

## **New Scientist: September 1976**

"...Commodore takes over chip manufacturer MOS Technology Inc. of Pennsylvania, after

being closely associated for some years, though also

subcontracting designs around the world..."

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"...Commodore is struggling to survive. Two weeks ago the firm reported its end of year results, which showed a \$4.3 million loss on sales which were up 12 per cent over the year to \$55.9 million. Commodore is now pinning most of its hopes on the European market, which is nowhere near as stagnant as the American market has been lately."

In 1975 the Commodore factory in Eaglescliffe, England, was reported to be producing 6 million calculators each year and Commodore had 30% of the UK market. The labour cost of assembling a simple model was £0-10 Sterling (about US\$0-23) (New Scientist, Feb 1976).

The article above mentions that Commodore was having financial problems. One way that the company used to overcome this was to buy up a semiconductor manufacturer, as explained in New Scientist in September 1976: "Commodore, the Canadian owned American based calculator manufacturer which markets under the name CBM in Britain, has announced its intention of entering integrated circuit component manufacture with a recent take-over. Unlike several of its competitors (such as Rockwell, National and Texas Instruments) who are primarily microcircuit

manufacturers but who have also integrated vertically upwards into end-products like calculators, Commodore is integrating downwards in order to protect its supply of components.

Commodore, quoted at \$60 million on the New York Stock Exchange, has acquired 100 per cent of the equity of MOS Technology Inc of Pennsylvania in exchange for a 9-4 per cent equity stake in Commodore. MOS Technology is privately owned and valued at around \$12 million. It has an integrated circuit manufacturing plant in Valley Forge, Pennsylvania.

MOS Technology has been closely associated with Commodore for some years. The integrated circuit chip that went into CBM's successful SR36/37 calculator came from MOS Technology, as does the current chip for the SR7919D calculator (a model which is rumoured to have around 25 per cent of the UK scientific calculator market) and others of the current CBM range. But the firm not only makes integrated circuits for calculators, it has also lately launched a video game chip for four players and is currently marketing a successful microprocessor.

At present, Commodore produces the art-work for its

calculator chips and subcontracts the chip manufacture to outside plants around the world with spare capacity. The recent purchase of factories in the Far East has enabled it to assemble electronic watch modules by this subcontracting method. But as the up-turn in the economy begins to effect the consumer electronics industry, less spare capacity is becoming available for this type of subcontracting. When considered along with the additional recent purchase of an LED display manufacturing facility, Commodore now has a completely integrated operation."