



## **Applied Materials's Third Fiscal Quarter Results to be Below Expectations**

July 10, 1998

**SANTA CLARA, Calif.--(BUSINESS WIRE)--July 10, 1998--**Applied Materials, Inc., the world's largest supplier of wafer fabrication systems and services to the global semiconductor industry, announced today that it expects its financial results for the third fiscal quarter ending July 26, 1998 to be below expectations. The Company currently expects new orders of \$600 million to \$675 million, net sales of \$850 million to \$885 million and ongoing earnings of \$0.15 to \$0.18 per diluted share for the third fiscal quarter of 1998. The ongoing earnings forecast excludes an estimated \$25 million to \$30 million restructuring charge (approximately \$0.05 per share after-tax) associated with a Voluntary Separation Plan announced by the Company on May 26, 1998. Applied Materials will release its financial results for the third fiscal quarter on August 11, 1998.

The Company's customers are delaying orders, rescheduling equipment deliveries and reducing spending on wafer fabrication support as they evaluate the impacts of difficult economic conditions in Asia, DRAM overcapacity and weaker than expected PC sales, compounded by a movement to lower-priced (sub \$1,000) PCs. Although these factors have been present for some time, their near-term effect on the semiconductor equipment industry will be more severe than previously anticipated.

Customers are also seeking to assess new products and technology. Fortunately, the Company is able to address these requirements with its new families of products. Even with these opportunities, the Company's new orders for the third and fourth fiscal quarters of 1998 will be significantly lower than the \$1.03 billion achieved for the second fiscal quarter.

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. In addition to the possible exacerbation of the factors discussed above, 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 and the successful and timely development of new markets, products, processes and services. 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>.