

**HC2 HOLDINGS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

***Indefinite-lived Intangible Assets***

The carrying amount of indefinite-lived intangible assets were as follows (in millions):

	December 31,	
	2019	2018
FCC licenses	\$ 136.2	\$ 120.6
State licenses	2.5	2.5
Total	\$ 138.7	\$ 123.1

The Broadcasting segment strategically acquires assets across the United States, which results in the recording of FCC licenses. Providing the Company acts within the requirements and constraints of the regulatory authorities, the renewal and extension of these licenses is reasonably certain at minimal costs. Accordingly, we have concluded that the acquired FCC licenses are indefinite-lived intangible assets.

In 2019, FCC licenses increased \$15.6 million, \$18.2 million of which was through acquisitions, offset by \$2.3 million of impairments and \$0.3 million loss on the sale of licenses. Our Broadcasting segment recorded the impairment as a result of its decision to forfeit FCC licenses in certain lower-ranked markets, and does not expect any significant changes to future cash flows as a result of these forfeitures. The Company reports intangible impairment charges within the Asset impairment expense line of our Consolidated Statements of Operations.

***Definite Lived Intangible Assets***

The gross carrying amount and accumulated amortization of amortizable intangible assets by major intangible asset class were as follows (in millions):

	Weighted-Average Original Useful Life	December 31, 2019			December 31, 2018		
		Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trade names	13 Years	\$ 26.0	\$ (7.9)	\$ 18.1	\$ 25.9	\$ (5.9)	\$ 20.0
Customer relationships	10 Years	56.0	(15.7)	40.3	53.6	(7.2)	46.4
Channel sharing arrangements	40 Years	27.2	(0.9)	26.3	25.2	—	25.2
Developed technology	4 Years	1.2	(1.2)	—	1.2	(1.2)	—
Other	7 Years	5.5	(1.9)	3.6	5.5	(1.0)	4.5
Total		\$ 115.9	\$ (27.6)	\$ 88.3	\$ 111.4	\$ (15.3)	\$ 96.1

Amortization expense for definite lived intangible assets was \$12.3 million and \$4.9 million for the years ended December 31, 2019 and 2018, respectively, and was included in Depreciation and amortization in our Consolidated Statements of Operations.

***VOBA***

VOBA is amortized in relation to the projected future premium of the acquired long-term care blocks of business and recorded amortization increases net income for the respective period. Negative amortization of VOBA was \$23.5 million and \$12.8 million for the years ended December 31, 2019 and 2018, respectively,

***Amortization***

Excluding the impact of any future acquisitions, dispositions or change in foreign currency, the Company estimates the annual amortization expense of amortizable intangible assets for the next five fiscal years will be as follows (in millions):

	Estimated Amortization	
	Definite Lived Intangible Assets	Negative VOBA
2020	\$ 8.6	\$ (20.8)
2021	8.3	(19.6)
2022	8.2	(18.4)
2023	8.0	(17.1)
2024	7.5	(15.9)
Thereafter	47.7	(129.2)
Total	\$ 88.3	\$ (221.0)