# News Release

***Mattson Technology Contact***
Andy Moring
**Mattson Technology, Inc.**
tel 510-657-5900
fax 510-492-5963
andy.moring@mattson.com

***Investor & Media Contact***
Laura Guerrant-Oiye
**Guerrant Associates**
tel 808-882-1467
lguerrant@guerrantir.com

**FOR IMMEDIATE RELEASE**

## MATTSON TECHNOLOGY, INC. REPORTS STRONG THIRD QUARTER 2009 RESULTS

**FREMONT, Calif. — October 21, 2009 —** Mattson Technology, Inc. (Nasdaq: MTSN), a leading supplier of advanced process equipment used to manufacture semiconductors, today announced results for its third quarter of 2009 (ended September 27, 2009).

**Third Quarter 2009 Business Highlights:**

- Revenues increased sequentially 38 percent over the second quarter of 2009.
- Announced the release of the next Generation Helios™ XP Rapid Thermal Processing (RTP) system and shipped a Helios XP evaluation system to a leading foundry customer for advanced anneal processing, marking Mattson Technology's first RTP system placement in the Logic / Foundry market.
- Recognized revenue on an Alpine™ Etch system at a leading logic manufacturer for wafer-level packaging applications. This shipment is not only the Company's third customer with Etch products, but also opens up a new addressable market in the packaging segment.

**Third Quarter 2009 Financial Results**

Net sales for the third quarter were $11.2 million, compared to $8.1 million in the second quarter of 2009, and $30 million in the third quarter of 2008. Gross margin for the third quarter was $2.5 million, compared to negative $1.6 million in the second quarter, and $7.7 million in the third quarter of 2008. Gross margin improved in the third quarter primarily due to fewer inventory reserves taken when compared to the second quarter.

Operating expenses for the third quarter were $19.2 million, compared to $18.2 million in the second quarter and $28.8 million for the third quarter of 2008. Operating expenses for the third quarter included $1.7 million in restructuring expenses, which related to incremental cost reduction initiatives announced in July 2009. Restructuring expenses included a release of $0.1 million in the second quarter of 2009 and a charge of $1.9 million in the third quarter of 2008.

Net loss for the third quarter was $8.6 million, or $0.17 loss per share, compared with a net loss of $19.9 million, or $0.40 loss per share, for the second quarter, and net loss of $20.7 million, or $0.42 loss per share, for the third quarter of 2008. Included in the net loss for the third quarter were: (1) a favorable tax impact of $8.5 million, or $0.17 earnings per share, relating to a release of deferred tax liabilities subsequent to the completion of certain tax audits for previous financial periods and (2) restructuring charges of $1.7 million, or $0.03 loss per share.

Cash, cash equivalents, short-term investments and restricted cash at the end of the third quarter were $67.8 million, compared to $79.8 million at the end of the second quarter. Cash

decreased by $12 million in the third quarter, including $1.7 million relating to severance payments.

David L. Dutton, president and chief executive officer, noted, "We continue to experience improving conditions in the cycle. Revenues increased 38 percent over the second quarter of 2009, marking our second consecutive quarter of double-digit growth. In the third quarter, Mattson Technology added a third customer to our etch product line, extended our RTP segment beyond memory into the foundry market and shipped multiple Strip and RTP systems, demonstrating that all three segments are well positioned for the current growth cycle. These results are a testament to the product acceptance we are achieving in our new technologies, the continuing strength of our core products and the dedication of our entire team.

"It is clear now that the overall market, and specifically the market for semiconductor equipment, is turning up," added Dutton. "The investment in our diversification and growth strategy is paying off, as we are seeing new opportunities open up in new market segments. Mattson Technology has arrived at the upward inflection point in the cycle with a broader leading edge product portfolio. We are optimally positioned at the leading customers with a strong balance sheet and the requisite resources to fully leverage these positions as the global economy strengthens." Dutton concluded, "Mattson Technology has not only survived this extremely difficult environment; we have invested in new initiatives at the company that we expect will lead to a market opportunity nearly triple the size of what we had before."

Attached to this news release are preliminary unaudited condensed consolidated statements of operations and balance sheets.

**Conference Call**

On Wednesday, October 21, 2009, at 3:00 PM Pacific Time (6:00 PM Eastern Time), Mattson Technology will hold a conference call to review the following topics: 2009 third quarter financial results, current business conditions, the near-term business outlook and guidance for the fourth quarter of 2009. The conference call will be simultaneously webcast at www.mattson.com under the "Investors" section. In addition to the live webcast, a replay will be available to the public on the Mattson Technology website for one week following the live broadcast.

To access the live conference call, please dial (913) 312-4374.

Mattson will also webcast a slide presentation in conjunction with the conference call, which can also be accessed at www.mattson.com under the "Investors" section.

**"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995:**

This news release contains forward-looking statements regarding the Company's future prospects and plans, including, but not limited to: potential future earnings, cash flow, cash position and other financial results, future customer demand and industry and economic conditions, Company strategies, and the market opportunity and acceptance of Company products. Forward-looking statements address matters that are subject to a number of risks and uncertainties that can cause actual results to differ materially. Such risks and uncertainties include, but are not limited to: end-user demand for semiconductors; customer demand for semiconductor manufacturing equipment; the timing of significant customer orders for the Company's products; customer acceptance of delivered products and the Company's ability to collect amounts due upon shipment and upon acceptance; the Company's ability to timely manufacture, deliver and support ordered products; the Company's ability to bring new products to market and to gain market share with such products; customer rate of adoption of new technologies; risks inherent in the development of complex technology; the timing and competitiveness of new product releases by the Company's competitors; the Company's ability to align its cost structure with market conditions; and other risks and uncertainties described in the Company's Forms 10-K, 10-Q and other filings with the Securities and Exchange

Commission. Results for the current quarter are preliminary and subject to adjustment. The Company assumes no obligation to update the information provided in this news release.

**About Mattson Technology, Inc.**

Mattson Technology, Inc. designs, manufactures and markets semiconductor wafer processing equipment used in the fabrication of integrated circuits. We are a leading supplier of plasma and rapid thermal processing equipment to the global semiconductor industry. Through manufacturing and design innovation, we have produced technologically advanced systems that provide productive and cost effective solutions for customers fabricating current- and next-generation semiconductor devices. For more information, please contact Mattson Technology, Inc., 47131 Bayside Parkway, Fremont, CA, 94538. Telephone: (800) MATTSON/(510) 657-5900. Internet: www.mattson.com.

**MATTSON TECHNOLOGY, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited, in thousands, except per share amounts)**

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 27, 2009 | September 28, 2008 | September 27, 2009 | September 28, 2008 |
| Net sales | $ 11,187 | $ 30,041 | $ 24,827 | $ 120,486 |
| Cost of sales | 8,722 | 22,371 | 31,886 | 73,537 |
| Gross margin | 2,465 | 7,670 | (7,059) | 46,949 |
| Operating expenses: | | | | |
| Research, development and engineering | 5,818 | 10,397 | 19,277 | 27,458 |
| Selling, general and administrative | 11,611 | 16,448 | 35,970 | 48,815 |
| Amortization of intangibles | - | 128 | - | 384 |
| Restructuring charges | 1,738 | 1,867 | 2,556 | 2,615 |
| Total operating expenses | 19,167 | 28,840 | 57,803 | 79,272 |
| Loss from operations | (16,702) | (21,170) | (64,862) | (32,323) |
| Interest and other income (expense), net | (248) | 563 | 1,205 | 1,302 |
| Loss before income taxes | (16,950) | (20,607) | (63,657) | (31,021) |
| Provision for (benefit from) income taxes | (8,393) | 130 | (7,977) | 686 |
| Net loss | $ (8,557) | $ (20,737) | $ (55,680) | $ (31,707) |
| Net loss per share: | | | | |
| Basic and Diluted | $ (0.17) | $ (0.42) | $ (1.12) | $ (0.64) |
| Shares used in computing net loss per share: | | | | |
| Basic and Diluted | 49,884 | 49,481 | 49,795 | 49,421 |

**MATTSON TECHNOLOGY, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(in thousands)**

| | September 27, 2009 (unaudited) | December 31, 2008 (1) |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash, cash equivalents and short-term investments | $ 65,838 | $ 103,387 |
| Restricted cash | 2,000 | - |
| Accounts receivable, net | 7,045 | 14,477 |
| Advance billings | 616 | 140 |
| Inventories | 30,585 | 48,410 |
| Inventories - delivered systems | - | 956 |
| Prepaid expenses and other assets | 4,934 | 5,765 |
| Total current assets | 111,018 | 173,135 |
| Property and equipment, net | 23,718 | 27,144 |
| Other assets | 6,025 | 7,932 |
| Total assets | $ 140,761 | $ 208,211 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 5,061 | $ 7,205 |
| Accrued liabilities | 16,867 | 21,241 |
| Deferred revenue | 2,552 | 4,198 |
| Total current liabilities | 24,480 | 32,644 |
| Income taxes payable, non-current | 4,301 | 13,467 |
| Other liabilities | 5,831 | 5,264 |
| Total liabilities | 34,612 | 51,375 |
| Stockholders' equity: | | |
| Common stock | 54 | 54 |
| Additional paid-in capital | 631,078 | 628,632 |
| Accumulated other comprehensive income | 22,802 | 20,255 |
| Treasury stock | (37,986) | (37,986) |
| Accumulated deficit | (509,799) | (454,119) |
| Total stockholders' equity | 106,149 | 156,836 |
| Total liabilities and stockholders' equity | $ 140,761 | $ 208,211 |

(1) Derived from audited financial statements

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