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As Obama Visits, Intel Touts New Plant

By **DON CLARK** And **JOEL MILLMAN**

HILLSBORO, Ore.—Intel Corp. used President Obama's visit to disclose plans to build a \$5 billion chip factory in Arizona and hire 4,000 workers, moves that dovetail with the administration's job-creation agenda.

The move, made by Intel Chief Executive **Paul Otellini** as the president toured Intel's operations in Oregon, is the latest in a series of steps by the Silicon Valley giant to boost manufacturing capacity and use new production processes to boost chip performance.



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Associated Press

Intel CEO Paul Otellini, second from left, and lab manager Barbara Miner look on as President Obama views a screen at the Hillsboro, Ore., facility.

President Obama's trip west to meet with high-tech leaders comes amid a looming budget fight in Washington and corporate opposition to some of the president's policies.

On Thursday, Mr. Obama had a dinner near San Francisco with a dozen high-tech CEOs, including **Apple Inc.'s Steve Jobs**, **Facebook Inc.'s Mark Zuckerberg**, **Google Inc.'s Eric Schmidt** and **Oracle Corp.'s Larry Ellison**. The White House said topics included research and exports, and the president's incentives for companies to grow and hire.

Mr. Otellini hasn't been shy about criticizing the administration; Intel has expressed concerns about the high cost of doing business in the U.S. and the possible impact of proposed greenhouse gas regulation.

Yet the White House on Friday said Mr. Otellini will join the President's Council on Jobs and Competitiveness. And on Friday Intel's chief echoed many of the president's recent statements about the need to rebuild U.S. competitiveness against foreign rivals and invest in research, manufacturing and education.

"The best way forward for us is to unleash the unmatched creative energies of the people of this country to transform our manufacturing base for the twenty-first century," Mr. Otellini said. "Intel is proud to do its part."

As Mr. Otellini spoke, a screen behind him shimmered with alternating slogans that included "Intel, Made in America," "Invented in America" and "Designed in America."

The Santa Clara, Calif., company stresses it sells most of its chips abroad but fabricates most of them in America. Mr. Otellini and his predecessors have been vocal about the need for a better-educated U.S. workforce, a theme the president amplified.

"Many of the jobs that are going to exist in the future, that exist now—like the ones here at Intel—require proficiency in math and science," Mr. Obama said. "And yet today as many as a quarter of our students aren't even finishing high school."

Intel had signaled a new factory was needed, and in mid-January boosted its capital spending forecast for 2011 to \$9 billion from \$5.2 billion in 2010.

The company sells microprocessor chips that serve as calculating engines in most computers. It prides itself on leading a race to shrink transistors and other circuitry on chips, which boosts the computing and data-storage capacity of chips. Intel currently sells chips with circuitry measured at 32 nanometers, or billionths of a meter, and expects computer buyers to receive products by early 2012 with 22-nanometer chips. Intel said the new factory, in Chandler, Ariz., will have capability to make chips with dimensions as small as 14 nanometers.

"They run like clockwork," said Gus Richard, an analyst at Piper Jaffray, of Intel's pace of manufacturing improvements. "They are going to stay on that."

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Chandler is already home to one of the company's biggest production sites, though it also has high-volume manufacturing in Oregon, New Mexico, Ireland, Israel and China. The new project will lead to thousands of construction and permanent manufacturing jobs, Intel said. Construction is expected to begin in the middle of this year and is expected to be completed in 2013, Intel said.

The president's budget, released this week, included billions of dollars for new R&D spending. Obama has also secured a measure to allow businesses to fully expense business investing for 2011.

"Government and private industry must work hand-in-hand to spur innovation, strengthen our economy and get Americans back to work," said Cisco Systems Inc. CEO John Chambers, in prepared remarks. "Our ongoing dialogue with the Administration gives us confidence that we can boost innovation and investment in America."

—Jared A. Favole contributed to this article.

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