



## **Applied Materials To Acquire Obsidian In Stock Swap; Fixed-Abrasive CMP Technology Complements Company's Existing Products**

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Business Editors/High Tech Writers

SANTA CLARA, Calif.--(BUSINESS WIRE)--May 28, 1999--Applied Materials, Inc. and Obsidian, Inc. announced today that they had reached a definitive agreement for Applied Materials to acquire Obsidian in a stock-for-stock merger. Holders of Obsidian common stock, preferred stock, options and warrants will receive, in the aggregate, 2,500,000 shares of Applied Materials common stock, on a fully diluted, as converted basis, subject to certain restrictions, based on the average trading price of Applied Materials common stock prior to the closing.

The proposed acquisition is expected to enable Applied Materials to offer a complementary, slurry-free CMP (chemical mechanical polishing) technology to customers, thus supplementing the Company's existing slurry-based product, the Mirra(R) CMP system. The benefits of fixed-abrasive technology include reduced costs associated with the purchase and disposal of chemical slurry.

"We believe that Obsidian is developing an important new technology," said Sass Somekh, senior vice president, Office of the President, Applied Materials. "This acquisition will enable Applied Materials to offer customers a broader set of solutions to meet their device manufacturing requirements. Offering both technologies will strengthen our primary business objective to provide Total Solutions(TM) to our customers."

"We believe that this merger will enable the strengths of both companies to provide a world-class product," said Bruce Rhine, president and chief executive officer, Obsidian. "Combining our technology with Applied Materials' expertise in semiconductor processing equipment and its global service and support capabilities will provide us with the best opportunity to commercialize the advanced CMP products that our customers require."

The acquisition has been approved by the board of directors of each company, will be accounted for using purchase accounting, and is expected to be closed by the end of June 1999, subject to, among other conditions, regulatory approval.

This press release contains certain forward-looking statements that involve risks and uncertainties that could cause Applied Materials' actual results to differ materially from those expressed or implied by these statements. Such risks and uncertainties include, but are not limited to, the possible inability to complete the merger as scheduled, or at all, and the performance and successful integration of the acquired business. Applied Materials assumes no obligation to update the information in this press release.

Obsidian, Inc. is a leading independent developer of fixed-abrasive CMP solutions to the semiconductor industry. Headquartered in Fremont, California, Obsidian is a private company founded in 1997.

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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