



Applied Materials Announces Industry's First Comprehensive Customer Support Products

July 12, 1999

Business Editors/High-Tech Writers

SANTA CLARA, Calif.--(BUSINESS WIRE)--July 12, 1999--

New Total Service Solutions(TM) Guarantee System Operating Cost,
Performance and Provide Complete Parts Inventory Management for
Applied Materials Equipment

Applied Materials, Inc., the world's leading supplier of equipment to the semiconductor industry, announces its new line of Total Service Solutions (TSS). Initially comprised of two products, the Total Support Package(TM) (TSP) program and the Total Parts Management(TM) (TPM) program, TSS provide customers with a guaranteed way to lower their overall operating costs, improve system productivity and reduce parts inventory management costs for Applied Materials equipment.

"Total Service Solutions revolutionizes the way equipment can be managed over its lifetime in the fab," said Dr. David N.K. Wang, senior vice president and member of the Office of the President of Applied Materials. "Our goal is to help our customers improve profitability. With this new business model for parts and service management, we can optimize equipment performance while significantly lowering its long-term cost of operation. Enabling us to be in true partnership with our customers, TSS relieves them of the risk associated with equipment management in a cyclical environment and allows them to devote more of their energies to their competitive strengths."

Total Service Solutions, which will ultimately be available for all Applied Materials systems, are already being successfully implemented by 10 customers in 17 locations in the U.S., Europe and Asia. These customers have recognized improved equipment performance with typically 15-30 percent lower cost.

The Total Support Package outsources system maintenance to Applied Materials' expert service teams and eliminates the need for customers to carry service-related parts inventories for their Applied Materials equipment. The package covers all maintenance and spare parts, including consumables and non-consumables, needed to keep an Applied Materials system in operation. Chipmakers pay a fixed price per system, which covers service labor and non-consumables, coupled with a guaranteed price per wafer pass (PWP) that is reduced over the lifetime of the system as performance of the equipment is optimized.

"Our customers want to extend the productivity and lifetime of their installed equipment base and see predictable, significant reductions in operating costs," said Vinod Mahendroo, president of Applied Materials' Installed Base Support Services. "With our TSP product, we are providing improved operational performance and guaranteeing reduced cost of system maintenance for Applied Materials equipment."

The Total Parts Management (TPM) program offers customers the option of having Applied Materials completely own and manage spare parts (consumables and non-consumables) for Applied Materials equipment used in the fab. Under this plan, customers can significantly reduce inventory and administrative costs for Applied Materials parts covered under the program and pay only for parts used.

The TPM program continues to stock spare parts at the customer site, but parts are owned and managed by Applied Materials. Parts are automatically replenished as they are used, and they are updated with new revisions or technology changes as necessary.

"A typical fab carries thousands of separate parts to support its systems. Inventory management, including carrying costs, logistics planning and administration, costs most customers about 35 cents for every dollar of inventory," said Mahendroo. "The TPM program eliminates these expenses, as well as the headaches of managing part revisions. Our extensive, global infrastructure and planning expertise enable Applied Materials to provide excellent spares management while giving customers a guaranteed parts supply with significantly lower costs and increased ease of doing business."

"Total Service Solutions completely redefines the concept of customer service in the equipment industry. It creates closer customer/supplier partnerships, as well as extended value and satisfaction with our products," added Dr. Wang. "This is a key part of Applied Materials' Total Solutions(TM) approach which supports our total commitment to enabling the success of our customers."

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 System under the symbol "AMAT." Applied Materials' web site is www.appliedmaterials.com.

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KEYWORD: CALIFORNIA

INDUSTRY KEYWORD: COMED COMPUTERS/ELECTRONICS PRODUCT