



April 12, 2013

Nick Champion
Chairman
Standing Committee on Infrastructure and Communications
Parliament of Australia - House of Representatives
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Mr. Champion,

With regard to Apple's appearance at the Committee's Hearing on ICT Pricing of 22 March 2013, we wish to clarify some of the statements made in respect of taxation, particularly on Apple Pty Ltd's relationship with the Australian Taxation Office (ATO) concerning the transfer pricing between Apple Pty Ltd and its overseas affiliates.

Apple Pty Ltd purchases its hardware and software products predominantly from its affiliates overseas at an arm's length price, resulting in profits commensurate with the value of Apple Pty Ltd's sales and marketing efforts undertaken in Australia.

The arm's length transfer pricing method used by Apple Pty Ltd has been formally confirmed and agreed by the ATO by way of an Advanced Pricing Agreement ("APA"). Apple Pty Ltd has been in the ATO's APA program for at least the 10 years to FY2011, and is in the process of renewal for subsequent years.

Apple Pty Ltd has therefore computed its Australian profits, taxable income and corporate income tax through FY12 based on the APA with the ATO.

Sincerely,

Tony King
Vice President
Australia, New Zealand & South East Asia
Apple Pty Ltd