

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.

Fiscal year 2015 compared with fiscal year 2014

Impairment, integration, and restructuring expenses were \$10.0 billion for fiscal year 2015, compared to \$127 million for fiscal year 2014. Impairment, integration, and restructuring expenses for fiscal year 2015 are comprised mainly of impairment and restructuring charges of \$7.5 billion and \$2.1 billion, respectively, related to our phone business. Integration expenses increased \$308 million, due to a full-year of integration activities in fiscal year 2015 associated with the acquisition of NDS.

OTHER INCOME (EXPENSE), NET

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

(In millions)

Year Ended June 30,	2016	2015	2014
Dividends and interest income	\$ 903	\$ 766	\$ 883
Interest expense	(1,243)	(781)	(597)
Net recognized gains on investments	668	716	437
Net losses on derivatives	(443)	(423)	(328)
Net gains (losses) on foreign currency remeasurements	(121)	335	(165)
Other	(195)	(267)	(169)
Total	<u>\$ (431)</u>	<u>\$ 346</u>	<u>\$ 61</u>

We use derivative instruments to: manage risks related to foreign currencies, equity prices, interest rates, and credit; enhance investment returns; and facilitate portfolio diversification. Gains and losses from changes in fair values of derivatives that are not designated as hedges are primarily recognized in other income (expense), net. Other than those derivatives entered into for investment purposes, such as commodity contracts, the gains (losses) are generally economically offset by unrealized gains (losses) in the underlying available-for-sale securities and gains (losses) on certain balance sheet amounts from foreign exchange rate changes.

Fiscal year 2016 compared with fiscal year 2015

Dividends and interest income increased due to higher portfolio balances and slightly higher yields on fixed-income securities. Interest expense increased due to higher outstanding long-term debt. Net recognized gains on investments decreased primarily due to higher other-than-temporary impairments and lower gains on sales of fixed-income securities, offset in part by higher gains on sales of equity securities. Other-than-temporary impairments were \$322 million in fiscal year 2016, compared with \$183 million in fiscal year 2015. Net losses on derivatives increased due to higher losses on currency and equity contracts and lower gains on interest rate contracts in the current period as compared to the prior period, offset in part by lower losses on commodity contracts. For fiscal year 2016, other reflects recognized losses from divestitures and certain joint ventures.

Fiscal year 2015 compared with fiscal year 2014

Dividends and interest income decreased due to lower yields on fixed-income securities, offset in part by higher portfolio balances. Interest expense increased due to higher outstanding long-term debt. Net recognized gains on