



APPLIED MATERIALS EXPECTS REVENUE AND EARNINGS SHORTFALL FOR THIRD FISCAL QUARTER 1996

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Customers Delay Deliveries and Orders

SANTA CLARA, Calif., July 15, 1996 -- Applied Materials, Inc. expects lower revenue and earnings than prior projections for the third fiscal quarter ending July 28, 1996, as a result of customers deferring scheduled deliveries of the Company's wafer fabrication systems. Delivery pushouts in the third fiscal quarter are expected to reduce third quarter net sales by about \$50 million from prior projections, to about \$1,100 million. Earnings per share in the third fiscal quarter is expected to be approximately \$0.90 per share versus the current First Call analysts' consensus estimate of \$0.98 per share.

New orders in the third fiscal quarter of 1996 are now projected to decline 22 percent from earlier expectations of \$1,150 million to approximately \$900 million. "Continued memory price declines in recent months have impacted our customers' profitability, particularly DRAM device manufacturers. As a result, capacity-driven equipment orders and shipments are being rescheduled for future delivery dates," said James C. Morgan, chairman and chief executive officer. The decline in orders has been caused in part by Japanese capital spending plans being reduced by nearly 40 percent from prior projections and some fab investment pushouts from North America and Asia-Pacific device manufacturers. European investment at this time does not appear to be adversely impacted from recent memory price declines. Korean customer investment in this quarter remains as projected.

"During this period of uncertainty in the global semiconductor market, Applied Materials will remain focused on its efforts to provide continued high level support and service to our global customers. The Company will continue to aggressively introduce new products and technology to provide leading-edge manufacturing solutions for advanced semiconductor devices while proactively managing cost reduction programs," Morgan concluded.

Certain matters discussed in this news release are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, but are not limited to, continuing erosion in semiconductor device prices, slowing growth in the demand for semiconductors, success in implementing cost reduction programs, product pricing pressures and the impact of competitive forces.

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' web site is <http://www.AppliedMaterials.com>

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