CENTURYLINK, INC
Form 10-Q
November 07, 2011

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

FORM 10-Q

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

For the quarterly period ended September 30, 2011

or

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

For the transition period from to
Commission File No. 1-7784

CENTURYLINK, INC.

(Exact name of registrant as specified in its charter)

Louisiana	**72-0651161**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
100 CenturyLink Drive, Monroe, Louisiana	**71203**
(Address of principal executive offices)	**(Zip Code)**

(318) 388-9000

(Registrant's telephone number, including area code)

Indicate by check mark whether the 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 ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

As of October 27, 2011, there were 617,606,030 shares of common stock outstanding.

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CenturyLink, Inc.

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* All references to "Notes" in this quarterly report refer to these Notes to Consolidated Financial Statements.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

CenturyLink, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2011	**2010**	**2011**	**2010**
	(Dollars in millions, except per share amounts, and shares in thousands)			
OPERATING REVENUES	$ 4,596	1,748	10,698	5,320
OPERATING EXPENSES				
Cost of services and products (exclusive of depreciation and amortization)	1,950	641	4,357	1,912
Selling, general and administrative	870	243	2,075	765
Depreciation and amortization	1,225	358	2,771	1,069
Total operating expenses	4,045	1,242	9,203	3,746
OPERATING INCOME	551	506	1,495	1,574
OTHER INCOME (EXPENSE)				
Interest expense	(324)	(138)	(732)	(416)
Other income (expense), net	7	4	(4)	14
Total other income (expense)	(317)	(134)	(736)	(402)
INCOME BEFORE INCOME TAX EXPENSE	234	372	759	1,172
Income tax expense	94	140	293	449
NET INCOME	$ 140	232	466	723
EARNINGS PER COMMON SHARE				
BASIC	$ 0.23	0.76	0.92	2.40
DILUTED	$ 0.23	0.76	0.92	2.39
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.725	0.725	2.175	2.175
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				

BASIC	612,277	300,702	504,919	300,058
DILUTED	613,686	301,386	506,063	300,663

See accompanying notes to consolidated financial statements.

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CenturyLink, Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

		Three months ended September 30,		Nine months ended September 30,	
		2011	2010	2011	2010
		(Dollars in millions)			
NET INCOME	$	140	232	466	723
OTHER COMPREHENSIVE (LOSS) INCOME:					
Defined benefit pension and postretirement plans, net of $1, $2, $4 and $(11) tax		2	2	6	(4)
Loss on interest rate cash flow hedges, net of reclassifications to net income, net of $, $, $(2) and $ tax				(4)	
Auction rate securities marked to market, net of $(2), $, $(2) and $ tax		(4)		(4)	
Foreign currency translation adjustment		(15)		(15)	
Other comprehensive (loss) income		(17)	2	(17)	(4)
COMPREHENSIVE INCOME	$	123	234	449	719

See accompanying notes to consolidated financial statements.

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CenturyLink, Inc.

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

		September 30, 2011	December 31, 2010
		(Dollars in millions and shares in thousands)	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$	1,123	173
Accounts receivable, less allowance of $114 and $60		1,998	713
Income tax receivable		57	102
Deferred income tax asset		252	81
Other		378	74
Total current assets		3,808	1,143
NET PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment		28,606	16,329
Accumulated depreciation		(9,316)	(7,575)
Net property, plant and equipment		19,290	8,754
GOODWILL AND OTHER ASSETS			
Goodwill		21,702	10,261
Customer relationships, net		8,651	930
Other intangible assets, net		2,452	622
Other		832	328
Total goodwill and other assets		33,637	12,141
TOTAL ASSETS	$	56,735	22,038
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Current maturities of long-term debt	$	1,034	12
Accounts payable		1,360	300
Accrued expenses and other liabilities			
Salaries and benefits		697	159
Income and other taxes		453	124
Interest		390	104
Other		252	122
Advance billings and customer deposits		551	190
Total current liabilities		4,737	1,011
LONG-TERM DEBT		21,142	7,316
DEFERRED CREDITS AND OTHER LIABILITIES			
Deferred income taxes		3,516	2,369
Benefit plan obligations, net		3,983	1,306
Other		1,381	389
Total deferred credits and other liabilities		8,880	4,064

COMMITMENTS AND CONTINGENCIES (Note 12)			
STOCKHOLDERS' EQUITY			
Preferred stock non-redeemable, $25.00 par value, authorized 2,000 shares, issued and outstanding 9 and 9 shares			
Common stock, $1.00 par value, authorized 800,000 shares, issued and outstanding 617,427 and 304,948 shares		617	305
Additional paid-in capital		18,854	6,181
Accumulated other comprehensive loss		(158)	(141)
Retained earnings		2,663	3,302
Total stockholders' equity		21,976	9,647
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	56,735	22,038

See accompanying notes to consolidated financial statements.

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CenturyLink, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
	(Dollars in millions)	
OPERATING ACTIVITIES		
Net income	$ 466	723
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,771	1,069
Deferred income taxes	298	19
Provision for uncollectible accounts	94	67
Changes in current assets and current liabilities:		
Accounts receivable	(66)	(131)
Accounts payable	(14)	(102)
Accrued income and other taxes	80	95
Other current assets and other current liabilities, net	43	(7)
Retirement benefits	(170)	(261)
Changes in other noncurrent assets and liabilities	21	(12)
Other, net	(50)	21
Net cash provided by operating activities	3,473	1,481
INVESTING ACTIVITIES		
Payments for property, plant and equipment and capitalized software	(1,511)	(600)
Cash paid for Savvis acquisition, net of $94 cash acquired	(1,671)	
Cash acquired in Qwest acquisition, net of $5 cash paid	419	
Other, net	14	2
Net cash used in investing activities	(2,749)	(598)
FINANCING ACTIVITIES		
Net proceeds from issuance of long-term debt	3,159	
Payments of long-term debt	(1,442)	(14)
Net payments on credit facility	(365)	(181)
Dividends paid	(1,105)	(658)
Net proceeds from issuance of common stock	79	54
Repurchase of common stock	(31)	(14)
Other, net	(54)	11
Net cash provided by (used in) financing activities	241	(802)
Effect of exchange rate changes on cash and cash equivalents	(15)	
Net increase in cash and cash equivalents	950	81
Cash and cash equivalents at beginning of period	173	162

Cash and cash equivalents at end of period	$	1,123	243
Supplemental cash flow information:			
Income taxes refunded (paid), net	$	100	(398)
Interest paid (net of capitalized interest of $17 and $10)	$	760	345

See accompanying notes to consolidated financial statements.

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CenturyLink, Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
	(Dollars in millions)	
COMMON STOCK		
Balance at beginning of period	$ 305	299
Issuance of common stock to acquire Qwest, including shares issued in connection with share-based compensation awards	294	
Issuance of common stock to acquire Savvis, including shares issued in connection with share-based compensation awards	14	
Issuance of common stock through dividend reinvestment, incentive and benefit plans	5	4
Shares withheld to satisfy tax withholdings	(1)	
Balance at end of period	617	303
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of period	6,181	6,020
Issuance of common stock to acquire Qwest, including assumption of share-based compensation awards	11,974	
Issuance of common stock to acquire Savvis, including assumption of share-based compensation awards	599	
Issuance of common stock through dividend reinvestment, incentive and benefit plans	74	51
Shares withheld to satisfy tax withholdings	(30)	(14)
Share-based compensation and other, net	56	37
Balance at end of period	18,854	6,094
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance at beginning of period	(141)	(85)
Other comprehensive loss	(17)	(4)
Balance at end of period	(158)	(89)
RETAINED EARNINGS		
Balance at beginning of period	3,302	3,233
Net income	466	723
Dividends declared	(1,105)	(658)
Balance at end of period	2,663	3,298
TOTAL STOCKHOLDERS' EQUITY	$ 21,976	9,606

See accompanying notes to consolidated financial statements.

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CenturyLink, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(UNAUDITED)

Unless the context requires otherwise, references in this report to "CenturyLink," "we," "us," or "our" refer to CenturyLink, Inc. and its consolidated subsidiaries, including Qwest Communications International Inc. and its consolidated subsidiaries (referred to as "Qwest") for periods on or after April 1, 2011 and including SAVVIS, Inc. and its consolidated subsidiaries (referred to as "Savvis") for periods on or after July 15, 2011.

(1) Basis of Presentation

Our consolidated balance sheet as of December 31, 2010, which was derived from our audited financial statements, and our unaudited interim consolidated financial statements provided herein have been prepared in accordance with the instructions for Form 10-Q. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, in our opinion, the disclosures made are adequate to make the information presented not misleading. We believe that these consolidated financial statements include all normal recurring adjustments necessary to fairly present the results for the interim periods. The results of operations for the first nine months of the year are not indicative of the results of operations that might be expected for the entire year. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Our consolidated financial statements for the three and nine months ended September 30, 2011 and 2010 reflect changes in the way we present the effects of noncontrolling interests in certain of our subsidiaries. To simplify the overall presentation of our financial statements, we no longer display immaterial amounts attributable to noncontrolling interests as separate items. In our revised presentation we report: (i) income attributable to noncontrolling interests in other income (expense), net, (ii) equity attributable to noncontrolling interests in additional paid-in capital and (iii) cash flows attributable to noncontrolling interests in other financing activities. As a result of this change, the amounts we now report as net income correspond to amounts that we previously reported as net income attributable to CenturyLink, Inc. This presentation change had no effect on earnings per common share, total equity or the classification of our cash flows.

During the second quarter of 2011, we changed the definitions we use to classify expenses as cost of services and products and selling, general and administrative, and as a result, we reclassified previously reported amounts to conform to the current period presentation. These revisions resulted in the reclassification of $36 million and $98 million from selling, general and administrative to cost of services and products for the three and nine months ended September 30, 2010, respectively. Our current definitions are as follows:

> *Cost of services and products (exclusive of depreciation and amortization)* are expenses incurred in providing products and services to our customers. These expenses include: employee-related expenses directly attributable to operating and maintaining our network (such as salaries, wages, benefits and professional fees); facilities expenses (which are third-party telecommunications expenses we incur for using other carriers' networks to provide services to our customers); rents and utilities expenses; equipment sales expenses (such as data integration and modem expenses); costs for universal service funds ("USF") (which are federal and state funds that are established to promote the availability of telecommunications services to all consumers at reasonable and

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affordable rates, among other things, and to which we are often required to contribute); and other expenses directly related to our network and hosting operations.

Selling, general and administrative expenses are expenses incurred in selling products and services to our customers, corporate overhead and other operating expenses. These expenses include: employee-related expenses (such as salaries, wages, internal commissions, benefits and professional fees) directly attributable to selling products or services and employee-related expenses for administrative functions; marketing and advertising; taxes (such as property and other taxes) and fees; external commissions; bad debt expense; and other selling, general and administrative expenses.

These expense classifications may not be comparable to those of other companies.

We also have reclassified certain other prior period amounts to conform to the current period presentation, including the categorization of our revenues and our segment reporting (see Note 11 Segment Information). These changes had no impact on total revenues, total operating expenses or net income for any period.

Recent Accounting Pronouncements.

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-08, *Intangible Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. This update simplifies the goodwill impairment assessment by allowing a company to first review qualitative factors to determine the likelihood of whether the fair value of a reporting unit is less than its carrying amount before applying the two-step goodwill impairment test. If it is determined that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, the company would not be required to perform the two-step goodwill impairment test for that reporting unit. This update is effective for interim and annual goodwill impairment tests performed for fiscal years beginning after December 15, 2011 with early adoption permitted. This ASU, which we adopted during the third quarter of 2011, did not have any impact on our consolidated financial statements.

In October 2009, the FASB issued ASU 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements.* This update requires the use of the relative selling price method when allocating revenue in these types of arrangements. This method requires a vendor to use its best estimate of selling price if neither vendor specific objective evidence nor third party evidence of selling price exists when evaluating multiple deliverable arrangements. This standard update was effective for us on January 1, 2011 and we have adopted it prospectively for revenue arrangements entered into or materially modified after January 1, 2011. This standard update has not had and will not have a material impact on our consolidated financial statements.

(2) Acquisitions

Acquisition of Savvis

On July 15, 2011, we acquired all outstanding common stock of Savvis, a provider of cloud hosting solutions, managed hosting, colocation and network services in domestic and foreign markets. We believe this acquisition enhances our ability to be an information technology partner with our existing business customers and strengthens our opportunities to attract new business customers in the future. Each outstanding share of Savvis common stock immediately prior to the acquisition converted into the right to receive $30 per share in cash and 0.2479 shares of CenturyLink common stock. We estimate that the aggregate consideration was $2.378 billion based on:

cash payments of $1.732 billion;

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- the 14.313 million shares of CenturyLink common stock issued to consummate the acquisition;
- the closing stock price of CenturyLink common stock as of July 14, 2011 of $38.54; and
- aggregate consideration of $94 million related to the pre-combination portion of certain assumed share-based compensation awards of which $33 million was paid in cash.

Upon closing of the acquisition, we also paid $547 million to retire certain pre-existing Savvis debt and accrued interest, and paid related transaction expenses totaling $15 million. The cash payments required on or about the closing date were funded using existing cash balances, which included the net proceeds from the June 2011 issuance of senior notes with an aggregate principal amount of $2.000 billion (See Note 4 Long-term Debt and Credit Facilities, for additional information about our senior notes).

We have recognized the assets and liabilities of Savvis based on our preliminary estimates of their acquisition date fair values. The determination of the fair values of the acquired assets and assumed liabilities (and the related determination of estimated lives of depreciable tangible and identifiable intangible assets) requires significant judgment. As such, we have not completed our valuation analysis and calculations in sufficient detail necessary to arrive at the final estimates of the fair market value of Savvis' assets acquired and liabilities assumed, along with the related allocations to goodwill and intangible assets. All information presented is preliminary and subject to revision pending the final fair market valuation analysis. We expect to complete our final fair value determinations no later than the second quarter of 2012. Our final fair value determinations may be significantly different than those reflected in our consolidated financial statements as of September 30, 2011.

Based on our preliminary estimate, the aggregate consideration exceeds the aggregate estimated fair value of the acquired assets and assumed liabilities by $1.306 billion, which amount has been recognized as goodwill. This goodwill is attributable to strategic benefits, including enhanced financial and operational scale and product and market diversification that we expect to realize. None of the goodwill associated with this acquisition is deductible for income tax purposes.

The following is our preliminary assignment of the aggregate consideration:

	July 15, 2011 (Dollars in millions)
Cash, accounts receivable and other current assets	$ 213
Property, plant and equipment	1,327
Identifiable intangible assets	
Customer relationships	768
Capitalized software	28
Other	127
Other noncurrent assets	15
Current liabilities, excluding current maturities of long-term debt	(126)
Current maturities of long-term debt	(38)
Long-term debt	(841)
Deferred credits and other liabilities	(401)
Goodwill	1,306
Aggregate consideration	$ 2,378

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Acquisition of Qwest

On April 1, 2011, we acquired all of the outstanding common stock of Qwest, a provider of data, Internet, video and voice services nationwide and globally. We entered into this acquisition, among other things, to realize certain strategic benefits, including enhanced financial and operational scale, market diversification and leveraged combined networks. Each outstanding share of Qwest common stock immediately prior to the acquisition converted into the right to receive 0.1664 shares of CenturyLink common stock, with cash paid in lieu of fractional shares. We estimate that the aggregate consideration was $12.273 billion based on:

- the 294 million shares of CenturyLink common stock issued to consummate the acquisition;
- the closing stock price of CenturyLink common stock as of March 31, 2011 of $41.55;
- the estimated net value of the pre-combination portion of share-based compensation awards assumed by CenturyLink of $52 million (excluding the value of restricted stock included in the number of issued shares specified above); and
- cash paid in lieu of the issuance of fractional shares of $5 million.

We have recognized the assets and liabilities of Qwest based on our preliminary estimates of their acquisition date fair values. The determination of the fair values of the acquired assets and assumed liabilities (and the related determination of estimated lives of depreciable tangible and identifiable intangible assets) requires significant judgment. As such, we have not completed our valuation analysis and calculations in sufficient detail necessary to arrive at the final estimates of the fair market value of Qwest's assets acquired and liabilities assumed, along with the related allocations to goodwill and intangible assets. As such, all information presented is preliminary and subject to revision pending the final fair market valuation analysis. We expect to complete our final fair value determinations no later than the first quarter of 2012. Our final fair value determinations may be significantly different than those reflected in our consolidated financial statements as of September 30, 2011.

Based on our preliminary estimate, the aggregate consideration exceeds the aggregate estimated fair value of the acquired assets and assumed liabilities by $10.135 billion, which amount has been recognized as goodwill. This goodwill is attributable to strategic benefits, including enhanced financial and operational scale, market diversification and leveraged combined networks that we expect to realize. None of the goodwill associated with this acquisition is deductible for income tax purposes.

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The following is our preliminary assignment of the aggregate consideration:

	April 1, 2011 (Dollars in millions)
Cash, accounts receivable and other current assets	$ 2,124
Property, plant and equipment	9,525
Identifiable intangible assets	
Customer relationships	7,625
Capitalized software	1,702
Other	187
Other noncurrent assets	374
Current liabilities, excluding current maturities of long-term debt	(2,424)
Current maturities of long-term debt	(2,422)
Long-term debt	(10,253)
Deferred credits and other liabilities	(4,300)
Goodwill	10,135
Aggregate consideration	$ 12,273

We retrospectively adjusted our previously reported preliminary assignment of the aggregate Qwest consideration for changes to our original estimates of the fair value of certain items at the acquisition date. These changes are the result of additional information obtained since the filing of our Form 10-Q for the quarter ended June 30, 2011. Identifiable intangible assets other decreased $179 million due to a decreased tradename valuation and accounts receivable and other current assets increased by $88 million primarily due to a change in deferred income taxes and an insurance reimbursement related to a litigation settlement. Deferred credits and other liabilities increased by $40 million primarily from a change in deferred income taxes and a revision to our pension and post retirement asset valuation. Goodwill increased by $130 million as an offset to the above mentioned changes.

Combined Operating Results

For the three and nine months ended September 30, 2011, CenturyLink's results of operations included operating revenues (net of intercompany eliminations) attributable to Qwest of $2.731 billion and $5.476 billion, respectively, and Savvis of $223 million for both periods. The addition of Qwest and Savvis post-acquisition operations did not contribute significantly to our consolidated net income.

The following unaudited pro forma financial information presents the combined results of CenturyLink, Qwest and Savvis as if these acquisitions had been consummated as of January 1, 2010.

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
	(Dollars in millions)			
Operating revenues	$ 4,633	4,857	14,039	14,624
Net income (loss)	$ 134	(16)	492	373
Basic earnings (loss) per common share	$ 0.22	(0.03)	0.80	0.61
Diluted earnings (loss) per common share	$ 0.22	(0.03)	0.80	0.61

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This pro forma information reflects certain adjustments to previously reported operating results, primarily:

decreased operating revenues and expenses due to the elimination of deferred revenues and deferred expenses associated with installation activities and capacity leases that were assigned no value at acquisition and the elimination of transactions among CenturyLink, Qwest and Savvis that are now subject to elimination;

increased amortization expense related to identifiable intangible assets, net of decreased depreciation expense to reflect the fair value of property, plant and equipment;

decreased recognition of retiree benefit expenses for Qwest due to the elimination of unrecognized actuarial losses;

decreased interest expense primarily due to the amortization of an adjustment to reflect the fair value of long-term debt; and

the related income tax effects.

The pro forma information does not necessarily reflect the actual results of operations had the acquisition been consummated at January 1, 2010, nor is it necessarily indicative of future operating results. The pro forma information does not give effect to any potential revenue enhancements, cost synergies or other operating efficiencies that could result from the acquisitions (other than those realized after the respective Qwest and Savvis acquisition dates).

As of September 30, 2011, we had incurred cumulative acquisition related expenses, consisting primarily of investment banking and legal fees, of $76 million for Qwest and $17 million for Savvis. These amounts (which exclude integration expenses) have been included in our selling, general and administrative expenses over the past two years. The total amount of these expenses recognized by CenturyLink for the three and nine months ended September 30, 2011 and 2010 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	**2010**	**2011**	**2010**
	(Dollars in millions)			
Qwest acquisition related expenses	$ 1	3	59	13
Savvis acquisition related expenses	$ 17		17	

In addition to these expenses Qwest incurred cumulative pre-acquisition related expenses of $71 million, including $36 million in periods prior to being acquired and $35 million on the date of acquisition. Also, Savvis incurred cumulative pre-acquisition related expenses of $22 million, including $3 million in periods prior to being acquired and $19 million on the date of acquisition. These amounts were not included in our results of operations.

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(3) Goodwill, Customer Relationships and Other Intangible Assets

Goodwill, customer relationships and other intangible assets as of September 30, 2011 and December 31, 2010 consisted of the following:

		September 30, 2011	December 31, 2010
		(Dollars in millions)	
Goodwill	$	21,702	10,261
Customer relationships, less accumulated amortization of $1,021 and $349	$	8,651	930
Other intangible assets			
Capitalized software, less accumulated amortization of $318 and $79	$	1,724	164
Other intangible assets subject to amortization, less accumulated amortization of $47 and $3		183	40
Indefinite-life intangible assets		545	418
Total other intangible assets, net	$	2,452	622

At September 30, 2011, the net carrying amounts of goodwill, customer relationships and other intangible assets included preliminary estimates of $11.441 billion, $7.860 billion and $1.841 billion, respectively, as a result of our acquisitions of Qwest and Savvis. We expect to complete the final determination of these estimates and related estimated lives for amortizable intangible assets no later than the second quarter of 2012 for Savvis and the first quarter of 2012 for Qwest.

Total amortization expense for intangible assets for the three and nine months ended September 30, 2011 was $437 million and $962 million, respectively. These amounts included $16 million related to the Savvis acquisition for both periods, and $395 million and $795 million related to the Qwest acquisition for the respective periods. We amortize customer relationships primarily over an estimated life of 10 years, using either the sum-of-the-years-digits or straight-line methods, depending on the type of customer. We amortize capitalized software from the Qwest acquisition using the straight-line method over estimated lives ranging up to seven years and amortize other Qwest intangible assets predominantly using the sum-of-the-years digits method over an estimated life of four years.

We estimate that total amortization expense for intangible assets for the three months ending December 31, 2011 and for the years ending December 31, 2012 through 2015 will be as follows: