



## **Applied Materials' Total Support Package Helps Accelerate Production Ramp-up at LSI Logic; Innovative Service Program Implemented at Colorado Springs Fab**

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SANTA CLARA, Calif.--(BUSINESS WIRE)--Feb. 28, 2000--Applied Materials, Inc. reported today that its Total Support Package(TM) (TSP) program enabled LSI Logic Corporation (NYSE LSI), a leading supplier of communications chips, to rapidly accelerate the transition of Applied Materials' systems into production at its Colorado Springs facility. The TSP program covers all maintenance and spare parts needed for Applied Materials' equipment, allowing customers to quickly bring a system to production readiness without requiring additional investments in parts inventory build-up or adding and training new technical service support personnel.

The TSP program provided LSI with a cost-effective way to rapidly bring Applied Materials' DPS(TM) etch, MxP(TM) etch and PVD (physical vapor deposition) systems into production, as well as monitor and optimize the systems' performance on an on-going basis. Results from implementing this program include reduced equipment operating and administrative overhead costs and improved management of inventories.

"Our TSP program at LSI Logic demonstrates how we can help our customers reduce time to market for their products by accelerating the transition of an Applied Materials system into volume production," said Vinod Mahendroo, president of Applied Materials' Installed Base Support and Services. "By offering efficient, comprehensive support with targeted performance goals, this program provides customers the competitive value of guaranteed improvements in equipment productivity at lower costs."

The TSP program is the centerpiece of an innovative new line of Total Service Solutions(TM) (TSS) products from Applied Materials that has transformed service support for semiconductor fabrication equipment in a fab. In addition to covering all the service and parts needed to operate and maximize the productivity of Applied Materials' systems, a new guaranteed price per wafer pass structure allows customers for the first time, to align service costs to production.

Applied Materials' global service network includes more than 2,500 highly trained engineers and technicians, supporting the company's installed base of more than 11,000 systems at leading chipmakers around the world. Applied Materials' TSP program leverages this organization to allocate the expertise and resources needed to quickly ramp a new system into production, support all system maintenance requirements and manage consumable and non-consumable parts planning and administration. Results from eight customers with TSP contracts confirm significantly improved equipment performance with typically 15-30 percent lower cost.

For the TSP program, chipmakers pay a fixed price per system for service labor and non-consumables, coupled with a guaranteed price per-wafer-pass that is reduced as performance of the equipment is optimized. This unique TSP pricing structure creates alignment between Applied Materials and customer service needs and production goals.

Presently, Total Service Solutions consists of two products, the Total Support Package and the Total Parts Management(TM) (TPM) programs. With TPM, Applied Materials will provide and manage spare parts for all its equipment used in a fab to deliver significant reductions in inventory and administrative costs to its customers. With the TSS program, Applied Materials has revolutionized service support for semiconductor fabrication equipment in a fab.

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 <http://www.appliedmaterials.com>.

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