



Applied Materials Announces Reduction in Workforce

August 25, 1998

SANTA CLARA, Calif.--(BUSINESS WIRE)--Aug. 25, 1998--Applied Materials, Inc. announced today that it will reduce its global workforce by approximately 2,000 positions, or 15 percent, as part of a restructuring plan to address the downturn in the semiconductor industry.

Approximately 750 positions at Applied Materials' Santa Clara operations and 600 positions at the Company's Austin operations will be affected. Employees will be notified beginning August 26. The majority of remaining positions will be eliminated at other locations worldwide by the end of the Company's fourth fiscal quarter, which ends October 25, 1998. Additionally, executive salaries will be reduced by approximately 10 percent.

Since December of 1997, the Company has instituted a number of cost-reduction programs, including restricted hiring, reduction of the number of temporary workers and contractors, mandatory shutdown days and a Voluntary Separation Plan.

The Company expects the restructuring plan and associated cost estimates to be completed by the end of the fourth fiscal quarter. The Company will report a non-recurring charge for the restructuring plan, which will result in a net loss for the fourth fiscal quarter.

"An unprecedented convergence of three factors -- difficult economic conditions in Asia, industry overcapacity and the movement toward sub-\$1,000 PCs -- is continuing to cause customers to delay equipment deliveries and investments in capacity and strategic programs," said James C. Morgan, chairman and chief executive officer. "Applied Materials has successfully managed through several industry cycles and has emerged from these cycles stronger than when such disruptions began. Currently, we are restructuring for a lower expected business volume, while working closely with customers on leading-edge technologies that will position the Company for significant growth when the industry rebounds."

This press release contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, the ability of the Company to timely align its cost structure with prevailing market conditions. The Company assumes no obligation to update the information in this press release.

Applied Materials, Inc. is a Fortune 500 global growth company and the world's largest supplier of wafer fabrication systems and services to the global semiconductor industry. Applied Materials is traded on the Nasdaq National Market under the symbol, "AMAT." Applied Materials' website is <http://www.AppliedMaterials.com>.