



Applied Materials to Acquire Interest in Flat Panel Display Venture

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Business Editors/High Tech Writers

SANTA CLARA, Calif.--(BUSINESS WIRE)--Sept. 28, 1999--Applied Materials, Inc. (Nasdaq:AMAT), announced today that it has signed a Letter of Intent to acquire Komatsu Ltd.'s 50 percent interest in Applied Komatsu Technology, Inc.

Applied Materials currently owns a 50 percent interest in Applied Komatsu Technology, a supplier of fabrication systems used to produce Flat Panel Displays (FPD). Applied Komatsu Technology was formed in September 1993 as a 50-50 joint venture between Applied Materials and Komatsu.

"Significant improvements in overall business conditions and an increase in demand for FPD manufacturing equipment in Taiwan and Korea present new opportunities for Applied Materials and contributed to our decision to purchase Komatsu's interest," said Dr. Dan Maydan, president of Applied Materials. "These changes in the FPD business, combined with the increased need for enhanced flexibility and responsiveness to market changes, were also factors in our decision."

"Komatsu has been an excellent partner in this joint venture, and has made valuable contributions to Applied Komatsu Technology. In particular, Komatsu has played a positive role in process improvements for supplier management, quality and manufacturing operations, which have benefited both Applied Komatsu Technology and Applied Materials."

The acquisition is expected to be finalized, subject to the completion of a definitive agreement and the approval of both companies' Board of Directors, and certain other conditions, prior to the close of Applied Materials' fourth fiscal quarter of 1999, ending October 31, 1999. The acquisition by Applied Materials of Komatsu's 50 percent interest in Applied Komatsu Technology is not expected to have a material effect on Applied Materials' balance sheet or ongoing net income for the fiscal year 1999. Non-recurring items, including in-process research & development expense, resulting from this transaction are not expected to have an adverse effect on Applied Materials' net income for the fourth fiscal quarter of 1999.

The purchase of Applied Komatsu Technology reflects a change in Applied Materials' decision in the fourth fiscal quarter of 1998 to discontinue the operations of Applied Komatsu Technology. Applied Materials recorded \$58 million of losses in the fourth fiscal quarter of 1998 related to Applied Komatsu Technology, including the operating losses of Applied Komatsu Technology and charges to discontinue the operations. As a result of the change in the decision to discontinue the operations of Applied Komatsu Technology, Applied Materials will reclassify the operating results of Applied Komatsu Technology to continuing operations, but there will be no change in Applied Materials' net income or total earnings per share amounts as previously reported.

Upon completion of the transaction, the FPD equipment business will be conducted under the name AKT, an Applied Materials company, and will continue to focus on chemical vapor deposition systems for the FPD market. Its operations will be based primarily in the United States and will support the flat panel display manufacturing industry worldwide.

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: completion of Applied Materials' due diligence and acquisition of Komatsu's 50 percent interest in Applied Komatsu Technology; continued improvements in overall business conditions within the FPD market; continued increases in demand for FPDs; the ability of Applied Materials to retain key employees of Applied Komatsu Technology; the ability of Applied Materials to effectively integrate the operations of Applied Komatsu Technology; and the ability of Applied Materials and Applied Komatsu Technology to leverage capabilities and capitalize on their strengths to better serve customers. Applied Materials 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 System under the symbol "AMAT." Applied Materials' web site is www.appliedmaterials.com.

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