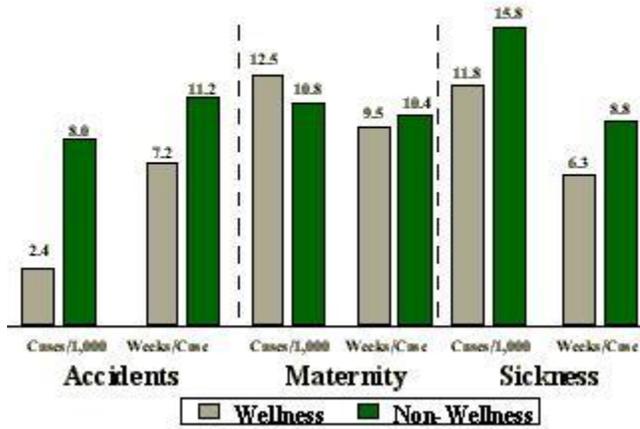


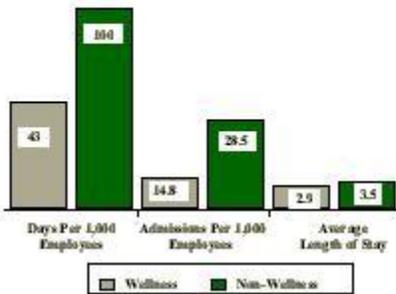
1995 data demonstrates medical savings for inpatient utilization, inpatient cost and STD. (Eligible employees 5,894)

**Short-Term Disability:
Wellness and Non-Wellness Participants**

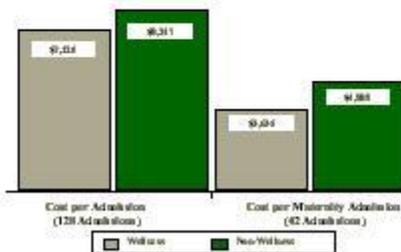


app

**Prudential Health Plans:
Inpatient Medical Utilization**



**Prudential Health Plans:
Medical Inpatient Cost**



Health Improvement through Cultural Support

Smoke Free Workplace Policy

Policy instituted in North America in 1989 with vigorous smoking cessation campaign. Reinforced through regular, subsidized smoking cessation offerings and expansion of policy to include all building entrances and

outdoor patio areas of cafeterias. Smoking rate reduced by 69% in Santa Clara and 65% in North America field sites.

1989 Baseline Smoking 26% (Santa Clara)

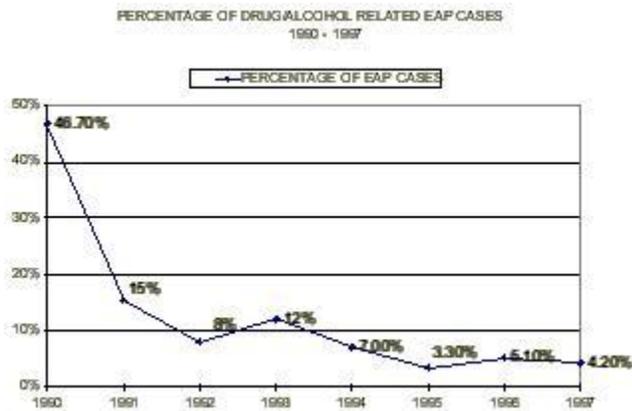
37% (NA field sites)

1998 Smoking Level 8% (Santa Clara)

13% (NA field sites) (Staywell Health Management System)

Drug-Free Workplace Policy

Policy implemented in 1990 with mandatory employee training. Progressive drop in drug and alcohol related EAP cases from 1990 - 1997



Healthy Eating

On-site food services vendor mandated by contract to provide at least one daily entrée meeting criteria of American Heart Association and provide nutritional labeling and low-fat condiment alternatives.

Fitness & Exercise

On-site fitness centers provided at locations of more than 500 people. Fitness subsidy for health club memberships and home exercise equipment for employees with no on-site facilities.

Health Improvement & Cost Savings

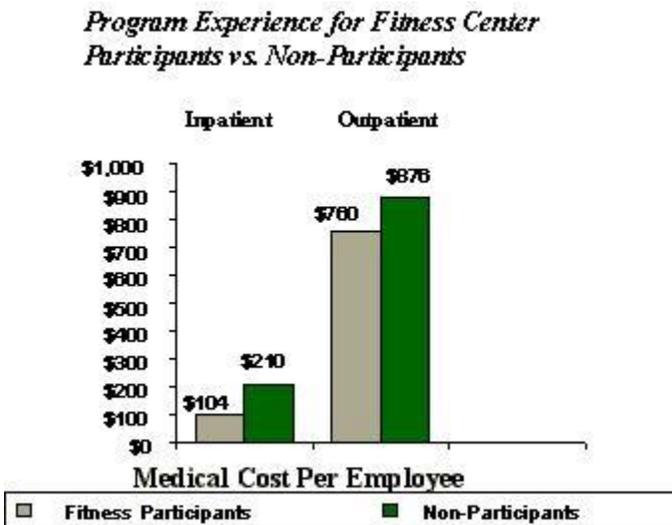
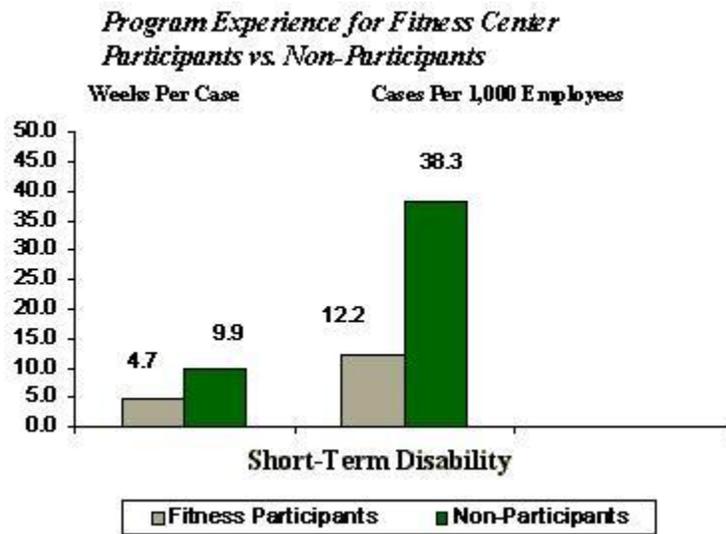
Targeted High Risk Reduction Programs

Intervention #1 (Musculoskeletal)

On-site Fitness Centers

Implemented in Austin (10/94) and Santa Clara (3/96)

Fitness center participants in Austin show lower inpatient and outpatient medical costs and less STD



Intervention #2 (Musculoskeletal)

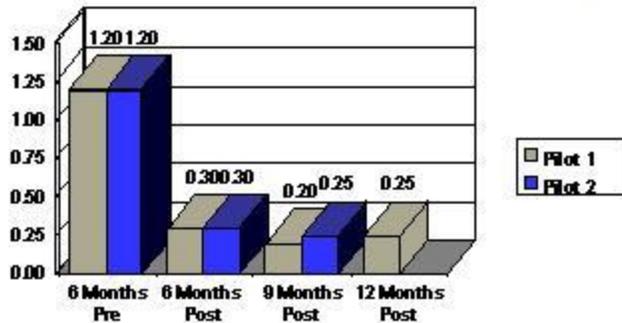
Industrial Athlete Stretch Break Program

A pilot stretch break program was introduced to manufacturing employees to address the rising rate of strains and sprains. Employees participated in up to two, five minute stretching sessions per shift at their work stations, led by a Wellness staff. Rosters were kept of voluntary participation. Pre and post test measures were conducted on all participants. Results for those participating in at least 70% of stretch sessions show:

- 58% reduction in monthly average strains and sprains (Safety Accident and Injury Report, 3/14/97)
- Decreased tension, anger, and confusion scores (Profile of Mood States)

- Increased Esteem (Self-Esteem Scale)
- Improved overall Mood scores (POMS)
- Increased Overall Job Satisfaction scores (Job Satisfaction Scale)

Injury Rates per Month Pre & Post Stretch Break Program



Program has since been instituted as a Best Known Method (BKM) and has been rolled out to all Austin manufacturing. (McCalister, Tre, Fit for Work: Training the Industrial Athlete, Worksite Health, Winter, 1998, pp. 28-31)

Intervention #3 (Musculoskeletal)

Personal Approach Program

An on-going 8-week holistic program tailored to meet the lifestyle and personal needs of totally sedentary/inactive employees. Initial pilot had 50 participants. Results based on 60% completion rate.

- 17% decrease resting HR
- 10% decrease resting BP
- 2% decrease body fat
- 32% increase upper body strength
- 30% increase abdominal strength
- 13% increase CV endurance
- 11% increase flexibility

Intervention #4 (Stress/Mental Health)

Workplace Stress Assessment and Coping Intervention

Richard H. Rahe, M.D., Tracy L. Veach, Ed.D. and Robbin L. Tolles, M.A.T., University of Nevada School of Medicine, Reno and the Veterans Affairs Medical Center, Reno, NV, C. Barr Taylor, M.D., Anne Greiner, M.A., and Darby Cuning, M.A. Stanford University School of Medicine. Project funded by The California Wellness Foundation.

The purpose of the project was to study the efficacy of two types of workplace stress and coping interventions with a control group. All participants were assessed for stress and coping, balance and anxiety at 0,3,6,9, and 12 months. The first group received six wellness coaching sessions. The second group received a self-study workbook. The control group took the questionnaires but did not receive feedback. Investigators hypothesized that the participants with the most intervention time would show the most change in terms of both number of changes and permanence of change, the self-study participants would be second, and the control group last.

Results: All three groups made statistically significant improvements in different areas.

Average total physical symptom counts decreased: $t = -5.04$ ($p = <.001$)

Average total psychological symptom counts decreased: $t = -3.46$ ($p = .001$)

Average Zung Self-rating Score decreased toward normal: $t = -2.09$ ($p = .039$)

Average health habits scores increased: $t = 3.00$ ($p = <.003$)

Average overall social support values increased: $t = 3.13$ ($p = .002$)

Average positive responses to stress improved: $t = 3.07$ ($p = .003$)

Average negative responses to stress improved: $t = 4.51$ ($p = <.001$)

Average stress scores decreased: $t = -3.32$ ($p = .001$)

Average stress and coping balance improved: $t = 4.18$ ($p = <.001$)

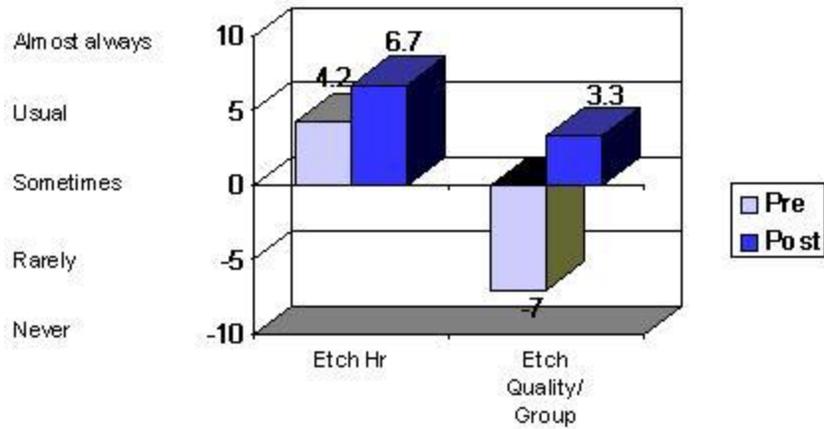
Average scores on the State-Trait Anxiety Inventory decreased (improved):
 $t = -2.99$ ($p = .004$)

Intervention #5 (Stress/Mental Health)

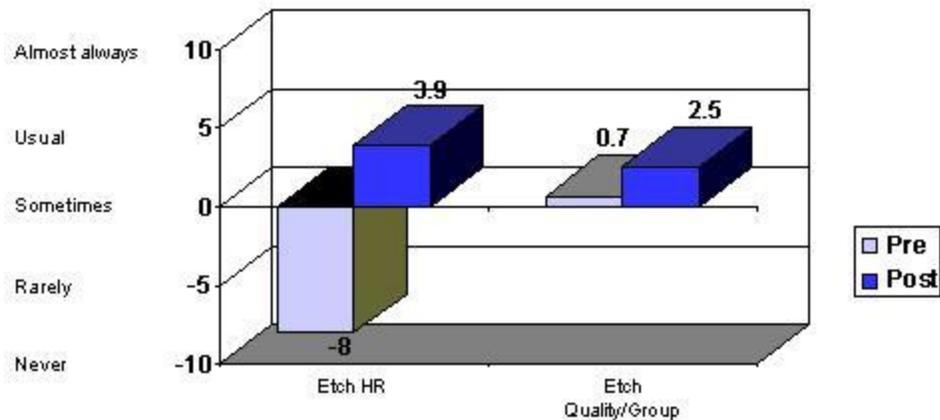
WorkCare Pilot

A six week pilot was implemented to address concerns with stress management and work/life balance issues. Interactive educational sessions dealing with job effectiveness, nutrition, stress, self care, job safety, health traveling and work/family balance skills were delivered to a product group of high level management. Pre/post measurements for stress/coping ability and life balance skills were taken. Results demonstrate positive changes in post intervention groups. Program has been added to the corporate training program and offered for credits to fulfill employee mandatory training requirement of 40 hours/year.

STRESS/COPING ABILITY



LIFE BALANCE

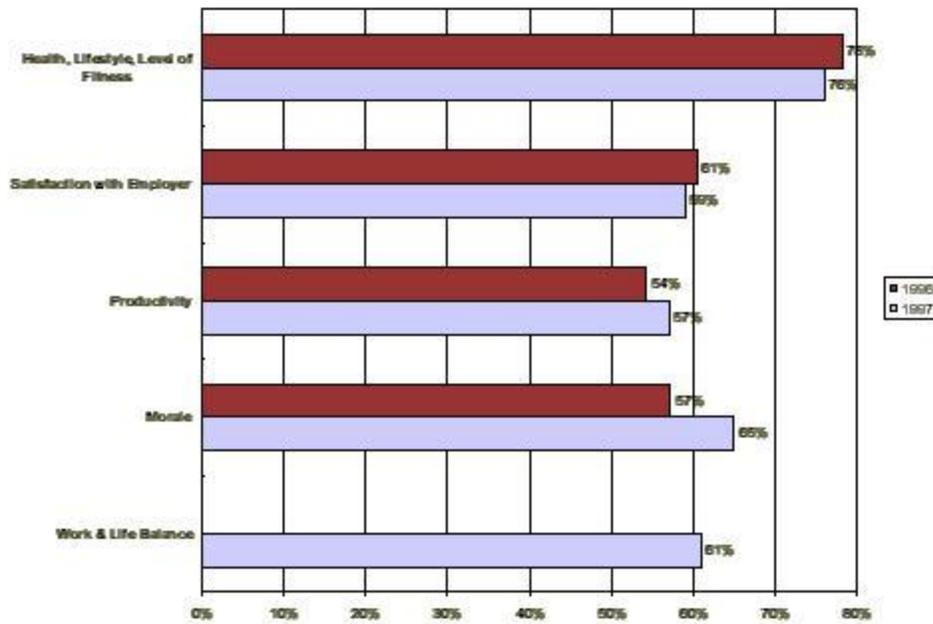


Customer Satisfaction

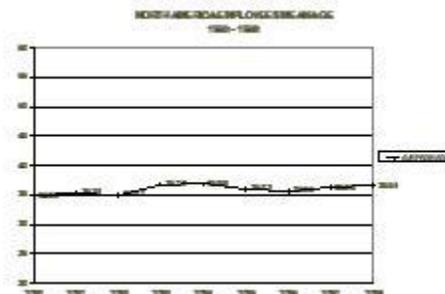
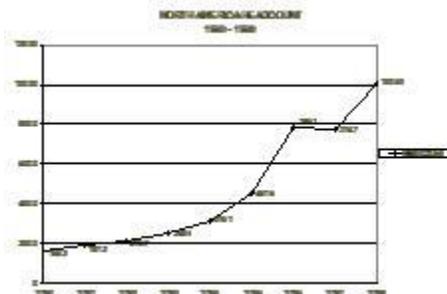
Wellness Employee Satisfaction Survey

1996 and 1997

A randomized sampling of North America employees was conducted in 1996 and 1997 to evaluate employee participation, behavior changes and customer satisfaction with Applied Wellness program. Response rates were 31% and 35% respectively. Results demonstrate self reported improvements in health, lifestyle and level of fitness, morale, job satisfaction, productivity, and work/life balance.



Strategic Direction



Applied Materials has experienced more than 600% growth rate in the past 8 years. Company demographics defy traditional health promotion risks and strategies. Health Risk Appraisals conducted from 1993 to 1998 (StayWell Health Management Systems) consistently show the average health age of an Applied employee to be 2.4 to 3.4 years less than average their chronological age, indicating their overall health status is better than national normative levels. Applied was identified as a Best Practice company the areas of group health, worker’s compensation and LTD in the 1997 Health & Productivity Management Consortium Benchmarking Report conducted by the American Productivity and Quality Center with The Medstat Group. (Gemignani, J. Best Practices that Boost Productivity. Business & Health: Volume 16; Number 3, March 1998, pp 37-42)

Applied Wellness is committed to continued quality and alignment of health promotion strategies with business priorities. These include long-term retention of key talent and improved human capability. Future strategies and directions for the program include:

- Continued expansion and integration of the Health & Productivity Database started in 1993. This includes development of a predictive model of valid health and productivity outcomes which are meaningful and useful for business group management.
- Implementation of additional high risk interventions to address increasing lifestyle risk factors of stress, mental health and back care
- Expand partnerships with other internal groups to develop world class work/life balance programs in alignment with Corporate goal of being a "Great Place to Work"
- Develop and expand Global support for Wellness programs and services which are location/customer specific and delivered within a decentralized HR structure.
- Align with Global HR goal to attract and retain key talent in a highly competitive job market

*Wellness and Non-Wellness Participants
Attrition Rate*

