

Intel Weighing Job Cuts at New Mexico Fab

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As the company moves its chip production to 45- and 65-nanometer manufacturing, Intel is contemplating reductions at one of its older facilities.

Intel is considering job cuts at one of its fabs in Rio Rancho, N.M. as the company looks to move away from some of its older microprocessor technology.

On May 1, Intel executives met with employees at the Rio Rancho facility, known as Fab 11, and told the staff there that the Santa Clara, Calif., company might consider eliminating more than 1,000 jobs by later this year.

Chuck Mulloy, an Intel spokesperson, said that no final decision about what the company would do with Fab 11, including job cuts, had been made final. He added that executives wanted to inform employees that cuts were being considered as Intel moves to revamp several of its plants to handle newer 65- and 45-nanometer microprocessor manufacturing.

"We have a commitment to our employees to keep them informed of the company's decisions," Mulloy said on May 2.

Right now, Fab 11 manufactures 200-millimeter wafers and produces microprocessors based on a 130-nanometer manufacturing process. Mulloy pointed out that many of the processors produced at the plant are three generations old and demand for these chips has dropped off.

In addition, Intel's new facilities are more automated which then requires less workers at newer fabs.

Right next to Fab 11 is another Intel facility dubbed Fab 11X, which is already producing 300-mm wafers and 90-nanometer chips. By late 2008, the facility will produce 45-nanometer processors, and the company has already invested more than \$1 billion in the new facility.

By later this year, Intel will start producing the first of 45-nanometer line of processors, which the company is calling "Penryn."

A decision about the future of Fab 11 is expected either by late August or early September.

Mulloy added that the prospect of eliminating positions at Fab 11 is not related to the job cuts Intel proposed in September 2006 that looked to reduce the company's work force by 10 percent.

At the time, Intel had more than 102,000 employees and now the company has about 90,000, Mulloy said.

The news of possible job cuts at Intel came on the same day that a union trying to organize workers at IBM's facilities announced that the company would eliminate 1,315 services-related positions.

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