

Southern California Leadership Council

October 25, 2010

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California Air Resources Board
1001 I Street
Sacramento, CA 95814

Subject: Open Letter to California Air Resources Board

Dear Air Resources Board Members:

In the weeks and months ahead you will be asked to make some critical decisions impacting California's future involving the implementation of California's climate change legislation, AB 32 and SB 375. Regardless of who wins the November elections, much rests on your shoulders alone. The Southern California Leadership Council has provided specific input into some of the key issues you must consider, with a particular focus on the needs of our mega region known as Southern California. These recommendations are attached. As a non-partisan public policy voice we strive to improve both the quality of life and the economic vitality of California and our region.

We want to make sure that you take into consideration some key information as you make decisions about our future. California's economy is broad and diverse. Different regions in the state have different core economic and employment engines. Among these, high technology is one of Northern California's most important sectors. In Central California, agriculture is dominant. In Southern California, which is by far the most diverse in both its sectors and peoples, manufacturing, wholesale trade, logistics and tourism have been the core of our job base, supported by our service sectors.

As you know, California is still trying to climb out of the worst recession in its history. We have lost over 1.4 million jobs, half in Southern California. Our current unemployment rate is 12.4%, the third worst in the nation. Not surprisingly, the state is in ongoing fiscal crisis, unable to fund the many bond measures passed by the voters in recent years to improve infrastructure, water, schools, etc., let alone meet its payroll to state employees and the public retirement system.

These are the better-known facts. We want you to be aware of some less publicized facts. Since January 2007, **more than 2,500 employers have left the state for other states in the U.S.** Approximately **109,000 jobs left with these employers.** In addition, many companies have shifted parts of their business activities out of state and decided to expand their operations elsewhere. Attached are Dun & Bradstreet lists detailing some of the losses and a list of specific businesses which have left or reduced operations here. With two jobs lost for every one we gain with other states the implications are clear.

The Center of Economic Development

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Southern California Leadership Council

California is now rated as the worst state in the Country to do business by corporate relocation experts. Businesses around the world look closely at this report to decide where they want to relocate and expand. A CEO from the semiconductor industry was quoted as saying "The killer factor in California for a manufacturer to create, say, 1,000 blue-collar jobs, is a hostile government that doesn't want you there and demonstrates it in 1,000 ways." When the CEO's of California companies like Intel and Cisco say they will expand anywhere but California we should all recognize the extreme challenges to overcoming our gloomy, ongoing unemployment and fiscal crisis.

The semiconductor industry is one of the high tech manufacturing sectors in the crosshairs of AB 32, even though the products create incredible energy and other efficiencies around the globe, with staggering global warming benefits. An average semiconductor manufacturing worker earns about \$70,000 annually including benefits, and the so-called indirect and induced jobs impacts support another 4.9 jobs, resulting in \$476,000 in annual wages and benefits. This in turn generates over \$70,800 in annual tax revenues for state and local government, according to the LAEDC. Manufacturing, particularly in the high tech sectors, is where much of the R&D for new breakthrough clean technologies occurs. Manufacturing is highly reliant on wholesale trade and logistics. These sectors combined are some of the largest contributors of sales tax to the state and critical to our region's economic future.

Proposition 13 makes state income and sales tax revenues the key to California's fiscal health. Without these tax revenues from jobs, California will never be able to fund the improvements in transportation, water, schools and other modern infrastructure necessary to achieve our green ambitions, let alone fuel our employment engines. Living under the unnecessary but persistent burden of high unemployment denies many Californians the ability to house, feed and educate their children for a better tomorrow.

Do not be misled by the often touted attraction of venture capital to California. While start ups do occur in the state, when it comes time to ramp up the business and jobs, all too often these companies heed the advice of business location experts and head to other states like Texas, Arizona, Utah, Nevada, Georgia and others who welcome them with open arms.

So please consider these realities, make studied and wise decisions on AB 32 and SB 375 that do no harm and help California finally understand that state policies must work for our businesses and the jobs they create, or we will continue to lose them to states and countries that have figured it out. Improving our quality of life starts by making wise regulatory decisions to lower our unemployment which in turn can help produce the "California gold" needed to fund California's green aspirations.

Sincerely,



Gray Davis
2010 Co-Chair



Pete Wilson
36th Governor of
California



George Deukmejian
35th Governor of
California

Attachments

cc: Governor Arnold Schwarzenegger
Susan Kennedy, Chief of Staff
James Goldstene, Executive Officer
Jerry Brown Campaign
Meg Whitman Campaign

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California moves since January 2007 (3+ employees)



Decide with Confidence



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There were 2,562 relocations from California since January 2007 of companies currently with 3 or more employees. Total aggregate employment now is approximately 70,000. Employees prior to leaving the State was approximately 109,000.



Decide with Confidence

	TOTAL
UNCLASSIFIED	3 20
MISC	2 209
AGRICULTURE/FORESTRY/FISHING	46 542
MINING	8 309
CONSTRUCTION	150 1,888
MANUFACTURING	341 20,376
TRANS/COMMUNICATIONS/UTILITIES	126 3,890
WHOLESALE TRADE	271 4,896
RETAIL TRADE	260 3,814
FIN/INSURANCE/REAL ESTATE	202 7,782
SERVICES	1,153 26,132
TOTAL	2,562 69,858

Source: Joseph Vranich, The Business Relocation Coach

COMPANIES LEAVING CALIFORNIA

Abraxis Health, a unit of Los Angeles-based Abraxis BioScience Inc, opened a new plant that will create 200 jobs in 2010 -- **in Phoenix**. This follows the company's Phoenix expansions that occurred in 2007 and 2008.

Alza Corp. in 2007 eliminated about 600 jobs in drug R&D while also exiting its Mountain View, Calif., HQ. At the time the company said that its 1,200-person Vacaville facility will continue to operate. But the Vacaville Reporter on Oct. 23, 2009 revealed that the **plant is being offered for sale** by J&J, its parent company. It's unclear if more layoffs are in the facility's future.

American AVK, a producer of fire hydrants and other water-related products, moved from Fresno to **Minden, Nevada**.

American Racing moved its auto-wheel production to Mexico, **ending most of its 47-year operation** in California.

Apple Computer has expanded in other states, most recently with a \$1 billion facility planned for **North Carolina**.

Audix Corporation relocated from Redwood City, Calif., and to accommodate growth moved to a 78,000-square-foot facility in **Wilson, Oregon**.

Apria Healthcare Group of Lake Forest is shifting jobs from California to **Overland Park, Kansas, a K.C. suburb**.

Assurant Inc. cut 325 jobs in Orange County and consolidated positions in **Georgia, Ohio and South Carolina**.

Automobile Club of Southern California placed 1,100 jobs in **Texas**.

Barefoot Motors, a small "green" manufacturer, moved from Sonoma and will grow in **Ashland, Oregon**.

Bazz Houston Co. located in Garden Grove, has slowly been building a workforce of about 35 people in **Tijuana**. In early 2010 the company said it expects to **move more jobs to Mexico**, citing cost and regulatory difficulties in Southern California.

Beckman Coulter, a biomedical test equipment manufacturer headquartered in Brea, relocated part of its Palo Alto facilities to **Indianapolis, Indiana**, two years ago. In early 2010, it's making a multimillion-dollar investment to expand and create up to 100 new jobs in Indiana. The company said the area offers a "favorable business environment and lower total cost of operations, plus a local work force with strong skills in both engineering and manufacturing."

Bild Industries Inc., which specializes in business news, directories and market reports, moved to **Post Falls, Idaho**, from Van Nuys, a part of the San Fernando Valley in Los Angeles.

Bill Miller Engineering, Ltd., suffering under the "hostile business climate" in California and Los Angeles County, moved from Harbor City to **Carson City, Nevada**.

BMC Select has conducted an unusual relocation. The company, which had shifted its headquarters from Idaho to San Francisco, **relocated its H.Q. back to Boise** in January 2010. The building materials distributor said that regaining its footing in Boise retained access to high-quality

Source: Joseph Vranich, The Business Relocation Coach

employees while reducing wage and occupancy costs.

BPI Labs, which formulates, manufactures, and fills personal care products for the health and beauty industry, relocated from Sacramento to **Evanston, Wyoming**, a move the company's owner called "very successful. . . . It felt good and I've never looked back."

Buck Knives after 62 years in San Diego moved to **Post Falls, Idaho**.

CalPortland Cement has announced in late 2009 closure of its Riverside County plant because of new environmental regulations from a state law (AB 32). The company's CEO wrote, "A cement plant cannot be picked up and moved, but the next new plant probably won't be built in California meaning more good, high paying manufacturing jobs will be lost to **Nevada or China** or somewhere."

California Casualty Group left San Mateo for Colorado, cutting operating costs to remain competitive.

CalStar Products Inc., headquartered in Newark, Calif., in the San Francisco Bay Area, in January 2010 was awarded \$2.44 million in federal clean energy tax credits. The company said in the future it expects to build additional plants in the **Mississippi Valley and the East Coast. In late 2009 CalStar opened a plant in Caledonia, Wisconsin.**

Checks To-Go moved to **Utah** where workers' comp rates helped make the troubled company healthier.

Chivaroli & Associates, a healthcare-related insurance service based in Westlake Village, Calif., moved a regional office to **Spokane, Washington**.

CoreSite, A Carlyle Company, is delaying a Santa Clara project while it expands its data center in **Reston, Virginia**.

Creators Syndicate **may flee L.A.** because it operates like a "banana republic."

Creel Printing Left Costa Mesa for **Las Vegas** and So Cal loses 60 more jobs.

Dassault Falcon looked at building an aircraft services facility in Riverside County but instead located in Reno.

DaVita Inc. moved its HQ from Los Angeles to **Denver**; expects to see millions of dollars in savings over time.

Denny's Corp. – the large restaurant chain – once had its headquarters in La Mirada, later in Irvine, Calif, and then moved to **Spartanburg, South Carolina**. In fairness, I note the move occurred in the early 1990's. However it's noteworthy because the company was founded in California and its growth over time created HQ jobs in another state.

Digital Domain, the Academy-Award-winning visual effects studio based in Venice, Calif., placed new studios in **Vancouver, British Columbia, and Port St. Lucie, Florida**, which combined will have about 500 employees. The facilities will allow the company to reduce costs while continuing to deliver cutting-edge work.

Ditech, headquartered in Costa Mesa, announced in January 2010 a 269-job cut and is moving most activities to the GMAC Financial Services (parent company) **headquarters in Fort Washington, Pennsylvania**. In 2007, Ditech relocated some workers from Costa Mesa to Phoenix. A once robust Costa Mesa facility employing hundreds will be down to 20 or 30 workers.

Source: Joseph Vranich, The Business Relocation Coach

DuPont Fabros Technology suspended a \$270 million Santa Clara data center project in favor of one in **Ashburn, Virginia**.

eBay, based in San Jose, will create 450 jobs in **Draper, Utah**, in a new \$334 million operations, customer support and data center.

EDMO Distributors, Inc., a world-wide wholesaler of aircraft avionics, test equipment, and pilot supplies, moved its HQ from Valencia, Calif., to **Spokane Valley, Wash.** Since, it has built a larger headquarters in the city's Mirabeau Point community complex.

Edwards Lifesciences based in Irvine will expand with 1,000 employees not in California but in **Draper, Utah**.

EMRISE Corp. completed its HQ move from Rancho Cucamonga to **Eatontown, NJ**, in May 2009. The company said the move "will result in additional annualized cost savings of approximately \$1 million and facilitate improvements in operating efficiency. . . . The cost savings associated with relocating our corporate headquarters will start immediately. . . . The aggregate total of these expense reductions will increase our profitability and cash flow in this and succeeding years and, over time, substantially improve our ability to further reduce our long term debt."

Facebook, based in Palo Alto, will **expand in a major way in Oregon** by locating a custom data center in Prineville. It will be a 147,000-square-foot facility costing \$180 million and will employ 200 workers during construction and another 35 full-time once operating in 2011.

FallLine Corporation Left Huntington Beach, where they were being "hammered" with multiple governmental regulatory fees, for **Reno, Nevada**.

Fidelity National Financial left Santa Barbara for **Florida**, spurred by California's "oppressive" business environment.

First American Corp., based in Santa Ana, will open a call center in March 2010 not in California but in **Phoenix**, where it expects to employ about 400 people within two years.

Fluor Corp. moved its global headquarters from Aliso Viejo to **Irving, Texas**, with about 100 employees asked to relocate while the company planned to hire the same number there. In 2006, when Fluor moved into its new headquarters building, a company statement said: "The official dedication had a decidedly Texas theme" as a horseshoe was raised on the building, a time-honored Texas tradition.

Foxconn Electronics, a large contract electronics maker, moved some of its Fullerton operations to **Dallas**.

Fuel System Solutions moved its headquarters from Santa Ana to **New York**.

Gregg Industries, owned by Neenah Enterprises Inc. in Wisconsin, **closed a 300-employee foundry in El Monte** foundry under pressure from the South Coast Air Quality Management District to make \$5 million in upgrades. The company didn't want to make the investment in the difficult economic climate so it **decided instead to leave the state**.

Helix Wind Inc. may move its research and development, engineering, and testing departments from San Diego to "more supportive" **Oregon**.

Hewlett-Packard, HQ'd in Palo Alto, at various times has moved jobs to **Tennessee and Texas**.

Source: Joseph Vranich, The Business Relocation Coach

Hilton Hotels Corp. in 2009 is moving from its longtime corporate H.Q. in Beverly Hills to a new office in **Tysons Corner, Virginia**.

Hino Motor Manufacturing USA moved from California to **Williamstown, West Virginia**, in 2007, where it now employs about 100 workers. The company has growth plans to "Raise Hino's presence from medium-/heavy /heavy-duty trucks to all ranges of trucks" and an aggressive program to improve fuel economy and emissions. The company builds trucks under its own brand and also manufactures Toyota-branded vehicles.

Intel Corporation, HQ'd in Santa Clara, has chosen to expand operations in **neighboring states**.

Intuit of Mountain View created a customer support office (110 people) not in California but in **Colorado** because of lower operating costs.

Intuit placed a data center near **Quincy, Washington**.

Intuit also located Innovative Merchant Solutions LLC in **Las Vegas** as part of a \$1.8 million investment in Nevada.

J.C. Penney closed its Sacramento call center and moved the work to five out-of-state centers.

Kimmie Candy Co., a manufacturer that was started in 1999, moved from Sacramento to **Nevada in 2005**. "I really don't have a lot of regrets about moving up to Reno," said owner Joe Dutra.

Klaussner Home Furnishings in closing its La Mirada manufacturing plant will maintain its **NC and Iowa** operations.

Knight Protective Industries moved to **Oregon** "where 4-day work weeks were permitted by the state" and wanted by the employees.

Kulicke & Soffa Industries Inc. announced in February 2010 that it is closing its Irvine plant, laying off 56 people, and will shift the work to **Malaysia and Singapore**. The facility had been owned by Orthodyne Electronics Corp., which Kulicke & Soffa bought in 2008.

LCF Enterprises, which makes specialized high-end amplifiers used by researchers, medical professionals and others, moved from Camarillo, Calif., to **Post Falls, Idaho**.

Lennox Hearth Products Inc. in Orange, Calif., will lay off 71 workers and by March 2010 will transfer the jobs to **Nashville and Union City, Tennessee**, "to reduce costs and increase operating efficiencies."

Lyn-Tron, Inc., a supplier of electronic hardware, moved from Los Angeles to **Spokane, Wash.** Their website has a rather California(ish) statement: "Our commitment is to maintain a manufacturing environment that is progressive and safe, where our employees are able to achieve their personal objectives, thereby adding to their quality of life and to the community in which they live."

Mariah Power, a "green" manufacturer of small wind turbines, moved from California to **Nevada** and in 2009 teamed up with another company to begin production in Manistee, Michigan.

Maxwell America, a boating equipment maker, in February 2010 closed its Santa Ana offices and moved them to **Hanover, Md.** One reason given was the indirect impact of California environmental regulations. A company official said

Source: Joseph Vranich, The Business Relocation Coach

over the years many California boat builders relocated to the Midwest and East where they don't face the same restrictions.

MiaSolé, based in the Silicon Valley, was reported in January 2010 to be planning a 500,000-square-foot plant, which could be one of the largest solar factories in the United States. The location is not near its in Santa Clara headquarters but in the **Atlanta, Georgia**, area where its workforce eventually could exceed 1,000. The news came one week after MiaSolé received \$101.8 million in federal tax credits.

MotorVac Technologies announced in February 2010 that it's leaving Santa Ana for **Ontario, Canada**. MotorVac's CEO said he "really fought hard to keep MotorVac here, but unfortunately the numbers didn't support it." The move cuts costs because it's new owner, UView, has its own plant with excess capacity in Canada. "And the general cost of doing business in California is much more expensive."

Nissan North America moved its Los Angeles headquarters to **Nashville, Tenn.**

Northrop Grumman by 2011 will relocate its Los Angeles H.Q. to the **Washington, DC** metro area. It's the last major aerospace company to leave Southern California, the birthplace of the aerospace industry.

One2Believe, a specialty religious-toy maker, left California for **East Aurora, New York**.

Patmont Motor Werks, Inc. (GoPed manufacturer), after being hit by California regulators for hundreds of thousands of dollars in small fines even though his company has a stellar safety record, moved to **Nevada**.

Paragon Relocation Resources moved from Rancho Santa Margarita to **Irving, Texas**.

Pixel Magic, headquartered in Toluca Lake, Calif., (Los Angeles metro area), is locating a studio in **Lafayette, Louisiana**, where it will create 40 new jobs between 2010 and 2013. The company, which provides digital effects for motion pictures and television, said the Louisiana people they were in contact with have an immediate understanding of technology and data handling.

Plastic Model Engineering, Inc., a custom plastic injection molder and mold manufacturer, moved from Sylmar, Calif. to the "Inland Northwest," notably **Post Falls, Idaho**.

Precor will stop manufacturing fitness machines in California and re-open in **North Carolina**.

Premier Inc., the largest healthcare alliance in the nation, will move its HQ from **San Diego to Charlotte**, involving an investment of \$17.7 million and adding 300 jobs in **North Carolina**. The announcement was made Oct. 14, 2009.

Pro Cal of South Gate, in Los Angeles County, a unit of Myers Industries, expanded its **Sparks, Nev.**, operations to become the company's primary West Coast production and distribution facility. Pro Cal is a plastics manufacturer of nursery containers and a big recycler.

Race Track Chaplaincy of America started 2010 by shifting its headquarters from Los Angeles to **Lexington, Kentucky**. The non-profit group said it had wanted to relocate from the Hollywood Park Race Track for several reasons, one of which is the significant cost of doing business on the West Coast.

Source: Joseph Vranich, The Business Relocation Coach

Red Truck Fire & Safety Company left Fresno for Minden, **Nevada in 2007** because of California's myriad fees and regulations that meant "death by thousand cuts."

SAIC will move its headquarters east, from San Diego to **McLean, Virginia**, which the Washington Post called "Another Coup for Area." The announcement was made Sept. 24, 2009; it is unclear how many employees will move east in 2009 and 2010.

Scale Computing, a data-storage developer and manufacturer, is leaving Silicon Valley for **Indiana**.

Schott Solar Inc. will close its sales and customer service office in Roseville and will relocate the office to **Albuquerque, NM**.

SimpleTech transferred its manufacturing work from Santa Ana to **Asia** more than a year ago.

Smiley Industries, an aerospace manufacturer, moved to **Phoenix**, where productivity improved.

Solaicx, based in the Silicon Valley, said in early 2010 that it will expand its manufacturing plant in **Portland, Oregon**. Solaicx received \$18.2 million in federal tax credits as part of Washington's efforts to advance green energy.

SolarWorld, a maker of solar technology founded in Camarillo, consolidated manufacturing in **Oregon** after that state offered property tax abatement and business energy tax credits. The company will employ about 1,000 in Oregon by 2011.

Special Devices Inc. brought 250 jobs to **Mesa, Arizona**, from Moorpark, Calif.

StarKist headquarters is leaving San Francisco for **Pittsburgh, Pa.**

Stasis Engineering moved from Sonoma County to **West Virginia**, a "friendlier business climate."

Stata Corp., which specializes in data analysis and statistical software, moved from Santa Monica, California to **College Station, Texas**.

Tapmatic, a metalworking firm whose owners were "fed up with the onerous business environment," moved from Orange County, California to **Post Falls in northern Idaho**.

Teledesic moved to **Washington state** in anticipation of better capital gains.

Telmar Network Technology Inc. moved from Irvine to **Plano, Texas**, consolidating some 150 workers there.

Terremark postponed a Santa Clara project earlier this year to invest \$50 million in a **Culpeper, Va.** project.

Terumo Cardiovascular Systems is moving R&D from OC to **Ann Arbor**, Michigan, involving 65 jobs and \$3.5 million in investments.

Toyota will stop making cars in Fremont, will idle 4,700 workers, and move work to Canada and **San Antonio, Texas**.

True Games Interactive Inc. will its H.Q. from Irvine to **Austin, Texas**, where it expects to have about 60 workers by the middle of 2010.

TTM Technologies will leave L.A. & Hayward and move to

Source: Joseph Vranich, The Business Relocation Coach

other states and China to achieve big cost savings.

Twentieth Century Props of L.A. has gone out of business as film-making has moved to lower-cost states.

Understand.com moved from the San Francisco Bay Area to **Reno**, a loss for California in that the company is a leader in web-based patient education content and shows strong growth. The company was named 2007 Innovator of the Year by a Northern publication and the company's founder and received a media and Reno-Tahoe Young Professionals Network "20 Under 40" award and was selected as a 20/20 Business Visionary by Nevada Business Magazine.

US Airways is realigning operations and California is no longer considered part of its "core." The airline is closing its John **Wayne Airport maintenance station and in early 2010 will redistribute the mechanics across its system.**

US Press shifted work from Los Angeles and San Diego to **Portland**, "where union rules were almost rational."

USAA Insurance closed its 625-person Sacramento campus in favor of **other states**.

Yahoo opened a data center in **Quincy, Washington**, a community that now hopes to land high-tech manufacturing.

The list will grow as Sacramento considers more measures that will increase corporate taxes, increase workers' comp costs, increase regulatory reporting requirements (along with higher fines for minor infractions), increase gasoline and diesel-fuel taxes, increase water rates, increase electric-power rates, and increase assorted fees that will cause services to become more expensive.



[October 19, 2010 09:45 AM Eastern Daylight Time](#)

Intel Announces Multi-Billion-Dollar Investment in Next-Generation Manufacturing in U.S.

NEWS HIGHLIGHTS

- Intel will spend \$6-8 billion in manufacturing to support future technology advancements in Arizona and Oregon.
- The investment supports the creation of 6,000-8,000 construction jobs and 800-1,000 permanent high-tech jobs, and also allows Intel to maintain its current manufacturing employment base at these U.S. sites.
- The investment will fund a new development fab in Oregon, as well as upgrades to four existing fabs to manufacture the next-generation 22-nanometer (nm) process technology.
- Intel's next-generation, 22nm microprocessors will enable sleeker device designs, higher performance and longer battery life at lower costs.

SANTA CLARA, Calif.--([BUSINESS WIRE](#))--Intel Corporation announced today that the company will invest between \$6 billion and \$8 billion on future generations of manufacturing technology in its American facilities. The action will fund deployment of Intel's next-generation 22-nanometer (nm) manufacturing process across several existing U.S. factories, along with construction of a new development fabrication plant (commonly called a "fab") in Oregon. The projects will support 6,000 to 8,000 construction jobs and result in 800 to 1,000 new permanent high-tech jobs.

"Intel and the world of technology lie at the heart of this future. Contrary to conventional wisdom, we can retain a vibrant manufacturing economy here in the United States by focusing on the industries of the future."

"Today's announcement reflects the next tranche of the continued advancement of Moore's Law and a further commitment to invest in the future of Intel and America," said Intel President and CEO Paul Otellini. "The most immediate impact of our multi-billion-dollar investment will be the thousands of jobs associated with building a new fab and upgrading four others, and the high-wage, high-tech manufacturing jobs that follow."

The PC industry is achieving a significant milestone this year with 1 million PCs shipping per day. The upgraded fabs create the capacity for the continued growth of the PC market segment and additional computing markets Intel is addressing, such as mobile and embedded computing.

The new investments reinforce Intel's leadership in the most advanced semiconductor manufacturing in the world. Intel's brand-new development fab in Oregon – to be called “D1X” – is scheduled for R&D startup in 2013. Upgrades are also planned for a total of four existing factories in Arizona (known as Fab 12 and Fab 32) and Oregon (known as D1C and D1D).

“Intel makes approximately 10 billion transistors per second. Our factories produce the most advanced computer technology in the world and these investments will create capacity for innovation we haven't yet imagined,” said Brian Krzanich, senior vice president and general manager of Intel's Manufacturing and Supply Chain. “Intel and the world of technology lie at the heart of this future. Contrary to conventional wisdom, we can retain a vibrant manufacturing economy here in the United States by focusing on the industries of the future.”

While Intel generates approximately three-fourths of its revenues overseas, it maintains three-fourths of its microprocessor manufacturing in the United States. This new investment commitment also allows the company to maintain its existing manufacturing employment base at these sites.

This new capital expenditure follows a U.S. investment announcement made in February 2009 to support state-of-the-art upgrades to its manufacturing process. Those upgrades resulted in 32nm process technology which has already produced computer chips being used today in PCs, servers, embedded and mobile devices around the world. Intel's first 22nm microprocessors, codenamed “Ivy Bridge,” will be in production in late 2011 and will boost further levels of performance and power efficiency. By continuing to advance manufacturing process technology, additional features and functions can be integrated and enable devices with sleeker designs, higher performance and longer battery life at lower costs for users.

Intel (NASDAQ: INTC) is a world leader in computing innovation. The company designs and builds the essential technologies that serve as the foundation for the world's computing devices. Additional information about Intel is available at www.intel.com/pressroom and blogs.intel.com.

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NOTE TO MEDIA: Additional materials and related multimedia are available on the full press kit at newsroom.intel.com/docs/DOC-1344

Contacts

Intel Corporation

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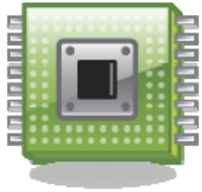
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Permalink: <http://www.businesswire.com/news/home/20101019005299/en/Intel-Announces-Multi-Billion-Dollar-Investment-Next-Generation-Manufacturing-U.S.>

What is the value of a job in California?

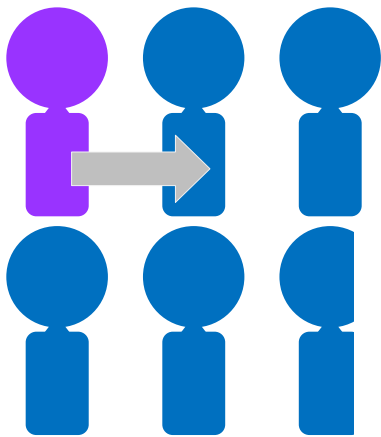


Semiconductor Manufacturing

Employment in California in 2008 was 48,687.



1 New Job creates



...4.9 More Jobs
(indirect and induced)

5.9 New Jobs =
Total Annual
Wages and Benefits:

\$476,000



Annual Revenue*

State & Local Taxes & Fees

\$70,800

State Income Tax:

\$17,800

Sales Tax:

\$22,200

Property Tax:

\$17,900

Other:

\$13,000

*May not sum due to rounding

Southern California Leadership Council

August 4, 2010

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California Air Resources Board
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Re: Implementation of California's AB 32 Global Warming Legislation

Dear Chairwoman Nichols:

Thank you for your invitation for the Southern California Leadership Council's task group to provide suggestions on "alternative ways to implement the requirements of AB 32, California's mandate to roll back our emissions of greenhouse gases to 1990 levels by 2020, in light of both the current economic climate and the Governor's directive to be creative in using mechanisms rather than traditional regulations to achieve the target."

Our members are deeply concerned that AB 32 will have a significant and adverse economic impact at a time in which California's already challenged economy is dramatically weakened by the persistent and deep recession.

It is critical that mechanisms to provide both certainty and moderation of economic impacts of AB 32 be made so that California can continue to demonstrate a viable approach and are implemented in a way that contributes to job growth and serves as a model for the nation.

We make the following suggestions for your consideration and would be happy to work with you and your staff to come up with a detailed work plan to implement them.

Renewable Energy and Low Carbon Fuel Standards – Southern California must have competitive energy and transportation fuels.

The Renewable Energy Standard and Low Carbon Fuel Standard rules present very large cost impacts for California. SCLC recommends that CARB consider ways to moderate those impacts through timely reviews and mid-course corrections.

We suggest CARB review the implementation of the RES rule within one year of adoption and annually thereafter to determine if

The Center of Economic Development

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adjustments to the implementation schedule need to be made to moderate the cost impacts of the rules.

SCLC also suggests CARB review the LCFS for diesel and make its implementation subject to the development of specific technology that assures that adequate supplies of compliant diesel will be available at a reasonable cost in a timeframe that will allow compliance in combination with other clean transportation technology solutions.

Cap and Trade Program – Southern California’s Growth Industries must have offset support.

The cap and trade rule also presents a very large cost impact, particularly if California moves ahead of a national program.

SCLC suggests CARB adopt a price ceiling at which allowances would be sold by the state and which either issues the necessary allowances directly or “funds” the required allowances through offsets from outside the cap and trade program to avoid adding additional cost burden to the cap and trade participants. The money gained from sale of additional allowances should be used to pay for the offsets needed to provide the necessary reductions to maintain the integrity of the cap.

It is critical that adequate supplies of offsets be available sooner rather than later at prices below the price ceiling to assure that there is a compliance path that can be met at a reasonable cost. SCLC is concerned that, while CARB is supportive of the role of offsets, the amount and price of the offsets that will be actionable are likely to be very expensive and limited in quantity at best or illusory at worst.

One way to stimulate a market would be to provide allowances from the state to load serving entities (both electric and natural gas) regulated by the CPUC or public boards and then require the allowances be offered at auction. Auction revenues should then flow back to the load serving entities whose governing commissions and boards would require the revenues be returned to customers and/or used in ways that further the state’s greenhouse reduction goals.

California Job Engines – Southern California must continue its leadership in manufacturing.

So-called “trade exposed” industries should be afforded special attention and competitive protection against the additional costs of AB 32. These businesses are very sensitive to changes in energy (particularly electricity and transportation) prices and/or compete in markets where reducing greenhouse gas is not a consideration and for which their competitors do not bear the additional cost of such reductions.

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We are particularly concerned about the importance and continued competitiveness of California's manufacturing, wholesale trade and logistics industries which are closely interrelated and provide millions of well paying jobs for our people and billions in tax revenues for state and local government.

Over the past 18 months we have lost two jobs in these sectors to other states for every job we have created or attracted. Wholesale trade and logistics had been two of the state's largest job growth sectors over the past ten years. Manufacturing is dependent on and a critical magnet for wholesale trade and logistics firms.

We are struck by the continuing importance of these industries in growing a greener, sustainable 21st century economy for California. Some 63% of our scientists and engineers are employed in the manufacturing sector, which is critical to the attraction and retention of the research and development capabilities to create the clean technology, and process breakthroughs needed to retain our global economic and environmental leadership. And competitive wholesale trade and logistics services are critical support factors for the manufacturing sector to get subcomponents "just in time" to their assembly plants and final products to market.

California's manufacturers are some of the cleanest and most energy efficient in the world. Our ever more demanding air quality regulations have mandated best available technology applications and processes to clean our air and improve the health of our communities. We need to continue to incent this progress while we retain and grow these industries.

To lose these businesses and jobs to other states or countries where greenhouse gas regulations are more relaxed or non-existent will be counter-productive to our global warming reduction aspirations. Adding the transportation costs and resulting emissions to import, rather than produce, these products here would move California in the wrong economic and environmental direction.

SCLC suggests that CARB provide free allowances to trade exposed entities like manufacturers that are subject to the cap and trade rule and allow those entities to meet their compliance obligations through provision of valid offsets.

As companion measures for California to retain and attract clean, green businesses and jobs, and to incent continued improvements in energy and water efficiency and overall air quality and greenhouse gas reductions, combine the use of targeted R&D tax credits, the newly authorized sales tax exemption for purchase of manufacturing equipment, the reinstitution of California's former manufacturer's investment tax credit and CEQA waivers similar to those in SB 375 for advanced transportation, renewable energy and other clean technology, energy and water saving projects. In other words, turn AB 32 into a focused economic development initiative to re-grow California's economy as the global center of green manufacturing and technology.

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Beating the Competition – The Panama Canal Expansion – Southern California's Trade Corridors must beat the Panama Canal to grow its economy and jobs.

Our final recommendation is to embark on a “game changing” strategic initiative to create an absolute win-win between the green ambitions of AB 32 and the stimulation of an economic growth engine which will propel California's global leadership forward.

SCLC began its work in 2005 by presenting Governor Schwarzenegger with the case for a California Green Freight Initiative. Now, as we assess the potential impact of the Panama Canal's fast-approaching doubling of capacity in 2014, we see that California is at risk of losing not only its momentum and leadership in the global supply chain, but also many of its hundreds of thousands of trade-related jobs. The Leadership Council therefore believes that this is a critical moment to adopt a statewide strategy to meet this threat to California's future.

We believe that the Governor should seize this challenge by joining with business, labor and environmental community interests to announce a “Beat the Canal” campaign. This strategic initiative would unite a broad set of stakeholders behind the goals of creating more California jobs, continuing to reduce emissions through modernization, increasing the efficiency of our ports, and completing California's green trade corridors.

With this initiative we have a unique opportunity to set an unbeatable standard as a global gateway, with a world-class cargo velocity, absolute reliability of service, lower pollution per container than any other route, and cost certainty for the many businesses that depend on California's market leadership.

We look forward to working together on these important recommendations.

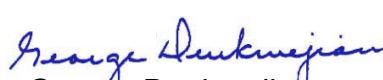
Sincerely,



Gray Davis
2010 Co-Chair



Pete Wilson
36th Governor of
California



George Deukmejian
35th Governor of
California



Greg McWilliams
2010 Co-Chair

Attachment

cc: Governor Arnold Schwarzenegger
Susan Kennedy, Chief of Staff

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