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Intel to Build 300mm Wafer Fabrication Facility in China

Fab 68 in Dalian is \$2.5 Billion Investment

BEIJING--(BUSINESS WIRE)--

Intel Corporation today announced plans to build a 300-millimeter (mm) wafer fabrication facility (fab) in the coastal Northeast China city of Dalian in Liaoning Province. The \$2.5 billion investment for the factory designated Fab 68 will become Intel's first wafer fab in Asia and adds significant investment to Intel's existing operations in China.

"China is our fastest-growing major market and we believe it's critical that we invest in markets that will provide for future growth to better serve our customers," said Intel President and CEO Paul Otellini. "Fab 68 will be our first new wafer fab at a new site in 15 years. Intel has been involved in China for more than 22 years and over that time we've invested in excess of \$1.3 billion in assembly test facilities and research and development. This new investment will bring our total to just under \$4 billion, making Intel one of the largest foreign investors in China."

Not since 1992 with the construction of Fab 10 in Ireland has Intel built a fab from the ground up at a brand new site. Construction on Fab 68 is scheduled to begin later this year with production projected to begin in the first half of 2010. Initial production will be dedicated to chipsets to support Intel's core microprocessor business.

"This is one of the major cooperative projects between China and the United States in the area of integrated circuits manufacturing in recent years. The project will further strengthen Intel's leadership position in the semiconductor manufacturing in the world. At the same time, the investment in Dalian will have a positive impact to the regional economic development and the development of integrated circuits industry in the old industrial base of northeast China," said Zhang Xiaoqiang, vice chairman of the National Development and Reform Commission. "We welcome Intel and other multinational companies to invest and cooperate with China. We support Intel's initiative to expand and strengthen cooperation with relevant parties in a number of areas, such as talent training, technology standards, improved information technology for rural areas and digital health, to promote the mutual benefit and win-win of Intel and the information industry of China, and to achieve the goal of growing together."

Dalian Mayor Xia Deren said, "As an open city on China's coastline, Dalian provides many geographic advantages as well as existing infrastructure and services for foreign investment. We are very excited Intel has chosen Dalian to build a wafer fabrication facility. This investment will not just impact Dalian's social and economic development, but will generate a significant and positive impact on the economic and industrial structure in Northeast

China."

When completed, Fab 68 will become part of Intel's manufacturing network that includes eight 300mm factories in 2010 with other fabs located in the United States, Ireland and Israel. Manufacturing with 300mm wafers dramatically increases the ability to produce semiconductors at a lower cost compared with more commonly used 200mm (eight-inch) wafers. The bigger wafers lower production cost per chip while diminishing overall use of resources. Using 300mm manufacturing technology consumes 40 percent less energy and water per chip than a 200mm wafer factory.

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