



Applied Komatsu Technology Announces Restructuring

October 1, 1998

KOBE, Japan--(BUSINESS WIRE)--Oct. 1, 1998--Applied Komatsu Technology, Inc. (AKT), a leading provider of flat panel display (FPD) production equipment, today announced that it will restructure its business to focus on the Chemical Vapor Deposition (CVD) market and to better align its expenses with expected revenue levels. AKT will continue to provide service and support for AKT systems installed at customer sites and AKT will discontinue sales of PVD systems and Etch systems.

Difficult economic conditions in Asia (where AKT's major customers are located), revenue deterioration among FPD manufacturers, a slowdown of growth in the personal computer market and a slower than anticipated penetration of the desktop computer market by FPD technology have resulted in AKT's customers delaying FPD equipment deliveries and investments in FPD fabrication programs.

Details of the AKT restructuring, which will include a reduction in AKT's workforce, a consolidation of certain facilities and a write-down of certain assets, will be released after the plan has been completed. The AKT restructuring plan and associated cost estimates are expected to be completed during AKT's fourth fiscal quarter, which ends on October 31, 1998.

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, the timing of the completion of AKT's restructuring plan and associated cost estimates, the demand for AKT's CVD products and the ability of AKT to timely align its cost structure with prevailing market conditions. AKT assumes no obligation to update the information in this press release.

Applied Komatsu Technology, Inc. is a 50-50 joint venture company owned by Applied Materials, Inc. and Komatsu Ltd. 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. Komatsu Ltd. is an international leader in construction equipment and industrial machinery and continues to expand in electronics, engineering and other solutions-based operations.