

# EXHIBIT 5

# Statesman

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## In Austin, Apple quietly booming, transforming tech sector's culture

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It might be one of the best-kept secrets of Austin's technology sector: Apple Inc., the world's largest consumer electronics company, is in the middle of explosive growth here in Central Texas.

Along a winding road off Research Boulevard in Northwest Austin, Apple has quietly transformed 38 acres of wooded land into its second-largest operation in the world.

When the California-based technology giant completes the campus in 2016, it will include seven limestone-and-glass office buildings with a combined 1.1 million square feet of space with restaurants, smoothie and coffee bars along with a full-scale gym with two saunas and a spa-like wellness center with services including medical, dental and eye care, acupuncture and massage.

Apple's investment in Austin is a significant statement for the Central Texas technology sector, local tech experts say — in part because it expands Apple's Silicon Valley culture across the Austin ecosystem.

"When Apple puts its stamp of approval on Austin like this, people notice," said Mark McClain, CEO of Austin software maker SailPoint and chairman of the Austin Technology Council. "We want to be recognized as a great place to build a tech company, and this sends the message that we have the ingredients.

As Apple pushes full speed ahead to finish out construction on its new Austin site, it is doing the same with hiring.

Apple is in line to receive \$35 million in tax incentives from the city, county and state for its Austin expansion. The company says it has already created more than 5,000 jobs in Austin, including 600 in the past year. It currently has hundreds of

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open positions here, both for jobs at the new campus and at other locations.

“Apple is the most successful high-tech company on the planet right now, and they’re choosing Austin,” said tech analyst Patrick Moorhead of Moor Insights & Strategy. “The reason Apple picked Austin is that, by comparison to a lot of other cities, it offers a very educated workforce, it has a deep pool of high-tech talent, and it’s a draw for many employees around the country. Especially when you’re trying to attract millennials, Austin is a really good place to be.”

Under the terms of the 2012 incentives package, Apple agreed to create more than 3,600 new full-time jobs in Austin while retaining at least 3,100 existing full-time jobs. The company says it is well ahead of hiring projections, and, if Apple reaches those hiring figures, it would make it the second-largest technology employer in Central Texas behind Dell Inc., which has about 14,000 local workers.

The company also agreed to spend \$282 million on new buildings and equipment in Austin over the next decade. Apple’s new campus, at West Parmer Lane and Delcour Drive, is responsible for running the company’s business operations for the entire Western Hemisphere.

The first four buildings on the campus have opened, and, by the time all seven are completed by late next year, the site will house thousands of workers needed to support Apple’s continued growth. The average wage for those new jobs will be \$54,000 a year in the first year of the expansion and will grow to \$73,500 in year 10.

The ripple effects will be felt all across Austin’s technology industry, McClain said.

“Some people will come to work for Apple and get the entrepreneurial bug and go start a company. Others will eventually leave to join local tech companies that need their expertise,” McClain said. “It will help create a new wave of talent.”

### **‘Critical to Apple’s success’**

Apple is seeking a wide range of skills at its new campus, including finance, human resources, corporate sales, customer support, information systems and accounting. Some of the openings target workers who are fluent in Spanish or

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Portuguese, which is critical for working with the company's sizable business in Latin America. The company also is hiring in software and hardware engineering.

But the new campus is just part of Apple's ambitious growth plans for Austin.

In March, Apple bought the nearby Riata Crossing complex, which has four office buildings with 350,000 square feet of space that the company had been leasing. Apple paid about \$84 million for the complex, according to commercial real estate sources.

In April, Apple signed a lease for the entire 216,000-square-foot Capital Ridge office building under construction in Southwest Austin. The company isn't saying what work will be done at the various locations.

"Austin is really critical to Apple's success worldwide, and the biggest concentration of employees outside of our Cupertino headquarters are there," said Denise Young Smith, Apple's head of human resources. "It's not just one large department, it's a collection of really critical functions."

Young Smith said that while company was drawn here by its talent pool, the decision to grow in Austin was also spurred by Apple's cultural connection to the region.

"Austin has always been a voice and proponent of diversity and inclusiveness," Young Smith said. "And there is also diversity in terms of talent, including the music and artistic community. We like that cross-pollination, and the job candidates that have been able to hire because of it."

### **Fast-paced expansion**

In Apple, Austin is getting a first-hand look at California-style technology culture, said Roger Kay, an analyst with Endpoint Technologies Associates.

"California is really forward-thinking about employee health and well-being, and Apple has embraced that, especially in the past few years," Kay said. "It is self-interest on the companies' part, because it gets better productivity out of employees. But it's a win-win because employees who are more satisfied tend to stay with the company and be better performers."

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Despite stock market uncertainty and an economic slowdown in China, Apple is still in growth mode. The company reported another jump in profits during the third quarter as demand for iPhones soared. Apple said that it sold 47.5 million iPhones during the three months ending in June 27. It posted a profit of \$10.7 billion for the quarter on revenue of \$49.6 billion.

Its biggest challenge, Kay said, is scaling the business to continue its fast-paced global expansion. To do that, it will rely on its 110,000-person workforce, which is often characterized as driven, hard-working and loyal.

“How does it take what it did well for 10 million customers and do it well for 100 million customers? They have to add more people, but they also need to re-engineer procedures so things don’t fall between the cracks,” Kay said.

At Apple’s Austin campus, the culture starts with the quiet, Zen-like feel of the place. Like Apple’s products, the buildings feature a sleek design, with minimalist interiors, lots of open space, stark white walls and green building technology.

Apple, which has a reputation for intense secretiveness, last week allowed an American-Statesman reporter and photographer to tour the campus for the first time.

Outdoors, the campus also has an open feel, with native landscaping, limestone paths, a large water fountain and an expansive grass area. The restaurants and cafes offer a wide selection of culinary options, including wood-fired pizzas, salads and Southern cuisine.

But it’s the wellness center that sets the Austin campus apart. The 14,000-square-foot space, which is scheduled to open in two weeks, has the feel of a high-end spa resort. It employs two full-time physicians for primary and urgent care, as well as a dentist and dental hygienist; an optometrist and vision care center; chiropractic care; acupuncture, massage, physical therapy, registered dietitians; mental health and other counseling and a pharmacy.

Apple officials say they expect most employees and their families will use the center for their primary health care needs. The wait time at the center is five minutes or less for 95 percent of the visits, and Apple says doctors spend three times more time with a patient than at a typical clinic.

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