

The balances of deferred contract costs included in our consolidated balance sheets were as follows:

(dollars in millions)	At December 31, 2019	At December 31, 2018
<b>Assets</b>		
Prepaid expenses and other	\$ 2,578	\$ 2,083
Other assets	1,911	1,812
<b>Total</b>	<b>\$ 4,489</b>	<b>\$ 3,895</b>

For the years ended December 31, 2019 and 2018, we recognized expense of \$2.7 billion and \$2.0 billion, respectively, associated with the amortization of deferred contract costs, primarily within Selling, general and administrative expense in our consolidated statements of income.

We assess our deferred contract costs for impairment on a quarterly basis. We recognize an impairment charge to the extent the carrying amount of a deferred cost exceeds the remaining amount of consideration we expect to receive in exchange for the goods and services related to the cost, less the expected costs related directly to providing those goods and services that have not yet been recognized as expenses. There have been no impairment charges recognized for the years ended December 31, 2019 and 2018.

## Note 3. Acquisitions and Divestitures

### Spectrum License Transactions

Since 2017, we have entered into or completed several strategic spectrum transactions including:

- During the fourth quarter of 2016, we entered into a license exchange agreement with affiliates of AT&T Inc. (AT&T) to exchange certain Advanced Wireless Services (AWS) and Personal Communication Services (PCS) spectrum licenses. This non-cash exchange was completed in February 2017. As a result, we received \$1.0 billion of AWS and PCS spectrum licenses at fair value and recorded a pre-tax gain of \$126 million in Selling, general and administrative expense in our consolidated statement of income for the year ended December 31, 2017.
- During the first quarter of 2017, we entered into a license exchange agreement with affiliates of Sprint Corporation to exchange certain PCS spectrum licenses. This non-cash exchange was completed in May 2017. As a result, we received \$132 million of PCS spectrum licenses at fair value and recorded an insignificant gain in Selling, general and administrative expense in our consolidated statement of income for the year ended December 31, 2017.
- During the third quarter of 2017, we entered into a license exchange agreement with affiliates of T-Mobile USA Inc. to exchange certain AWS and PCS spectrum licenses. This non-cash exchange was completed in December 2017. As a result, we received \$414 million of AWS and PCS spectrum licenses at fair value and recorded a pre-tax gain of \$143 million in Selling, general and administrative expense in our consolidated statement of income for the year ended December 31, 2017.
- During 2018, we entered into and completed various wireless license transactions, including the purchase of Straight Path Communications Inc. (Straight Path) and NextLink Wireless LLC (NextLink).
- During 2019, the FCC completed two millimeter wave spectrum license auctions. Verizon participated in these auctions and was the high bidder on 9 and 1,066 licenses, respectively, in the 24 Gigahertz (GHz) and 28 GHz bands. We submitted an application to the FCC and paid cash of approximately \$521 million for the licenses. We received the licenses during the fourth quarter of 2019.
- During 2019, we entered into and completed various other wireless license acquisitions for an insignificant amount of cash consideration.

In December 2019, the FCC incentive auction for spectrum licenses in the upper 37 GHz, 39 GHz, and 47 GHz bands commenced. As an incumbent licensee, Verizon received vouchers related to our existing 39 GHz licenses. These vouchers can be converted into cash, the amount of which will not be known until the conclusion of the auction, or applied toward the purchase price of spectrum in the auction. At the conclusion of the auction, all existing licenses will be cancelled and new reconfigured licenses or cash will be distributed depending on the results of the auction. Due to the FCC's rules restricting communications regarding the auction, we will not disclose our financial plans for the auction during the quiet period for this auction unless legally required. In addition, as of this time, until the completion of the auction process, we cannot determine the resulting financial outcome, including a potential gain or loss. Such gain or loss, if any, may be material.

### Acquisition of AOL Inc.

In May 2015, we entered into an Agreement and Plan of Merger with AOL Inc. (AOL) pursuant to which we commenced a tender offer to acquire all of the outstanding shares of common stock of AOL at a price of \$50.00 per share, net to the seller in cash, without interest and less any applicable withholding taxes.

On June 23, 2015, we completed the tender offer and merger, and AOL became a wholly-owned subsidiary of Verizon. The aggregate cash consideration paid by Verizon at the closing of these transactions was approximately \$3.8 billion. Holders of