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Silicon Border Establishes North American Alternative for World-class Semiconductor Operations in Mexico

Initiatives with Mexican government ensure new industrial park competes economically and technologically to supplement Asian manufacturing capacity

SEMICON West 2004 – SAN FRANCISCO (July 14, 2004) – Silicon Border Development, a global developer of industrial parks catering to high-technology industry, today announced it has signed an exclusivity agreement with the State of Baja California, Mexico, to create a specialized industrial park called "Silicon Border" that will establish an attractive strategic alternative for cost-effective and centralized semiconductor operations in North America.

Situated in Mexicali, along the western border of the U.S and Mexico, Silicon Border will improve upon the world's leading technology parks to meet the sophisticated operational requirements and workforce demands of semiconductor supply chain operations:

- 10,000-acre park with immediate site access
- Abundant natural resources – water and clean power
- Advanced utility and access infrastructure
- Specialized treatment, recycling, security and fire protection systems
- U.S. participation in process and operations
- World-class management services
- On-site educational facilities
- University-sponsored technical curricula
- Involvement in multi-income housing and recreation

"This joint commitment among federal government, state government and private enterprise is indicative of a growing confidence in Mexico's national economy and its emerging role in a technology-driven global economy," said Governor Eugenio Elorduy Walther of Baja California, Mexico. "The State of Baja California is proud to support the national economic initiatives introduced by President Fox with a collaborative agreement to establish a world-class center for semiconductor operations in our capital city that will help drive the industry and our country forward into an exciting future."

The agreement with the State of Baja California grants Silicon Border exclusivity for technology-focused park development, including commercial land use and access to mission-critical water, electricity and gas in a 15-square mile area just a couple of hours from San Diego and Imperial Valley.

The new economic initiatives presented in April to industry executives offer an income tax structure and incentive package to semiconductor and other high-tech manufacturing operations that make Mexico extremely competitive with Asian countries currently offering incentives to the industry:

- Application of NAFTA-based safe harbor provisions
- Advanced asset deduction for investment in production facilities and equipment
- Tax-free periods for companies with wafer fab costs of up to \$2 billion



"Mexicali offered the ideal combination of must-have environmental elements -- natural resources, proximity to the U.S. semiconductor community and a thriving local economy -- so federal support was the remaining factor to attract our capital-intensive industry to the region," said DJ Hill, chairman of Silicon Border. "Building upon the NAFTA foundation, the leadership of the Mexican government has responded beyond our expectations to enable a very competitive North American manufacturing environment that will contribute to the stability and success of the global high-tech supply chain."

With a population of three-quarters of a million people and a strong manufacturing community, the state capital of Mexicali offers local access to abundant water from the Colorado River, electricity from the U.S. and Mexico and the educational infrastructure of two major universities in the area. In nearby Calexico, California (USA) management and technical staff can live with their families, attend schools and be part of a familiar community while working a few minutes away in Mexicali. The modern housing and infrastructure of the Imperial Valley Region surrounding Calexico offers virtually unlimited space to grow for the current county population of 142,000, as well as proximity of material, equipment and service companies to factories without locating outside the U.S.

"It's time to introduce the U.S. semiconductor community to the land of opportunity right under our noses," said Ron Jones, CEO of Silicon Border. "Silicon Border is creating a 'safe haven' for the industry, especially in light of the fact that the combination of our infrastructure and government incentives results in a cost infrastructure equal to or better than that available to our supply chain in Asian countries -- including Taiwan and China."

Deep economic and civic transformation has consistently raised Mexico's visibility in the global marketplace during the past 20 years:

- NAFTA membership
- 11 existing free trade agreements covering 32 nations
- Foreign trade with the U.S. tripled since 1990
- Preferential access to 45 percent of the world's GDP
- World's 10th largest GDP
- Friendly democratic environment with strategic and operational stability
- Gateway to Latin American market for electronics consumption

Initial wafer manufacturing tenants building fabs at costs of \$1-2 billion each are expected to draw subsequent occupants in assembly and test operations, semiconductor services, raw materials and equipment and electronic contract manufacturing.

The billion-dollar investment in facilities over the next decade will also draw high-technology operations to Silicon Border, including biotechnology, telecommunications, optoelectronics, computers and peripherals, and precision machinery and materials, and employ more than 100,000 Mexican nationals.

About Silicon Border

Silicon Border is a 10,000-acre high-technology industrial park catering to the specialized needs of the semiconductor and other capital-intensive technology sectors. Situated along the U.S.-Mexico border in Mexicali, Silicon Border enables a cost-effective and competitive manufacturing alternative in North America for emerging and global companies. Improving upon the world's leading technology parks, the park's 15 square miles of world-class infrastructure and education will support the stringent requirements of the semiconductor, telecom, optoelectronic and biotechnology industries. More information about Silicon Border is available online at <http://www.siliconborder.com>.