

## Ask The Analyst

### Question 12.

**What is the impact of ATIC buying Chartered SC?**

**Answer:**

This acquisition is brilliant, just the sort of stuff that made the chip industry great. It has the landscape-changing potential to radically change the chip industry, of similar magnitude as Airbus was to Boeing in the aircraft industry. By themselves both Chartered and Globalfoundries were too small to be a threat to TSMC. On the one hand Morris Chang described Globalfoundries as his 'Stalin moment' (referring to the WW2 Battle of Stalingrad where Russia surrounded and crushed the German army). He also acknowledged that, of his peers, only Chartered was potentially worth buying. Now both have a common owner (ATIC), more than that one with not only potentially deep pockets but the need and ability to look beyond the next quarter's balance sheet. For sure there will be cultural and operational problems merging the two companies and the combined entity is still too small at the moment to be a real standoff threat to TSMC but this does now give Globalfoundries a significant capacity boost and gets Chartered Semiconductor into the 28nm market. What we need now is the plan from Globalfoundries/ATIC to build six more fabs (i.e. two of Morris' gigafabs) over the next three years ... now that would be something to keep Morris awake at nights!