

#### *Fiscal year 2016 compared with fiscal year 2015*

General and administrative expenses decreased \$48 million or 1%, primarily due to a reduction in employee-related expenses, offset in part by increased investments in infrastructure supporting our business transformation. Expenses included a favorable foreign currency impact of approximately 2%.

#### IMPAIRMENT, INTEGRATION, AND RESTRUCTURING EXPENSES

Impairment, integration, and restructuring expenses include costs associated with the impairment of goodwill and intangible assets related to our phone business, employee severance expenses and costs associated with the consolidation of facilities and manufacturing operations related to restructuring activities, and systems consolidation and other business integration expenses associated with our acquisition of Nokia Corporation's Devices and Services business ("NDS").

#### *Fiscal year 2017 compared with fiscal year 2016*

Impairment, integration, and restructuring expenses were \$306 million for fiscal year 2017, compared to \$1.1 billion for fiscal year 2016.

During fiscal year 2017, we recorded \$306 million of employee severance expenses primarily related to our sales and marketing restructuring plan. During fiscal year 2016, we recorded \$630 million of asset impairment charges related to our phone business. We also recorded \$480 million of restructuring charges, including employee severance expenses and contract termination costs, primarily related to our previously announced phone business restructuring plans.

#### *Fiscal year 2016 compared with fiscal year 2015*

Impairment, integration, and restructuring expenses were \$1.1 billion for fiscal year 2016, compared to \$10.0 billion for fiscal year 2015.

During fiscal year 2015, we recognized impairment charges of \$7.5 billion related to our phone business. Our annual goodwill impairment test as of May 1, 2015 indicated that the carrying value of our previous Phone Hardware reporting unit goodwill exceeded its estimated fair value. Accordingly, we recorded a goodwill impairment charge of \$5.1 billion, reducing our Phone Hardware reporting unit goodwill from \$5.4 billion to \$116 million, net of foreign currency remeasurements, as well as an impairment charge of \$2.2 billion related to the write-down of our Phone Hardware reporting unit intangible assets. All remaining goodwill and intangible assets are included in our Devices reporting unit, within More Personal Computing under our current segment structure. Restructuring charges were \$2.1 billion, including employee severance expenses and the write-down of certain assets in connection with our restructuring activities. Integration expenses associated with the acquisition of NDS were \$435 million in fiscal year 2015.

#### OTHER INCOME (EXPENSE), NET

The components of other income (expense), net were as follows:

(In millions)

Year Ended June 30,	2017	2016	2015
Dividends and interest income	\$ 1,387	\$ 903	\$ 766
Interest expense	(2,222)	(1,243)	(781)
Net recognized gains on investments	2,583	668	716
Net losses on derivatives	(510)	(443)	(423)
Net gains (losses) on foreign currency remeasurements	(164)	(121)	335
Other	(251)	(195)	(267)
Total	<u>\$ 823</u>	<u>\$ (431)</u>	<u>\$ 346</u>