



Applied Materials Completes Acquisition of Obsidian; Slurry-free CMP Technology Complements the Company's Existing Mirra Product Line

October 6, 1999

SANTA CLARA, Calif.--(BUSINESS WIRE)--Oct. 5, 1999--Applied Materials, Inc. today announced it has completed its acquisition of Obsidian, Inc., a privately held company, in a stock-for-stock merger. Under the terms of the transaction, originally announced on May 28, 1999, holders of Obsidian common stock, preferred stock, options and warrants will receive, in the aggregate, approximately 1,900,000 shares of Applied Materials' common stock.

The fixed-abrasive, slurry-free CMP (chemical mechanical polishing) technology in development at Obsidian is particularly well suited for optimizing CMP performance on advanced devices for a variety of applications, including shallow trench isolation. Since the technology does not use a slurry to polish wafers, semiconductor fabrication costs associated with the purchase and disposal of chemicals are expected to be reduced as well.

"The purchase of Obsidian enhances Applied Materials' ability to provide customers with the advanced CMP technology necessary to continue their movement toward the cost-effective production of smaller, more powerful chips," said Dan Maydan, president of Applied Materials. "Obsidian's slurry-free CMP technology will complement our current Mirra(R) product line to offer customers a wide range of processing solutions to their manufacturing requirements."

The acquisition will be accounted for as a purchase business combination. In connection with the transaction, Applied Materials expects to record a one-time charge against earnings of between \$30 million and \$40 million, or \$0.08 to \$0.10 per diluted share, in its fourth fiscal quarter ending October 31, 1999. The charge relates to acquired in-process research and development.

According to industry research firm Dataquest, the market for CMP systems is among the fastest growing market segments, which is estimated to grow to \$1.8 billion in 2003 from \$600 million in 1998.

This press release contains certain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Such risks and uncertainties include, but are not limited to, the performance and successful integration of the acquired business and the growth of the CMP market. 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.