

NOTE 14 — RESTRUCTURING CHARGES

Phone Hardware Integration

In July 2014, we announced a restructuring plan to simplify our organization and align NDS with our company's overall strategy (the "Phone Hardware Integration Plan"). Pursuant to the Phone Hardware Integration Plan, we eliminated approximately 19,000 positions in fiscal year 2015, including approximately 13,000 professional and factory positions related to the NDS business. The actions associated with the Phone Hardware Integration Plan were completed as of June 30, 2015.

In connection with the Phone Hardware Integration Plan, we incurred total restructuring charges of \$1.3 billion, including severance expenses and other reorganization costs, primarily associated with our facilities consolidation and write-downs of certain assets. All restructuring charges incurred under the Phone Hardware Integration Plan were recognized in fiscal year 2015.

Phone Hardware Restructuring

In June 2015, management approved a plan to restructure our phone business to better focus and align resources (the "Phone Hardware Restructuring Plan"), under which we eliminated approximately 7,400 positions in fiscal year 2016.

In fiscal year 2015, we incurred restructuring charges of \$780 million under the Phone Hardware Restructuring Plan, including severance expenses and other reorganization costs. In fiscal year 2016, we reversed \$21 million of previously estimated restructuring charges related to contract termination costs. The actions associated with the Phone Hardware Restructuring Plan were substantially complete as of June 30, 2016, and are expected to be completed by the end of calendar year 2016.

2016 Restructuring

We periodically evaluate how to best deploy the company's resources. In the fourth quarter of 2016, management approved restructuring plans that would result in job eliminations, primarily across our smartphone hardware business and global sales. In addition to the elimination of 1,850 positions that were announced in May 2016, approximately 2,850 roles globally will be reduced during the year as an extension of the earlier plan, and these actions are expected to be completed by the end of fiscal year 2017.

In connection with the restructuring plans, we incurred restructuring charges of \$501 million in fiscal year 2016, including severance expenses and other reorganization costs. We do not expect to incur additional charges for these restructuring plans in subsequent years.

Restructuring charges associated with each of these plans were included in impairment, integration, and restructuring expenses on our consolidated income statement, and reflected in Corporate and Other in our table of operating income (loss) by segment in Note 21— Segment Information and Geographic Data.

Changes in the restructuring liability were as follows:

(In millions)	Severance	Other ^(a)	Total
Restructuring liability as of June 30, 2015	\$ 588	\$ 249	\$ 837
Restructuring charges	372	129	501
Reversal of prior year restructuring charges	0	(21)	(21)
Cash paid	(466)	(112)	(578)
Other	(24)	(6)	(30)
Restructuring liability as of June 30, 2016	<u>\$ 470</u>	<u>\$ 239</u>	<u>\$ 709</u>

(a) "Other" primarily reflects activities associated with the consolidation of our facilities and manufacturing operations, including contract termination costs and asset write-downs.