, December 31, 2015	$ —	2,734,479	(1,178)	(1,726,120)	1,007,181
Contribution from parent	—	49,274	—	—	49,274
Foreign currency translations	—	—	554	—	554
Net income	—	—	—	299,181	299,181
Dividend to parent	—	—	—	(299,804)	(299,804)
Balance, December 31, 2016	$ —	2,783,753	(624)	(1,726,743)	1,056,386

See accompanying notes to consolidated financial statements.

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2016, 2015 and 2014
(In thousands)

	2016	2015	2014
Cash flows from operating activities:			
Net income	$ 299,181	$ 262,903	$ 287,035
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	204,958	191,433	258,435
Non-cash compensation	28,560	25,890	24,120
Amortization included in interest expense	5,333	4,682	4,777
Gain on disposition of assets and investments	(15,095)	(8,765)	(3,192)
Other-than-temporary impairment of investment	—	—	4,069
Loss on extinguishment of debt	3,198	—	26,023
Deferred income tax (benefit) expense	(343)	11,099	(155,528)
Provision for doubtful accounts	6,870	6,506	5,947
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Receivables	(22,677)	(9,034)	(13,553)
Prepaid expenses	1,320	(575)	524
Other assets	5,462	(4,475)	662
(Decrease) increase in:			
Trade accounts payable	(746)	(458)	1,076
Accrued expenses	10,245	3,335	8,491
Other liabilities	(31,000)	(29,120)	(14,306)
Cash flows provided by operating activities	495,266	453,421	434,580
Cash flows from investing activities:			
Capital expenditures	(107,612)	(110,425)	(107,573)
Acquisitions	(585,054)	(153,877)	(65,021)
Decrease (increase) in notes receivable	21	(7)	4,462
Proceeds from disposition of assets and investments	11,662	10,429	4,135
Cash flows used in investing activities	(680,983)	(253,880)	(163,997)
Cash flows from financing activities:			
Proceeds received from revolving credit facility	483,000	317,000	325,000
Payments on revolving credit facility	(403,000)	(282,000)	(410,000)
Principal payments on long-term debt	(21,118)	(15,468)	(11,750)
Proceeds received from senior credit facility	300,000	—	300,000
Debt issuance costs	(9,467)	—	(17,442)
Proceeds received from note offering	400,000	—	510,000
Payment on senior subordinated notes	—	—	(415,752)
Payment on senior credit facility	(300,000)	—	(352,106)
Distributions to non-controlling interest	(420)	(1,130)	(1,094)
Dividends to parent	(299,804)	(271,244)	(241,422)
Contributions from parent	49,274	52,263	38,201
Cash flows provided by (used in) financing activities	198,465	(200,579)	(276,365)
Effect of exchange rate changes in cash and cash equivalents	455	(2,670)	(1,395)
Net increase (decrease) in cash and cash equivalents	13,203	(3,708)	(7,177)
Cash and cash equivalents at beginning of period	21,827	25,535	32,712
Cash and cash equivalents at end of period	$ 35,030	$ 21,827	$ 25,535
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 108,719	$ 93,765	$ 94,646
Cash paid for state and federal income taxes	$ 14,167	$ 10,786	$ 12,754

See accompanying notes to consolidated financial statements.

(Dollars in thousands, except share and per share data)

(1) Significant Accounting Policies

(a) Nature of Business

Lamar Media Corp. is a wholly owned subsidiary of Lamar Advertising Company. Lamar Media Corp. is engaged in the outdoor advertising business operating approximately 149,000 outdoor advertising displays in 44 states, Canada and Puerto Rico. Lamar Media's operating strategy is to be the leading provider of outdoor advertising services in the markets it serves.

In addition, Lamar Media operates a logo sign business in 23 states throughout the United States as well as the province of Ontario, Canada. Logo signs are erected pursuant to state-awarded service contracts on public rights-of-way near highway exits and deliver brand name information on available gas, food, lodging and camping services. Included in the Company's logo sign business are tourism signing contracts. The Company provides transit advertising in airport terminals, on bus shelters, benches and buses in the markets it serves.

Certain footnotes are not provided for the accompanying financial statements as the information in notes 2, 4, 6, 9, 10, 13, 14, 15, 16, 17, 18, 19 and 20 and portions of notes 1 and 12 to the consolidated financial statements of Lamar Advertising Company included elsewhere in this filing are substantially equivalent to that required for the consolidated financial statements of Lamar Media Corp. Earnings per share data is not provided for the operating results of Lamar Media Corp. as it is a wholly owned subsidiary of Lamar Advertising Company.

(b) Principles of Consolidation

The accompanying consolidated financial statements include Lamar Media Corp., its wholly owned subsidiaries, The Lamar Company, L.L.C., Lamar Central Outdoor, LLC, Lamar TRS Holdings, LLC, Lamar Advertising Southwest, Inc., Interstate Logos, L.L.C., Lamar Obie Company, LLC, Lamar Canadian Outdoor Company, Lamar Advertising of Puerto Rico, Inc. and their majority-owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

(2) Non-cash Financing and Investing Activities

For the years ended December 31, 2016, 2015 and 2014, the Company had non-cash investing activities of $9,000, $6,036 and $1,900 related to capital expenditures and acquisitions of outdoor advertising assets. There were no significant non-cash financing activities during the years ended December 31, 2016, 2015 and 2014.

(3) Goodwill and Other Intangible Assets

The following is a summary of intangible assets at December 31, 2016 and December 31, 2015:

	Estimated Life (Years)	2016		2015	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets:					
Customer lists and contracts	7—10	$ 559,513	$ 490,514	$ 513,832	$ 477,006
Non-competition agreement	3—15	64,646	63,692	64,514	63,453
Site locations	15	1,885,554	1,318,976	1,616,345	1,251,825
Other	5—15	13,629	13,475	13,463	13,452
		$ 2,523,342	$ 1,886,657	$ 2,208,154	$ 1,805,736
Unamortizable Intangible Assets:					
Goodwill		$ 1,968,874	$ 252,667	$ 1,789,110	$ 252,667

(Dollars in thousands, except share and per share data)

The changes in the gross carrying amount of goodwill for the year ended December 31, 2016 are as follows:

Balance as of December 31, 2015	$ 1,789,110
Goodwill acquired during the year	180,001
Purchase price adjustments and other	(237)
Impairment losses	—
Balance as of December 31, 2016	$ 1,968,874

(4) Accrued Expenses

The following is a summary of accrued expenses at December 31, 2016 and 2015:

	2016	2015
Payroll	$ 16,764	$ 14,943
Interest	38,904	29,268
Accrued lease expense	36,928	33,628
Stock-based compensation	17,696	15,301
Other	20,879	17,588
	$ 131,171	$ 110,728

(Dollars in thousands, except share and per share data)

(5) Long-term Debt

Long-term debt consists of the following at December 31, 2016 and 2015:

	December 31, 2016		
	Debt	Deferred financing costs	Debt, net of deferred financing costs
Senior Credit Facility	$ 433,125	$ 4,769	$ 428,356
5 7/8% Senior Subordinated Notes	500,000	7,071	492,929
5% Senior Subordinated Notes	535,000	5,709	529,291
5 3/8% Senior Notes	510,000	5,662	504,338
5 3/4% Senior Notes	400,000	5,758	394,242
Other notes with various rates and terms	27	—	27
	2,378,152	28,969	2,349,183
Less current maturities	(39,375)	(5,459)	(33,916)
Long-term debt, excluding current maturities	$ 2,338,777	$ 23,510	$ 2,315,267

	December 31, 2015		
	Debt	Deferred financing costs	Debt, net of deferred financing costs
Senior Credit Facility	$ 373,750	$ 5,104	$ 368,646
5 7/8% Senior Subordinated Notes	500,000	8,219	491,781
5% Senior Subordinated Notes	535,000	6,451	528,549
5 3/8% Senior Notes	510,000	6,306	503,694
Other notes with various rates and terms	734	—	734
	1,919,484	26,080	1,893,404
Less current maturities	(21,332)	(4,823)	(16,509)
Long-term debt, excluding current maturities	$ 1,898,152	$ 21,257	$ 1,876,895

Long-term debt matures as follows:

	Debt	Deferred financing costs	Debt, net of deferred financing costs
2017	$ 39,375	$ 5,459	$ 33,916
2018	$ 45,000	$ 5,647	$ 39,353
2019	$ 348,750	$ 3,749	$ 345,001
2020	$ —	$ 3,769	$ (3,769)
2021	$ —	$ 3,993	$ (3,993)
Later years	$ 1,945,027	$ 6,352	$ 1,938,675

(Dollars in thousands, except share and per share data)

(6) Income Taxes

Income tax expense (benefit) consists of the following:

	Current	Deferred	Total
Year ended December 31, 2016:			
U.S. federal	$ 9,518	$ (935)	$ 8,583
State and local	2,681	(6)	2,675
Foreign	1,500	598	2,098
	$ 13,699	$ (343)	$ 13,356
Year ended December 31, 2015:			
U.S. federal	$ 7,686	$ (930)	$ 6,756
State and local	1,746	(246)	1,500
Foreign	1,527	12,275	13,802
	$ 10,959	$ 11,099	$ 22,058
Year ended December 31, 2014:			
U.S. federal	$ 8,993	$ (151,191)	$ (142,198)
State and local	2,579	(4,124)	(1,545)
Foreign	692	(213)	479
	$ 12,264	$ (155,528)	$ (143,264)

The income tax provision for the year ended December 31, 2014 is net of the deferred tax benefit due to REIT conversion of approximately $153,472. As of December 31, 2016 and 2015, the Company had income taxes payable of $747 and $524, respectively, included in accrued expenses.

The U.S. and foreign components of earnings before income taxes are as follows:

	2016	2015	2014
U.S.	$ 313,801	$ 283,107	$ 144,643
Foreign	(1,264)	1,854	(872)
Total	$ 312,537	$ 284,961	$ 143,771

A reconciliation of significant differences between the reported amount of income tax expense and the expected amount of income tax expense that would result from applying the U.S. federal statutory income tax rate of 35 percent to income before taxes is as follows:

	2016	2015	2014
Income tax expense at U.S. federal statutory rate	$ 109,388	$ 99,736	$ 50,320
Tax adjustment related to REIT[(a)]	(101,999)	(92,189)	(45,012)
State and local income taxes, net of federal income tax benefit	1,481	1,180	1,017
Book expenses not deductible for tax purposes	2,465	2,117	2,061
Stock-based compensation	169	66	(33)
Valuation allowance[(b)]	2,340	13,818	—
Rate Change	(19)	90	91
Deferred tax adjustment due to REIT conversion	—	—	(153,472)
Other differences, net	(469)	(2,760)	1,764
Income tax expense	$ 13,356	$ 22,058	$ (143,264)

(a) Includes dividend paid deduction of $102,888, $83,866 and $63,058 for the tax years ended December 31, 2016, 2015 and 2014, respectively.

(Dollars in thousands, except share and per share data)

(b) In 2015, Puerto Rico's "Act 72 of 2015" was signed into law. Under the enacted legislation, significant changes to the 2011 Internal Revenue Code rendered the Company's tax planning strategy to provide a source of taxable income to support recognition of deferred tax assets in Puerto Rico no longer feasible. As a result, for the years ended December 31, 2016 and 2015, a non-cash valuation allowance of $2,340 and $13,818, respectively, was recorded to income tax expense due to our limited ability to utilize the Puerto Rico deferred tax assets in future years.

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and (liabilities) are presented below:

	2016	2015
Deferred tax assets:		
Allowance for doubtful accounts	$ 551	$ 722
Accrued liabilities not deducted for tax purposes	4,574	4,362
Asset retirement obligation	116	97
Net operating loss carry forwards	14,835	12,762
Tax credit carry forwards	153	155
Charitable contributions carry forward	6	6
Property, plant and equipment	1,424	1,080
Investment in partnership	320	246
Gross deferred tax assets	21,979	19,430
Less: valuation allowance	(16,167)	(13,827)
Net deferred tax assets	5,812	5,603
Deferred tax liabilities:		
Intangibles	(6,091)	(6,303)
Gross deferred tax liabilities	(6,091)	(6,303)
Net deferred tax liabilities	(279)	(700)
Classification in the consolidated balance sheets:		
Current deferred tax assets	$ 1,582	$ 1,352
Noncurrent deferred tax liabilities	(1,861)	(2,052)
Net deferred tax liabilities	$ (279)	$ (700)

As of December 31, 2016, we have approximately $94,169 of U.S. net operating loss carry forwards to offset future taxable income. Of this amount, $2,043 is subject to an IRC §382 limitation. These carry forwards expire between 2020 and 2032. In addition, we have $19,560 of various credits available to offset future U.S. federal income tax.

As of December 31, 2016, we have approximately $551,156 state net operating loss carry forwards before valuation allowances. These state net operating losses are available to reduce future taxable income and expire at various times and amounts. In addition, we have $218 of various credits available to offset future state income tax. There was no valuation allowance related to state net operating loss carry forwards as of December 31, 2016 and December 31, 2015. The net change in the total state valuation allowance for the year ended December 31, 2014 was a decrease of $1,751. There were no net changes in the total state valuation allowance for the years ended December 31, 2016 and 2015. The decrease in 2014 was primarily due to the adjustment of deferred tax assets and related to valuation allowance for assets and liabilities of REIT operations no longer subject to state income taxes at the REIT level, which had the effect of valuing these assets at an expected rate of 0%.

During 2016 we generated $5,643 of Puerto Rico net operating losses. As of December 31, 2016, we had approximately $36,188 of Puerto Rico net operating loss carry forwards before valuation allowances. These Puerto Rico net operating losses are available to offset future taxable income. These carry forwards expire between 2018 and 2026. In addition, we have $153 of alternative minimum tax credits available to offset future Puerto Rico income tax.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those jurisdictions during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carry back and carry forward periods), projected future taxable income, and tax-planning strategies in making this assessment. In order to fully realize the deferred tax assets, the Company will need to generate future taxable income before the expiration of the carry forwards governed by the tax code. Based on the current level of pretax earnings and significant changes in Puerto Rico tax legislation, the Company will not generate the minimum amount of future taxable income to support the realization of the deferred tax assets. As a result, management has determined that a valuation allowance related to Puerto Rico net operating loss carry forwards and other deferred tax assets is necessary. The valuation allowance for these deferred tax assets as of December 31, 2016 and 2015 was $16,167 and $13,827, respectively. The net change in the total valuation allowance for the years ended December 31, 2016 and 2015 was an increase of $2,340 and $13,818, respectively. The amount of the deferred tax asset considered realizable, however, could be adjusted in the near term if estimates of future taxable income during the carry forward period increase.

(Dollars in thousands, except share and per share data)

We have not recognized a deferred tax liability of approximately $10,946 for the undistributed earnings of our Canadian operations that arose in 2016 and prior years as management considers these earnings to be indefinitely invested outside the U.S. As of December 31, 2016, the undistributed earnings of these subsidiaries were approximately $31,275.

Under ASC 740 *Income Taxes*, we provide for uncertain tax positions, and the related interest, and adjust recognized tax benefits and accrued interest accordingly. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance as of December 31, 2015	$	—
Additions for tax positions related to current year		696
Additions for tax positions related to prior years		76
Reductions for tax positions related to prior years		—
Lapse of statute of limitations		—
Settlements		—
Balance as of December 31, 2016	$	772

Included in the balance of unrecognized benefits at December 31, 2016 is $772 of tax benefits that, if recognized in future periods, would impact our effective tax rate. During the year ended December 31, 2016, we recognized interest and penalties of $18 as a component of income tax expense in connection with our liabilities related to uncertain tax positions.

Within the next twelve months, we do not expect to decrease our unrecognized tax benefits as a result of the expiration of statute of limitations.

We are subject to income taxes in the U.S. and nearly all states. In addition, the Company is subject to income taxes in Canada and the Commonwealth of Puerto Rico. We are no longer subject to U.S federal income tax examinations by tax authorities for years prior to 2013, or for any U.S. state income tax audit prior to 2008. The IRS has completed a review of the 2013 income tax return. With respect to Canada and Puerto Rico, we are no longer subject to income tax audits for years before 2013 and 2012, respectively.

(7) Related Party Transactions

Affiliates, as used within these statements, are persons or entities that are affiliated with Lamar Media Corp. or its subsidiaries through common ownership and directorate control.

As of December 31, 2016 and December 31, 2015, there was a payable to Lamar Advertising Company, its parent, in the amount of $7,476 and $6,259, respectively.

Effective December 31, 2016 and December 31, 2015, Lamar Advertising Company contributed $49,274 and $52,263, respectively, to Lamar Media which resulted in an increase in Lamar Media's additional paid-in capital.

(Dollars in thousands, except share and per share data)

(8) Quarterly Financial Data (Unaudited)

The tables below represent the balances for the selected quarterly financial data of the Company for each reporting period in the years ended December 31, 2016 and 2015.

	Year 2016 Quarters			
	March 31	June 30	September 30	December 31
Net revenues	$ 338,533	$ 387,528	$ 387,516	$ 386,717
Net revenues less direct advertising expenses	$ 209,808	$ 254,803	$ 255,738	$ 254,348
Net income	$ 51,407	$ 81,998	$ 85,168	$ 80,608

	Year 2015 Quarters			
	March 31	June 30	September 30	December 31
Net revenues	$ 302,477	$ 344,249	$ 350,701	$ 355,969
Net revenues less direct advertising expenses	$ 189,245	$ 228,298	$ 229,025	$ 233,068
Net income	$ 40,804	$ 59,449	$ 86,043	$ 76,607

(Dollars in thousands, except share and per share data)

(9) 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.

Condensed Consolidating Balance Sheet as of December 31, 2016

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
ASSETS					
Total current assets	$ 13,886	$ 269,373	$ 32,076	$ —	$ 315,335
Net property, plant and equipment	—	1,161,205	21,510	—	1,182,715
Intangibles and goodwill, net	—	2,321,160	31,732	—	2,352,892
Other assets	3,453,161	10,379	116	(3,430,536)	33,120
Total assets	$ 3,467,047	$ 3,762,117	$ 85,434	$ (3,430,536)	$ 3,884,062
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 33,916	$ —	$ —	$ —	$ 33,916
Other current liabilities	38,904	180,107	21,135	—	240,146
Total current liabilities	72,820	180,107	21,135	—	274,062
Long-term debt	2,315,267	—	—	—	2,315,267
Other noncurrent liabilities	22,574	215,198	53,909	(53,334)	238,347
Total liabilities	2,410,661	395,305	75,044	(53,334)	2,827,676
Stockholders' equity	1,056,386	3,366,812	10,390	(3,377,202)	1,056,386
Total liabilities and stockholders' equity	$ 3,467,047	$ 3,762,117	$ 85,434	$ (3,430,536)	$ 3,884,062

(Dollars in thousands, except share and per share data)

Condensed Consolidating Balance Sheet as of December 31, 2015

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
ASSETS					
Total current assets	$ 6,086	$ 245,685	$ 29,461	$ —	$ 281,232
Net property, plant and equipment	—	1,072,595	22,542	—	1,095,137
Intangibles and goodwill, net	—	1,904,096	34,765	—	1,938,861
Other assets	2,943,826	11,451	535	(2,923,702)	32,110
Total assets	$ 2,949,912	$ 3,233,827	$ 87,303	$ (2,923,702)	$ 3,347,340
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 16,509	$ —	$ —	$ —	$ 16,509
Other current liabilities	29,268	163,955	22,618	—	215,841
Total current liabilities	45,777	163,955	22,618	—	232,350
Long-term debt	1,876,895	—	—	—	1,876,895
Other noncurrent liabilities	20,059	210,233	53,659	(53,037)	230,914
Total liabilities	1,942,731	374,188	76,277	(53,037)	2,340,159
Stockholders' equity	1,007,181	2,859,639	11,026	(2,870,665)	1,007,181
Total liabilities and stockholders' equity	$ 2,949,912	$ 3,233,827	$ 87,303	$ (2,923,702)	$ 3,347,340

(Dollars in thousands, except share and per share data)

Condensed Consolidating Statements of Income and Comprehensive Income for the Year Ended December 31, 2016

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Statement of Income					
Net revenues	$ —	$ 1,450,997	$ 53,190	$ (3,893)	$ 1,500,294
Operating expenses					
Direct advertising expenses (1)	—	497,011	31,197	(2,611)	525,597
General and administrative expenses (1)	—	259,152	10,271	—	269,423
Corporate expenses (1)	—	74,587	1,407	—	75,994
Depreciation and amortization	—	197,117	7,841	—	204,958
(Gain) loss on disposition of assets	—	(15,365)	270	—	(15,095)
	—	1,012,502	50,986	(2,611)	1,060,877
Operating income (loss)	—	438,495	2,204	(1,282)	439,417
Equity in (earnings) loss of subsidiaries	(426,053)	—	—	426,053	—
Interest expense (income), net	123,674	(6)	1,296	(1,282)	123,682
Other expenses	3,198	—	—	—	3,198
Income (loss) before income tax expense	299,181	438,501	908	(426,053)	312,537
Income tax expense (2)	—	11,258	2,098	—	13,356
Net income (loss)	$ 299,181	$ 427,243	$ (1,190)	$ (426,053)	$ 299,181
Statement of Comprehensive Income					
Net income (loss)	$ 299,181	$ 427,243	$ (1,190)	$ (426,053)	$ 299,181
Total other comprehensive income, net of tax	—	—	554	—	554
Total comprehensive income (loss)	$ 299,181	$ 427,243	$ (636)	$ (426,053)	$ 299,735

(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.

(Dollars in thousands, except share and per share data)

Condensed Consolidating Statements of Income and Comprehensive Income for the Year Ended December 31, 2015

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Statement of Income					
Net revenues	$ —	$ 1,302,770	$ 54,045	$ (3,419)	$ 1,353,396
Operating expenses					
Direct advertising expenses (1)	—	446,765	29,325	(2,330)	473,760
General and administrative expenses (1)	—	231,914	10,268	—	242,182
Corporate expenses (1)	—	69,721	1,705	—	71,426
Depreciation and amortization	—	183,757	7,676	—	191,433
Gain on disposition of assets	—	(8,765)	—	—	(8,765)
	—	923,392	48,974	(2,330)	970,036
Operating income (loss)	—	379,378	5,071	(1,089)	383,360
Equity in (earnings) loss of subsidiaries	(361,330)	—	—	361,330	—
Interest expense (income), net	98,427	(33)	1,094	(1,089)	98,399
Income (loss) before income tax expense	262,903	379,411	3,977	(361,330)	284,961
Income tax expense(2)	—	8,256	13,802	—	22,058
Net income (loss)	$ 262,903	$ 371,155	$ (9,825)	$ (361,330)	$ 262,903
Statement of Comprehensive Income					
Net income (loss)	$ 262,903	$ 371,155	$ (9,825)	$ (361,330)	$ 262,903
Total other comprehensive loss, net of tax	—	—	(3,632)	—	(3,632)
Total comprehensive income (loss)	$ 262,903	$ 371,155	$ (13,457)	$ (361,330)	$ 259,271

(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.

(Dollars in thousands, except share and per share data)

Condensed Consolidating Statements of Income and Comprehensive Income for the Year Ended December 31, 2014

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Statement of Income					
Net revenues	$ —	$ 1,240,324	$ 51,070	$ (4,334)	$ 1,287,060
Operating expenses					
Direct advertising expenses (1)	—	427,945	27,570	(2,246)	453,269
General and administrative expenses (1)	—	220,497	10,303	—	230,800
Corporate expenses (1)	—	67,154	1,579	—	68,733
Depreciation and amortization	—	249,655	8,780	—	258,435
Gain on disposition of assets	—	(3,192)	—	—	(3,192)
	—	962,059	48,232	(2,246)	1,008,045
Operating income (loss)	—	278,265	2,838	(2,088)	279,015
Equity in (earnings) loss of subsidiaries	(454,138)	—	—	454,138	—
Interest expense (income), net	105,234	(101)	2,107	(2,088)	105,152
Other expenses (income)	61,869	—	(31,777)	—	30,092
Income (loss) before income tax expense	287,035	278,366	32,508	(454,138)	143,771
Income tax (benefit) expense(2)	—	(143,743)	479	—	(143,264)
Net income (loss)	$ 287,035	$ 422,109	$ 32,029	$ (454,138)	$ 287,035
Statement of Comprehensive Income					
Net income (loss)	$ 287,035	$ 422,109	$ 32,029	$ (454,138)	$ 287,035
Total other comprehensive loss, net of tax	—	—	(1,413)	—	(1,413)
Total comprehensive income (loss)	$ 287,035	$ 422,109	$ 30,616	$ (454,138)	$ 285,622

(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 Consolidated Financial Statements
(Dollars in thousands, except share and per share data)

Condensed Consolidating Statement of Cash Flows for the Year Ended December 31, 2016

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ 394,215	$ 597,948	$ 7,526	$ (504,423)	$ 495,266
Cash flows from investing activities:					
Acquisitions	—	(585,054)	—	—	(585,054)
Capital expenditures	—	(104,440)	(3,172)	—	(107,612)
Proceeds from disposition of assets and investments	—	11,662	—	—	11,662
Investment in subsidiaries	(585,054)	—	—	585,054	—
(Increase) decrease in intercompany notes receivable	(260)	—	—	260	—
Decrease in notes receivable	21	—	—	—	21
Net cash (used in) provided by investing activities	(585,293)	(677,832)	(3,172)	585,314	(680,983)
Cash flows from financing activities:					
Principal payments on long-term debt	(21,118)	—	—	—	(21,118)
Payment on revolving credit facility	(403,000)	—	—	—	(403,000)
Proceeds received from revolving credit facility	483,000	—	—	—	483,000
Proceeds received from note offering	400,000	—	—	—	400,000
Payment on senior credit facility	(300,000)	—	—	—	(300,000)
Proceeds received from senior credit facility	300,000	—	—	—	300,000
Debt issuance costs	(9,467)	—	—	—	(9,467)
Intercompany loan proceeds (payments)	—	—	260	(260)	—
Distributions to non-controlling interest	—	—	(420)	—	(420)
Contributions from (to) parent	49,274	585,054	—	(585,054)	49,274
Dividends (to) from parent	(299,804)	(504,423)	—	504,423	(299,804)
Net cash provided by (used in) financing activities	198,885	80,631	(160)	(80,891)	198,465
Effect of exchange rate changes in cash and cash equivalents	—	—	455	—	455
Net increase in cash and cash equivalents	7,807	747	4,649	—	13,203
Cash and cash equivalents at beginning of period	4,955	454	16,418	—	21,827
Cash and cash equivalents at end of period	$ 12,762	$ 1,201	$ 21,067	$ —	$ 35,030

(Dollars in thousands, except share and per share data)

Condensed Consolidating Statement of Cash Flows for the Year Ended December 31, 2015

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ 348,116	$ 537,763	$ 9,434	$ (441,892)	$ 453,421
Cash flows from investing activities:					
Acquisitions	—	(145,865)	(8,012)	—	(153,877)
Capital expenditures	—	(106,126)	(4,299)	—	(110,425)
Proceeds from disposition of assets and investments	—	10,429	—	—	10,429
Investment in subsidiaries	(153,877)	—	—	153,877	—
(Increase) decrease in intercompany notes receivable	(717)	—	—	717	—
Decrease (increase) in notes receivable	193	(200)	—	—	(7)
Net cash (used in) provided by investing activities	(154,401)	(241,762)	(12,311)	154,594	(253,880)
Cash flows from financing activities:					
Proceeds received from revolving credit facility	317,000	—	—	—	317,000
Payment on revolving credit facility	(282,000)	—	—	—	(282,000)
Principal payments on long-term debt	(15,468)	—	—	—	(15,468)
Intercompany loan proceeds (payments)	—	—	717	(717)	—
Distributions to non-controlling interest	—	—	(1,130)	—	(1,130)
Dividends (to) from parent	(271,244)	(441,892)	—	441,892	(271,244)
Contributions from (to) parent	52,263	145,865	8,012	(153,877)	52,263
Net cash (used in) provided by financing activities	(199,449)	(296,027)	7,599	287,298	(200,579)
Effect of exchange rate changes in cash and cash equivalents	—	—	(2,670)	—	(2,670)
Net (decrease) increase in cash and cash equivalents	(5,734)	(26)	2,052	—	(3,708)
Cash and cash equivalents at beginning of period	10,689	480	14,366	—	25,535
Cash and cash equivalents at end of period	$ 4,955	$ 454	$ 16,418	$ —	$ 21,827

(Dollars in thousands, except share and per share data)

Condensed Consolidating Statement of Cash Flows for the Year Ended December 31, 2014

	Lamar Media Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Lamar Media Consolidated
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ 335,043	$ 526,987	$ 5,214	$ (432,664)	$ 434,580
Cash flows from investing activities:					
Acquisitions	—	(65,021)	—	—	(65,021)
Capital expenditures	—	(104,976)	(2,597)	—	(107,573)
Proceeds from disposition of assets and investments	—	4,135	—	—	4,135
Investment in subsidiaries	(65,021)	—	—	65,021	—
(Increase) decrease in intercompany notes receivable	(17,034)	—	—	17,034	—
Decrease in notes receivable	10	4,452	—	—	4,462
Net cash (used in) provided by investing activities	(82,045)	(161,410)	(2,597)	82,055	(163,997)
Cash flows from financing activities:					
Proceeds received from revolving credit facility	325,000	—	—	—	325,000
Payment on revolving credit facility	(410,000)	—	—	—	(410,000)
Principal payments on long-term debt	(11,750)	—	—	—	(11,750)
Proceeds received from senior credit facility	300,000	—	—	—	300,000
Debt issuance costs	(17,442)	—	—	—	(17,442)
Proceeds received from note offering	510,000	—	—	—	510,000
Payment on senior subordinated notes	(415,752)	—	—	—	(415,752)
Payment on senior credit facility	(328,856)	—	(23,250)	—	(352,106)
Intercompany loan proceeds (payments)	—	—	17,034	(17,034)	—
Distributions to non-controlling interest	—	—	(1,094)	—	(1,094)
Dividends (to) from parent	(241,422)	(432,664)	—	432,664	(241,422)
Contributions from (to) parent	38,201	65,021	—	(65,021)	38,201
Net cash (used in) provided by financing activities	(252,021)	(367,643)	(7,310)	350,609	(276,365)
Effect of exchange rate changes in cash and cash equivalents	—	—	(1,395)	—	(1,395)
Net increase (decrease) in cash and cash equivalents	977	(2,066)	(6,088)	—	(7,177)
Cash and cash equivalents at beginning of period	9,712	2,546	20,454	—	32,712
Cash and cash equivalents at end of period	$ 10,689	$ 480	$ 14,366	$ —	$ 25,535

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Valuation and Qualifying Accounts
Years Ended December 31, 2016, 2015 and 2014
(In thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
Year ended December 31, 2016				
Deducted in balance sheet from trade accounts receivable:				
Allowance for doubtful accounts	$ 8,984	6,870	6,498	$ 9,356
Deducted in balance sheet from deferred tax assets:				
Valuation allowance	$ 13,827	2,340	—	$ 16,167
Year ended December 31, 2015				
Deducted in balance sheet from trade accounts receivable:				
Allowance for doubtful accounts	$ 7,957	6,506	5,479	$ 8,984
Deducted in balance sheet from deferred tax assets:				
Valuation allowance	$ 9	13,821	3	$ 13,827
Year ended December 31, 2014				
Deducted in balance sheet from trade accounts receivable:				
Allowance for doubtful accounts	$ 7,615	5,947	5,605	$ 7,957
Deducted in balance sheet from deferred tax assets:				
Valuation allowance	$ 1,760	—	1,751	$ 9

LAMAR MEDIA CORP.
AND SUBSIDIARIES
Schedule of Real Estate and Accumulated Depreciation
December 31, 2016, 2015 and 2014
(In thousands)

Description(1)	Encumbrances	Initial Cost(2)	Gross Carrying Amount(3)	Accumulated Depreciation	Construction Date	Acquisition Date	Useful Lives
333,523 Displays	—	—	$ 2,998,540	$ (1,973,958)	Various	Various	5 to 20 years

(1) No single asset exceeded 5% of the total gross carrying amount at December 31, 2016

(2) This information is omitted, as it would be impracticable to compile such information on a site-by-site basis

(3) Includes sites under construction

The following table summarizes activity for the Company’s real estate assets, which consists of advertising displays and the related accumulated depreciation.

	December 31, 2016	December 31, 2015	December 31, 2014
Gross real estate assets:			
Balance at the beginning of the year	$ 2,856,243	$ 2,837,442	$ 2,772,308
Capital expenditures on new advertising displays(4)	50,799	46,871	53,832
Capital expenditures on improvements/redevelopments of existing advertising displays	12,031	14,412	12,961
Capital expenditures other recurring	26,254	34,336	25,870
Land acquisitions(5)	30,283	13,851	4,701
Acquisition of advertising displays(6)	69,821	13,781	6,021
Assets sold or written-off	(47,317)	(101,912)	(37,005)
Foreign exchange	426	(2,538)	(1,246)
Balance at the end of the year	$ 2,998,540	$ 2,856,243	$ 2,837,442
Accumulated depreciation:			
Balance at the beginning of the year	$ 1,910,860	$ 1,903,434	$ 1,799,325
Depreciation	100,197	100,005	135,679
Assets sold or written-off	(37,373)	(91,218)	(30,994)
Foreign exchange	274	(1,361)	(576)
Balance at the end of the year	$ 1,973,958	$ 1,910,860	$ 1,903,434

(4) Includes non-cash amounts of $379, $2,698 and $3,126 at December 31, 2016, 2015 and 2014, respectively

(5) Includes non-cash amounts of $200 at December 31, 2015

(6) Includes non-cash amounts of $4,623 and $502 at December 31, 2016 and 2015, respectively

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Lamar Advertising Company

None.

Lamar Media Corp.

None.

ITEM 9A. CONTROLS AND PROCEDURES

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 such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, the principal executive officer and principal financial officer of the Company and Lamar Media concluded, as of December 31, 2016, 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 Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the requisite time periods.

Management's Report on Internal Control Over Financial Reporting

Lamar Advertising Company

The Company's Management Report on Internal Control Over Financial Reporting is set forth on page 48 of this combined Annual Report and is incorporated herein by reference.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. A control system, no matter how well designed and operated, can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Lamar Media Corp.

Lamar Media's Management Report on Internal Control Over Financial Reporting is set forth on page 80 of this combined Annual Report and is incorporated herein by reference.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. A control system, no matter how well designed and operated, can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's or Lamar Media's internal control over financial reporting identified in connection with the evaluation of the Company's and Lamar Media's internal controls performed during the fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's or Lamar Media's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Lamar Advertising Company

None.

Lamar Media Corp.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to Lamar Advertising Company's Proxy Statement for its 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2016.

We have adopted a Code of Business Conduct and Ethics (the "code of ethics") that applies to all of our directors, officers and employees. The code of ethics is filed as an exhibit that is incorporated by reference into this Annual Report. In addition, if we make any substantive amendments to the code of ethics or grant any wavier, including any implicit wavier, from a provision of the code to any of our executive officers or directors, we will disclose the nature of such amendment or waiver in a report on Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to Lamar Advertising Company's Proxy Statement for its 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2016.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to Lamar Advertising Company's Proxy Statement for its 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2016.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to Lamar Advertising Company's Proxy Statement for its 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2016.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to Lamar Advertising Company's Proxy Statement for its 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2016.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(A) 1. *FINANCIAL STATEMENTS*

The financial statements are listed under Part II, Item 8 of this Annual Report.

2. *FINANCIAL STATEMENT SCHEDULES*

The financial statement schedules are included under Part II, Item 8 of this Annual Report.

3. *EXHIBITS*

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

(B) Exhibits required by Item 601 of Regulation S-K are listed on the Exhibit Index immediately following the signature page hereto.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LAMAR ADVERTISING COMPANY

February 23, 2017	By:	/s/ Sean E. Reilly Sean E. Reilly Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Sean E. Reilly Sean E. Reilly	Chief Executive Officer (Principal Executive Officer)	2/23/17
/s/ Keith A. Istre Keith A. Istre	Chief Financial Officer (Principal Financial and Accounting Officer)	2/23/17
/s/ Kevin P. Reilly, Jr. Kevin P. Reilly, Jr.	President and Director	2/23/17
/s/ Wendell S. Reilly Wendell S. Reilly	Director	2/23/17
/s/ Stephen P. Mumblow Stephen P. Mumblow	Director	2/23/17
/s/ John Maxwell Hamilton John Maxwell Hamilton	Director	2/23/17
/s/ Thomas Reifenheiser Thomas Reifenheiser	Director	2/23/17
/s/ Anna Reilly Anna Reilly	Director	2/23/17
/s/ John E. Koerner, III John E. Koerner, III	Director	2/23/17

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LAMAR MEDIA CORP.

February 23, 2017

By: /s/ Sean E. Reilly
Sean E. Reilly
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kevin P. Reilly, Jr. Kevin P. Reilly, Jr.	President and Director	2/23/17
/s/ Sean E. Reilly Sean E. Reilly	Chief Executive Officer and Director (Principal Executive Officer)	2/23/17
/s/ Keith A. Istre Keith A. Istre	Chief Financial and Accounting Officer and Director (Principal Financial and Accounting Officer)	2/23/17
/s/ C. Brent McCoy C. Brent McCoy	Executive Vice President of Business Development and Director	2/23/17

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
2(a)	Agreement and Plan of Merger by and between Lamar Advertising Company (the "Company") and Lamar Advertising REIT Company dated August 27, 2014.	Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on September 2, 2014 and incorporated herein by reference.
2(b)	Equity Purchase Agreement dated January 7, 2016 by and among CCOI Holdco Parent I, LLC, CCOI Holdco Sub I, LLC, and Lamar Media Corp ("Lamar Media").	Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on January 13, 2016 and incorporated herein by reference.
2(c)	Equity Purchase Agreement dated January 7, 2016 by and among CCOI Holdco Parent II, LLC, CCOI Holdco Sub II, LLC, and Lamar Media.	Previously filed as Exhibit 2.2 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on January 13, 2016 and incorporated herein by reference.
3(a)	Amended and Restated Certificate of Incorporation of 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(b)	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(c)	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(d)	Amended and Restated Certificate of Incorporation of Lamar Media.	Previously filed as Exhibit 3.2 to Lamar Media's Quarterly Report on Form 10-Q for the period ended March 31, 2007 (File No. 0-30242) filed on May 10, 2007 and incorporated herein by reference.
3(e)	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(a)(1)	Specimen certificate for the shares of Class A common stock of the Company.	Previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on November 19, 2014 and incorporated herein by reference.
4(a)(2)	Specimen certificate for the shares of Class B common stock of the Company.	Previously filed as Exhibit 4.3 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on November 19, 2014 and incorporated herein by reference.
4(b)(1)	Indenture, dated as of August 16, 2005, among Lamar Media, the guarantors named therein and The Bank of New York Trust Company, N.A., as Trustee, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on August 18, 2005 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
4(b)(2)	Form of 6 5/8% Senior Subordinated Exchange Notes due 2015.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (1-12407) filed on August 18, 2005 and incorporated herein by reference.
4(b)(3)	First Supplemental Indenture to the Indenture dated as of August 16, 2005 among Lamar Media, the guarantors named therein and The Bank of New York Trust Company, N.A., as Trustee, dated as of December 11, 2006, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015.	Previously filed as Exhibit 99.2 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on December 14, 2006 and incorporated herein by reference.
4(b)(4)	Release of Guaranty under the Indenture dated as of August 16, 2005 among Lamar Media, the guarantors named therein and The Bank of New York Trust Company, N.A., as Trustee, by the Trustee, dated as of December 30, 2005, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015.	Previously filed as Exhibit 4.20 to Lamar Media's Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 1-12407) filed on March 15, 2006 and incorporated herein by reference.
4(b)(5)	Supplemental Indenture to the Indenture dated as of August 16, 2005 among Lamar Media, the guarantors named therein and The Bank of New York Trust Company, N.A., as Trustee, dated as of February 21, 2008, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015.	Previously filed as Exhibit 4(g)(5) to Lamar Media's Registration Statement on Form S-4 (File No. 333-161261) filed on August 11, 2009 and incorporated herein by reference.
4(b)(6)	Supplemental Indenture to the Indenture dated as of August 16, 2005 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of January 12, 2009, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015.	Previously filed as Exhibit 4(d)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 0-30242) filed on February 26, 2010 and incorporated herein by reference.
4(b)(7)	Supplemental Indenture to the Indenture dated as of August 16, 2005 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015.	Previously filed as Exhibit 4(d)(7) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(b)(8)	Supplemental Indenture to the Indenture dated as of August 16, 2005 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015.	Previously filed as Exhibit 4(d)(8) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(b)(9)	Supplemental Indenture to the Indenture dated as of August 16, 2005 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015.	Previously filed as Exhibit 4(d)(9) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(c)(1)	Indenture, dated as of August 17, 2006, among Lamar Media, the guarantors named therein and The Bank of New York Trust Company, N.A., as Trustee, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 – Series B.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on August 18, 2006 and incorporated herein by reference.
4(c)(2)	Form of 6 5/8% Senior Subordinated Exchange Notes due 2015 – Series B.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on August 18, 2006 and incorporated herein by reference.
4(c)(3)	Supplemental Indenture to the Indenture dated as of August 17, 2006 among Lamar Media, the guarantors named therein and The Bank of New York Trust Company, N.A., as Trustee, dated as of February 21, 2008, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series B.	Previously filed as Exhibit 4(h)(3) to Lamar Media's Registration Statement on Form S-4 (File No. 333-161261) filed on August 11, 2009 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
4(c)(4)	Supplemental Indenture to the Indenture dated as of August 17, 2006 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of January 12, 2009, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series B.	Previously filed as Exhibit 4(e)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 0-30242) filed on February 26, 2010 and incorporated herein by reference.
4(c)(5)	Supplemental Indenture to the Indenture dated as of August 17, 2006 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series B.	Previously filed as Exhibit 4(e)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(c)(6)	Supplemental Indenture to the Indenture dated as of August 17, 2006 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series B.	Previously filed as Exhibit 4(e)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(c)(7)	Supplemental Indenture to the Indenture dated as of August 17, 2006 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series B.	Previously filed as Exhibit 4(e)(7) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(d)(1)	Indenture, dated as of October 11, 2007, among Lamar Media, the guarantors named therein and The Bank of New York Trust Company, N.A., as Trustee, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 – Series C.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on October 16, 2007 and incorporated herein by reference.
4(d)(2)	Form of 6 5/8% Senior Subordinated Exchange Notes due 2015 – Series C.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on October 16, 2007 and incorporated herein by reference.
4(d)(3)	Supplemental Indenture to the Indenture dated as of October 11, 2007 among Lamar Media, the guarantors named therein and The Bank of New York Trust Company, N.A., as Trustee, dated as of February 21, 2008, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 —Series C.	Previously filed as Exhibit 4(i)(3) to Lamar Media's Registration Statement on Form S-4 (File No. 333-161261) filed on August 11, 2009 and incorporated herein by reference.
4(d)(4)	Supplemental Indenture to the Indenture dated as of October 11, 2007 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of January 12, 2009, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series C.	Previously filed as Exhibit 4(f)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 0-30242) filed on February 26, 2010 and incorporated herein by reference.
4(d)(5)	Supplemental Indenture to the Indenture dated as of October 11, 2007 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series C.	Previously filed as Exhibit 4(f)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(d)(6)	Supplemental Indenture to the Indenture dated as of October 11, 2007 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series C.	Previously filed as Exhibit 4(f)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(d)(7)	Supplemental Indenture to the Indenture dated as of October 11, 2007 among Lamar Media, the guarantors named therein and the Bank of New York Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 6 5/8% Senior Subordinated Notes due 2015 — Series C.	Previously filed as Exhibit 4(f)(7) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
4(e)(1)	Indenture, dated as of March 27, 2009, among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on March 27, 2009 and incorporated herein by reference.
4(e)(2)	Form of 9 3/4% Senior Exchange Notes due 2014.	Previously filed with the indenture dated March 27, 2009, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on March 27, 2009, and incorporated herein by reference.
4(e)(3)	Supplemental Indenture to the Indenture dated as of March 27, 2009 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4(g)(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(e)(4)	Supplemental Indenture to the Indenture dated as of March 27, 2009 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4(g)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(e)(5)	Supplemental Indenture to the Indenture dated as of March 27, 2009 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4(g)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(e)(6)	Supplemental Indenture to the Indenture dated as of March 27, 2009 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4(e)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(e)(7)	Supplemental Indenture to the Indenture dated as of March 27, 2009 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4(e)(7) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(e)(8)	Supplemental Indenture to the Indenture dated as of March 27, 2009 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4(e)(8) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(e)(9)	Supplemental Indenture to the Indenture dated as of March 27, 2009 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of May 31, 2013, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4.1 to Lamar Media's Quarterly Report on Form 10-Q for the period ended June 30, 2013 (File No. 1-12407) filed on August 8, 2013 and incorporated herein by reference.
4(e)(10)	Supplemental Indenture to the Indenture dated as of March 27, 2009, among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of January 2, 2014, relating to Lamar Media's 9 3/4% Senior Notes due 2014.	Previously filed as Exhibit 4.2 to Lamar Media's Quarterly Report on Form 10-Q for the period ended March 31, 2014 (File No. 1-12407) filed on May 7, 2014 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
4(f)(1)	Indenture, dated as of April 22, 2010, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on April 23, 2010 and incorporated herein by reference.
4(f)(2)	Form of 7 7/8% Senior Subordinated Notes due 2018.	Previously filed with the Indenture dated April 22, 2010, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on April 23, 2010, and incorporated herein by reference.
4(f)(3)	Form of 7 7/8% Senior Subordinated Exchange Notes due 2018.	Previously filed with the Indenture dated April 22, 2010, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on April 23, 2010, and incorporated herein by reference.
4(f)(4)	Amendment No. 1, dated as of August 27, 2010, to the Indenture dated as of April 22, 2010 among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4(h)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(f)(5)	Supplemental Indenture to the Indenture dated as of April 22, 2010 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4(h)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(f)(6)	Supplemental Indenture to the Indenture dated as of April 22, 2010 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4(h)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(f)(7)	Supplemental Indenture to the Indenture dated as of April 22, 2010 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of October 20, 2011, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4(h)(7) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
4(f)(8)	Supplemental Indenture to the Indenture dated as of April 22, 2010 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4(f)(8) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(f)(9)	Supplemental Indenture to the Indenture dated as of April 22, 2010 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4(f)(9) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(f)(10)	Supplemental Indenture to the Indenture dated as of April 22, 2010 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4(f)(10) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
4(f)(11)	Supplemental Indenture to the Indenture dated as of April 22, 2010 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of May 31, 2013, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4.2 to Lamar Media's Quarterly Report on Form 10-Q for the period ended June 30, 2013 (File No. 1-12407) filed on August 8, 2013 and incorporated herein by reference.
4(f)(12)	Supplemental Indenture to the Indenture dated as of April 22, 2010 among Lamar Media, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of January 2, 2014, relating to Lamar Media's 7 7/8% Senior Subordinated Notes due 2018.	Previously filed as Exhibit 4.3 to Lamar Media's Quarterly Report on Form 10-Q for the period ended March 31, 2014 (File No. 1-12407) filed on May 7, 2014 and incorporated herein by reference.
4(g)(1)	Indenture, dated as of February 9, 2012, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Lamar Media's 5 7/8% Senior Subordinated Notes due 2022.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on February 14, 2012 and incorporated herein by reference.
4(g)(2)	Form of 5 7/8% Senior Subordinated Notes due 2022.	Previously filed with the Indenture dated February 9, 2012, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on February 14, 2012, and incorporated herein by reference.
4(g)(3)	Form of 5 7/8% Senior Subordinated Exchange Notes due 2022.	Previously filed with the Indenture dated February 9, 2012, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on February 14, 2012, and incorporated herein by reference.
4(g)(4)	Supplemental Indenture to the Indenture dated as of February 9, 2012, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 5 7/8% Senior Subordinated Notes due 2022.	Previously filed as Exhibit 4(g)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(g)(5)	Supplemental Indenture to the Indenture dated as of February 9, 2012, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 5 7/8% Senior Subordinated Notes due 2022.	Previously filed as Exhibit 4(g)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(g)(6)	Supplemental Indenture to the Indenture dated as of February 9, 2012, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of December 30, 2012, relating to Lamar Media's 5 7/8% Senior Subordinated Notes due 2022.	Previously filed as Exhibit 4(g)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(g)(7)	Supplemental Indenture to the Indenture dated as of February 9, 2012, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of May 31, 2013, relating to Lamar Media's 5 7/8% Senior Subordinated Notes due 2022.	Previously filed as Exhibit 4.3 to Lamar Media's Quarterly Report on Form 10-Q for the period ended June 30, 2013 (File No. 1-12407) filed on August 8, 2013 and incorporated herein by reference.
4(g)(8)	Supplemental Indenture to the Indenture dated as of February 9, 2012, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of January 2, 2014, relating to Lamar Media's 5 7/8% Senior Subordinated Notes due 2022.	Previously filed as Exhibit 4.4 to Lamar Media's Quarterly Report on Form 10-Q for the period ended March 31, 2014 (File No. 1-12407) filed on May 7, 2014 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
4(g)(9)	Supplemental Indenture to the Indenture dated as of February 9, 2012, among Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of July 28, 2015, relating to Lamar Media's 5 7/8% Senior Subordinated Notes due 2022.	Previously filed as Exhibit 4.3 to Lamar Media's Quarterly Report on Form 10-Q for the period ended September 30, 2015 (File No. 1-12407) filed on November 5, 2015 and incorporated herein by reference.
4(h)(1)	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, relating to Lamar Media's 5% Senior Subordinated Notes due 2023.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on October 31, 2012 and incorporated herein by reference.
4(h)(2)	Form of 5% Senior Subordinated Notes due 2023.	Previously filed with the Indenture dated October 30, 2012, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on October 31, 2012, and incorporated herein by reference.
4(h)(3)	Form of 5% Senior Subordinated Exchange Notes due 2023.	Previously filed with the Indenture dated October 30, 2012, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on October 31, 2012, and incorporated herein by reference.
4(h)(4)	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 December 30, 2012, relating to Lamar Media's 5% Senior Subordinated Notes due 2023.	Previously filed as Exhibit 4(h)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(h)(5)	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 December 30, 2012, relating to Lamar Media's 5% Senior Subordinated Notes due 2023.	Previously filed as Exhibit 4(h)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(h)(6)	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 December 30, 2012, relating to Lamar Media's 5% Senior Subordinated Notes due 2023.	Previously filed as Exhibit 4(h)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
4(h)(7)	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 May 31, 2013, relating to Lamar Media's 5% Senior Subordinated Notes due 2023.	Previously filed as Exhibit 4.4 to Lamar Media's Quarterly Report on Form 10-Q for the period ended June 30, 2013 (File No. 1-12407) filed on August 8, 2013 and incorporated herein by reference.
4(h)(8)	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 January 2, 2014, relating to Lamar Media's 5% Senior Subordinated Notes due 2023.	Previously filed as Exhibit 4.5 to Lamar Media's Quarterly Report on Form 10-Q for the period ended March 31, 2014 (File No. 1-12407) filed on May 7, 2014 and incorporated herein by reference.
4(h)(9)	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 July 28, 2015, relating to Lamar Media's 5% Senior Subordinated Notes due 2023.	Previously filed as Exhibit 4.2 to Lamar Media's Quarterly Report on Form 10-Q for the period ended September 30, 2015 (File No. 1-12407) filed on November 5, 2015 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
4(i)(1)	Indenture, dated as of January 10, 2014, between Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Lamar Media's 5 3/8% Senior Notes due 2024.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on January 15, 2014 and incorporated herein by reference.
4(i)(2)	Form of 5 3/8% Senior Notes due 2024.	Previously filed with the Indenture dated January 10, 2014, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on January 15, 2014 and incorporated herein by reference.
4(i)(3)	Form of 5 3/8% Senior Exchange Notes due 2024.	Previously filed with the Indenture dated January 10, 2014, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on January 15, 2014 and incorporated herein by reference.
4(i)(4)	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 July 28, 2015, relating to Lamar Media's 5 3/8% Senior Subordinated Notes due 2024.	Previously filed as Exhibit 4.1 to Lamar Media's Quarterly Report on Form 10-Q for the period ended September 30, 2015 (File No. 1-12407) filed on November 5, 2015 and incorporated herein by reference.
4(j)(1)	Indenture, dated as of January 28, 2016, between Lamar Media, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Lamar Media's 5 3/4% Senior Notes due 2026.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on February 1, 2016 and incorporated herein by reference.
4(i)(2)	Form of 5 3/4% Senior Notes due 2026.	Previously filed with the Indenture dated January 28, 2016, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on February 1, 2016 and incorporated herein by reference.
4(i)(3)	Form of 5 3/4% Senior Exchange Notes due 2026.	Previously filed with the Indenture dated January 28, 2016, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on February 1, 2016 and incorporated herein by reference.
10(a)(1)*	Lamar Advertising Company 1996 Equity Incentive Plan, as amended and restated.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on May 24, 2013 and incorporated herein by reference.
10(a)(2)*	Form of Stock Option Agreement under the 1996 Equity Incentive Plan, as amended.	Previously filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 0-30242) filed on March 10, 2005 and incorporated herein by reference.
10(a)(3)*	Form of Restricted Stock Agreement.	Previously filed as Exhibit 10.16 of the Company's Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 0-30242) filed on March 15, 2006 and incorporated herein by reference.
10(a)(4)*	Form of Restricted Stock Agreement for Non-Employee directors.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on May 30, 2007 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
10(b)*	2009 Employee Stock Purchase Plan, as amended.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on May 29, 2012 and incorporated herein by reference.
10(c)*	Lamar Advertising Company Non-Management Director Compensation Plan.	Previously filed on the Company's Current Report on Form 8-K (File No. 0-30242) filed on May 30, 2007 and incorporated herein by reference.
10(d)(1)*	Lamar Deferred Compensation Plan (as amended).	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on August 27, 2007 and incorporated herein by reference.
10(d)(2)*	Form of Trust Agreement for the Lamar Deferred Compensation Plan.	Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on December 14, 2005 and incorporated herein by reference.
10(d)(3)*	Amendment to the Lamar Deferred Compensation Plan dated December 13, 2013.	Previously filed as Exhibit 10(d)(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 0-30242) filed on February 27, 2014 and incorporated herein by reference.
10(e)(1)*	Summary of Compensatory Arrangements, dated March 28, 2016.	Previously filed on the Company's Current Report on Form 8-K (File No. 1-36756) filed on March 29, 2016 and incorporated herein by reference.
10(e)(2)*	Summary of Director Compensatory Arrangements, dated May 26, 2016.	Previously filed on the Company's Current Report on Form 8-K (File No. 1-36756) filed on May 31, 2016 and incorporated herein by reference.
10(f)(1)	Credit Agreement dated as of April 28, 2010 by and among Lamar Media, Lamar Advertising of Puerto Rico, Inc., the Subsidiary Guarantors named therein, each additional Subsidiary Borrower that may be designated as such thereunder, the Lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on May 3, 2010, and incorporated herein by reference.
10(f)(2)	Amendment No. 1, dated as of June 11, 2010, to the Credit Agreement dated as of April 28, 2010 by and among Lamar Media, Lamar Advertising of Puerto Rico, Inc., the Subsidiary Guarantors named therein, each additional Subsidiary Borrower that may be designated as such thereunder, the Lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent.	Previously filed as Exhibit 10(p)(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 0-30242) filed on February 25, 2011 and incorporated herein by reference.
10(f)(3)	Amendment No. 2, dated as of November 18, 2010, to the Credit Agreement dated as of April 28, 2010 by and among Lamar Media, Lamar Advertising of Puerto Rico, Inc., the Subsidiary Guarantors named therein, each additional Subsidiary Borrower that may be designated as such thereunder, the Lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent.	Previously filed as Exhibit 10(p)(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 0-30242) filed on February 25, 2011 and incorporated herein by reference.
10(f)(4)	Restatement Agreement, dated as of February 9, 2012, to the Credit Agreement dated as of April 28, 2010 by and among Lamar Media, Lamar Advertising of Puerto Rico, Inc., the Subsidiary Guarantors named therein, each additional Subsidiary Borrower that may be designated as such thereunder, the Lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent (including the Amended and Restated Credit Agreement).	Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on February 14, 2012 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
10(f)(5)	Amendment No. 1, dated as of October 24, 2013, to the Amended and Restated Credit Agreement dated as of February 9, 2012 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.	Previously filed as Exhibit 10(f)(11) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 0-30242) filed on February 27, 2014 and incorporated herein by reference.
10(f)(6)	Second Restatement Agreement, dated as of February 3, 2014, by and among Lamar Media, the Company, the Subsidiary Guarantors named therein, the Lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent (including the Second Amended and Restated Credit Agreement as Exhibit A thereto).	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on February 7, 2014 and incorporated herein by reference.
10(f)(7)	Amendment No. 1, dated as of April 18, 2014, to the Second Amended and Restated Credit Agreement, dated as of February 3, 2014, by and among Lamar Media, the Company, the Subsidiary Guarantors named therein, the Lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on April 22, 2014 and incorporated herein by reference.
10(f)(8)	Incremental Amendment No. 1 dated January 7, 2016 to the Second Amended and Restated Credit Agreement, dated as of February 3, 2014, as amended by and among Lamar Media, the Company, the Subsidiary Guarantors named therein, the Lenders named therein, and JPMorgan Chase Bank, N.A., as Administrative Agent.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on January 13, 2016 and incorporated herein by reference.
10(f)(9)	Amendment No. 2, dated as of March 4, 2016, to the Second Amended and Restated Credit Agreement, dated as of February 3, 2014, as amended by and among Lamar Media, the Company, certain of Lamar Media's subsidiaries as Guarantors, JPMorgan Chase Bank, N.A. as Administrative Agent and the Lenders party thereto.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on March 8, 2016 and incorporated herein by reference.
10(f)(10)	Joinder Agreement, dated as of July 19, 2010, to the Credit Agreement dated as of April 28, 2010 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 Arizona Logos, L.L.C.	Previously filed as Exhibit 10(p)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
10(f)(11)	Joinder Agreement, dated as of April 21, 2011, to the Credit Agreement dated as of April 28, 2010 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 Wisconsin Logos, LLC.	Previously filed as Exhibit 10(p)(5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
10(f)(12)	Joinder Agreement, dated as of August 26, 2011, to the Credit Agreement dated as of April 28, 2010 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 Montana Logos, LLC.	Previously filed as Exhibit 10(p)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 0-30242) filed on February 27, 2012 and incorporated herein by reference.
10(f)(13)	Joinder Agreement, dated as of November 14, 2012, to the Amended and Restated Credit Agreement dated as of February 9, 2012 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 NextMedia Northern Colorado, Inc.	Previously filed as Exhibit 10(f)(8) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
10(f)(14)	Joinder Agreement, dated as of November 14, 2012, to the Amended and Restated Credit Agreement dated as of February 9, 2012 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 NextMedia Outdoor, Inc.	Previously filed as Exhibit 10(f)(9) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
10(f)(15)	Joinder Agreement, dated as of November 14, 2012, to the Amended and Restated Credit Agreement dated as of February 9, 2012 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 NMG Outdoor I Corp.	Previously filed as Exhibit 10(f)(10) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 0-30242) filed on February 28, 2013 and incorporated herein by reference.
10(f)(16)	Joinder Agreement, dated as of December 5, 2013, to the Amended and Restated Credit Agreement dated as of February 9, 2012 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 Lamar TRS Holdings, LLC.	Previously filed as Exhibit 10(f)(12) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 0-30242) filed on February 27, 2014 and incorporated herein by reference.
10(f)(17)	Joinder Agreement, dated as of December 5, 2013, to the Amended and Restated Credit Agreement dated as of February 9, 2012 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 Lamar Service Company, LLC.	Previously filed as Exhibit 10(f)(13) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 0-30242) filed on February 27, 2014 and incorporated herein by reference.
10(f)(18)	Joinder Agreement, dated as of December 5, 2013, to the Amended and Restated Credit Agreement dated as of February 9, 2012 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 Lamar Investments, LLC.	Previously filed as Exhibit 10(f)(14) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 0-30242) filed on February 27, 2014 and incorporated herein by reference.
10(f)(19)	Joinder Agreement, dated as of December 5, 2013, to the Amended and Restated Credit Agreement dated as of February 9, 2012 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 Lamar Transit, LLC.	Previously filed as Exhibit 10(f)(15) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 0-30242) filed on February 27, 2014 and incorporated herein by reference.
10(f)(20)	Joinder Agreement, dated as of July 28, 2015, to the Second Amended and Restated Credit Agreement dated as of February 3, 2014, 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 Lamar Alliance Airport Advertising Company.	Filed herewith.
10(g)	Registration Rights Agreement, dated as of February 9, 2012, between Lamar Media, the Guarantors named therein and the Initial Purchasers named therein.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on February 14, 2012 and incorporated herein by reference.
10(h)	Registration Rights Agreement, dated as of October 30, 2012, between Lamar Media, the Guarantors named therein and the Initial Purchasers named therein.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on October 31, 2012 and incorporated herein by reference.
10(i)	Registration Rights Agreement, dated as of January 10, 2014, between Lamar Media, the Guarantors named therein and J.P. Morgan Securities LLC, as representative for the Initial Purchasers named therein.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 0-30242) filed on January 15, 2014 and incorporated herein by reference.
10(j)	Registration Rights Agreement, dated as of January 28, 2016, between Lamar Media, the Guarantors named therein and J.P. Morgan Securities LLC, as representative for the Initial Purchasers named therein.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on February 1, 2016 and incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION	METHOD OF FILING
10(k)*	Form of Indemnification Agreement between the Company and the directors and executive officers of the Company, dated as of November 18, 2014.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-36756) filed on November 19, 2014 and incorporated herein by reference.
11(a)	Statement regarding computation of per share earnings for the Company.	Filed herewith.
12(a)	Statement regarding computation of ratio of earnings to fixed charges for the Company.	Filed herewith.
12(b)	Statement regarding computation of ratio of earnings to fixed charges for Lamar Media.	Filed herewith.
14(a)	Lamar Advertising Company Code of Business Conduct and Ethics.	Previously filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 0-30242) filed on March 10, 2004 and incorporated herein by reference.
21(a)	Subsidiaries of the Company.	Filed herewith.
23(a)	Consent of KPMG LLP.	Filed herewith.
31(a)	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(b)	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(a)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
101	The following materials from the combined Annual Report of the Company and Lamar Media Corp. on Form 10-K for the year ended December 31, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2016 and 2015 of the Company and Lamar Media, (ii) Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2016, 2015 and 2014 of the Company and Lamar Media, (iii) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2016, 2015 and 2014 of the Company and Lamar Media, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014 of the Company and Lamar Media, and (v) Notes to Consolidated Financial Statements of the Company and Lamar Media.	

* Denotes management contract or compensatory plan or arrangement in which the executive officers or directors of the Company participate.

Exhibit 10(f)(20)

JOINDER AGREEMENT

JOINDER AGREEMENT dated as of July 28, 2015 by the undersigned, Lamar Alliance Airport Advertising Company, a Nevada corporation (the "Additional Subsidiary Guarantor"), 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 Second Amended and Restated Credit Agreement dated as of February 3, 2014, 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 amended by that certain Amendment No. 1 to Second Amended and Restated Credit Agreement dated as of April 18, 2014, by and among Lamar Media Corp., Lamar Advertising Company, 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 Company in an aggregate principal or face amount not exceeding $700,000,000 (which, in the circumstances contemplated by Section 2.01(c) thereof, may be increased to $1,200,000,000 and made available to the Company and the Subsidiary Borrower). 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 Borrower under Swap Agreements, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Additional Subsidiary Guarantor has agreed to become a party 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, the Additional Subsidiary Guarantor hereby agrees that it shall become a "Subsidiary Guarantor" under and for all purposes of the Credit Agreement and the Pledge Agreement with all the rights and obligations of a Subsidiary Guarantor thereunder. Without limiting the generality of the foregoing, the 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 the 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 Annex 1 thereof shall be supplemented as provided in Appendix A 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 the 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 Guarantor hereby instructs its counsel to deliver the opinions referred to in Section 6.10(c) of the Credit Agreement to the Secured Parties.

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

LAMAR ALLIANCE AIRPORT ADVERTISING COMPANY, a Nevada corporation

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

Accepted and agreed:

JPMORGAN CHASE BANK, N.A.
as Administrative Agent

By: /s/ Donatus Anusionwu
Title: Vice President

The undersigned hereby respectively pledges and grants a security interest in the Pledged Equity that it owns evidenced by the certificates listed in Appendix A hereto and agrees that Schedule 1, Part 2 – Pledged Equity of the Pledge Agreement is hereby supplemented by adding thereto the information listed on Appendix A.

Lamar Transit, LLC, Issuee

By: Its Managing Member,
Lamar TRS Holdings, LLC, a Delaware
limited liability company

By: Its Managing Member,
Lamar Media Corp., a Delaware
corporation

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

Securing Party	Issuer	Class and Par Value	Outstanding Number of Shares	Certificate Number	% of Ownership	% of Ownership Pledged
Lamar Transit, LLC	**Lamar Alliance Airport Advertising Company**	**N/A**	**2,500**	**31**	**100**	**100**

LAMAR ADVERTISING COMPANY
AND SUBSIDIARIES
Earnings Per Share Computation Information
Years ended December 31, 2016, 2015 and 2014

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Net income applicable to common stock	$ 298,444,000	$ 262,205,000	$ 253,153,000
Weighted average common shares outstanding	97,129,614	96,321,578	95,218,083
Shares issuable upon exercise of stock options	563,810	53,552	66,043
Incremental shares of convertible debt	—	—	—
Weighted average common shares and common equivalents outstanding	97,693,424	96,375,130	95,284,126
Net income per common share basic	$ 3.07	$ 2.72	$ 2.66
Net income per common share diluted	$ 3.05	$ 2.72	$ 2.66

The above earnings per share (EPS) calculations are submitted in accordance with Statement of Financial Accounting Standards No. 128. An EPS calculation in accordance with Regulation S-K item 601 (b) (11) is not shown above for the years ended December 31, 2016, 2015 and 2014 because it produces an antidilutive result. The following information is disclosed for purposes of calculating antidilutive EPS for that period.

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Net income applicable to common stock	$ 298,444,000	$ 262,205,000	$ 253,153,000
Income impact of assumed conversions	—	—	—
Income available to common shareholders plus assumed conversion	$ 298,444,000	$ 262,205,000	$ 253,153,000
Weighted average common shares outstanding	97,129,614	96,321,578	95,218,083
Shares issuable upon exercise of stock options	563,810	53,552	66,043
Incremental shares from convertible debt	—	—	—
Weighted average common shares plus dilutive potential common shares	97,693,424	96,375,130	95,284,126
Net income per common share	$ 3.05	$ 2.72	$ 2.66

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES(1)

The following table sets forth Lamar Advertising's ratio of earnings to fixed charges for the periods indicated.

(dollars in thousands)	YEARS ENDED DECEMBER 31, 2012	2013	2014	2015	2016
Net income	$ 7,890	$ 40,139	$ 253,518	$ 262,570	$ 298,809
Income tax expense (benefit)	8,242	22,841	(110,092)	22,058	13,356
Fixed charges	227,520	221,584	182,472	179,881	213,820
Earnings	$ 243,652	$ 284,564	$ 325,898	$ 464,509	$ 525,985
Interest expense, net	156,762	146,112	105,152	98,399	123,682
Rents under leases representative of an interest factor	70,393	75,107	76,955	81,117	89,773
Preferred dividends	365	365	365	365	365
Fixed charges	$ 227,520	$ 221,584	$ 182,472	$ 179,881	$ 213,820
Ratio of earnings to fixed charges	1.1x	1.3x	1.8x	2.6x	2.5x

(1) The ratio of earnings to fixed charges is defined as earnings divided by fixed charges. For purposes of this ratio, earnings is defined as net income before income taxes and cumulative effect of a change in accounting principle and fixed charges. Fixed charges is defined as the sum of interest expense, preferred stock dividends and the component of rental expense that we believe to be representative of the interest factor for those amounts.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES[1]

The following table sets forth Lamar Media's ratio of earnings to fixed charges for the periods indicated.

(dollars in thousands)	YEARS ENDED DECEMBER 31, 2012	2013	2014	2015	2016
Net income	$ 8,115	$ 40,338	$ 287,035	$ 262,903	$ 299,181
Income tax expense (benefit)	8,353	22,977	(143,264)	22,058	13,356
Fixed charges	227,155	221,219	182,107	179,516	213,455
Earnings	$ 243,623	$ 284,534	$ 325,878	$ 464,477	$ 525,992
Interest expense, net	156,762	146,112	105,152	98,399	123,682
Rent under leases representative of an interest factor	70,393	75,107	76,955	81,117	89,773
Preferred dividends	—	—	—	—	—
Fixed charges	$ 227,155	$ 221,219	$ 182,107	$ 179,516	$ 213,455
Ratio of earnings to fixed charges	1.1x	1.3x	1.8x	2.6x	2.5x

(1) The ratio of earnings to fixed charges is defined as earnings divided by fixed charges. For purposes of this ratio, earnings is defined as net income before income taxes and cumulative effect of a change in accounting principle and fixed charges. Fixed charges is defined as the sum of interest expenses, preferred stock dividends and the component of rental expense that we believe to be representative of the interest factor for those amounts.

Exhibit 21(a)

SUBSIDIARIES OF LAMAR ADVERTISING

Exact Name of Entity as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization
Lamar Media Corp.	Delaware
Arizona Logos, L.L.C.	Arizona
Canadian TODS Limited	Nova Scotia, Canada
Colorado Logos, Inc.	Colorado
Delaware Logos, L.L.C.	Delaware
Florida Logos, Inc.	Florida
Georgia Logos, L.L.C.	Georgia
Interstate Logos, L.L.C.	Louisiana
Kansas Logos, Inc.	Kansas
Kentucky Logos, LLC	Kentucky
Lamar Advantage GP Company, LLC	Delaware
Lamar Advantage Holding Company	Delaware
Lamar Advantage LP Company, LLC	Delaware
Lamar Advantage Outdoor Company, L.P.	Delaware
Lamar Advertising of Colorado Springs, L.L.C.	Colorado
Lamar Advertising of Louisiana, L.L.C.	Louisiana
Lamar Advertising of Michigan, Inc.	Michigan
Lamar Advertising of Penn, LLC	Delaware
Lamar Advertising of Puerto Rico, Inc.	Puerto Rico
Lamar Advertising of South Dakota, L.L.C.	South Dakota
Lamar Advertising of Youngstown, Inc.	Delaware
Lamar Advertising Southwest, Inc.	Nevada
Lamar Air, L.L.C.	Louisiana
Lamar Alliance Airport Advertising Company	Nevada
Lamar Canadian Outdoor Company	Ontario, Canada
Lamar Central Outdoor, LLC	Delaware
Lamar Electrical, Inc.	Louisiana
Lamar Florida, L.L.C.	Florida
Lamar Investments, LLC	Delaware
Lamar Obie Company, LLC	Delaware
Lamar OCI North, L.L.C.	Delaware
Lamar OCI South Corporation	Mississippi
Lamar Ohio Outdoor Holding Corp.	Ohio
Lamar Pensacola Transit, Inc.	Florida
Lamar Tennessee, L.L.C.	Tennessee
Lamar Service Company, LLC	Delaware
Lamar Transit, LLC	Delaware
Lamar Texas Limited Partnership	Texas
Lamar Transit Advertising Canada Ltd.	British Columbia, Canada
Lamar TRS Holdings, LLC	Delaware
Louisiana Interstate Logos, L.L.C.	Louisiana
Maine Logos, L.L.C.	Maine
Michigan Logos, Inc.	Michigan
Minnesota Logos, Inc.	Minnesota
Mississippi Logos, L.L.C.	Mississippi
Missouri Logos, LLC	Missouri
Montana Logos, L.L.C.	Montana
Nebraska Logos, Inc.	Nebraska
Nevada Logos, Inc.	Nevada
New Jersey Logos, L.L.C.	New Jersey
New Mexico Logos, Inc.	New Mexico
Ohio Logos, Inc.	Ohio
Oklahoma Logos, L.L.C.	Oklahoma
Outdoor Marketing Systems, L.L.C.	Pennsylvania

Exact Name of Entity as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization
Outdoor Promotions West, LLC	Delaware
QMC Transit, Inc.	Puerto Rico
South Carolina Logos, Inc.	South Carolina
Tennessee Logos, Inc.	Tennessee
The Lamar Company, L.L.C.	Louisiana
TLC Farms, L.L.C.	Louisiana
TLC Properties II, LLC	Texas
TLC Properties, Inc.	Louisiana
TLC Properties, L.L.C.	Louisiana
Triumph Outdoor Holdings, LLC	Delaware
Triumph Outdoor Rhode Island, LLC	Delaware
Utah Logos, Inc.	Utah
Virginia Logos, LLC	Virginia
Washington Logos, L.L.C.	Washington
Wisconsin Logos, L.L.C.	Wisconsin

Exhibit 23(a)

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Lamar Advertising Company:

We consent to the incorporation by reference in the registration statement Nos. 333-89034, 333-37858, 333-116008, 333-160943, 333-160945, 333-182365, 333-190603, 333-190604 and 333-206483 on Form S-8 of Lamar Advertising Company of (a) our reports dated February 23, 2017 with respect to the consolidated balance sheets of Lamar Advertising Company and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016 and the related financial statement schedules, and the effectiveness of internal control over financial reporting as of December 31, 2016, and (b) our reports dated February 23, 2017 with respect to the consolidated balance sheets of Lamar Media Corp. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, stockholder's equity, and cash flows for each of the years in the three-year period ended December 31, 2016 and the related financial statement schedules, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 annual report on Form 10-K of Lamar Advertising Company. Our reports on the consolidated financial statements refer to a change in the method of accounting for business combinations.

Baton Rouge, Louisiana
February 23, 2017

/s/ KPMG LLP
KPMG LLP

Exhibit 31(a)

CERTIFICATION

I, Sean E. Reilly, certify that:

1. I have reviewed this combined annual report on Form 10-K 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: February 23, 2017

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

Exhibit 31(b)

CERTIFICATION

I, Keith A. Istre, certify that:

1. I have reviewed this combined annual report on Form 10-K 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: February 23, 2017

/s/ Keith A. Istre

Keith A. Istre
Chief Financial Officer, Lamar Advertising Company
Chief Financial Officer, Lamar Media Corp.

Exhibit 32(a)

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 Annual Report on Form 10-K of Lamar Advertising and Lamar Media for the year ended December 31, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in that combined Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Lamar Advertising and Lamar Media.

Dated: February 23, 2017

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

Dated: February 23, 2017

By: /s/ Keith A. Istre
Keith A. Istre
Chief Financial Officer, Lamar Advertising Company
Chief Financial Officer, Lamar Media Corp.