UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended APRIL 28, 1996 or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number 0-6920

APPLIED MATERIALS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	94-1655526
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3050 BOWERS AVENUE, SANTA CLARA, CALIFORNIA	95054-3299
Address of principal executive offices	(Zip Code)
Registrant's telephone number, including area code	(408) 727-5555

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

Number of shares outstanding of the issuer's common stock as of April 28, 1996: 179,377,000

PART I. FINANCIAL INFORMATION

APPLIED MATERIALS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Six Months Ended	
(In thousands, except per share data)	April 28, 1996	April 30, 1995	April 28, 1996	April 30, 1995
Net sales	$1,127,855	$675,439	$2,168,435	$1,181,547
Costs and expenses:				
Cost of products sold	586,564	370,429	1,130,344	638,525
Research, development and engineering	124,918	73,393	235,270	133,389
Marketing and selling	80,587	51,901	157,869	96,046
General and administrative	54,820	34,822	104,375	66,640
Income from operations	280,966	144,894	540,577	246,947
Interest expense	4,917	5,881	10,085	11,634
Interest income	9,829	5,040	19,426	9,983
Income from consolidated companies before taxes	285,878	144,053	549,918	245,296
Provision for income taxes	100,057	50,418	192,471	85,853
Income from consolidated companies	185,821	93,635	357,447	159,443
Equity in net income/loss of joint venture	-	-	-	-
Net income	$ 185,821	$ 93,635	$ 357,447	$ 159,443
Earnings per share	$ 1.01	$ 0.54	$ 1.94	$ 0.92
Average common shares and equivalents	183,699	173,406	183,921	173,010

See accompanying notes to consolidated condensed financial statements.

APPLIED MATERIALS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS*

	(In thousands)	April 28, 1996	Oct. 29, 1995
ASSETS	Current assets:		
	Cash and cash equivalents	$ 199,993	$ 285,845
	Short-term investments	442,405	483,487
	Accounts receivable, net	1,020,737	817,730
	Inventories	556,584	427,413
	Deferred income taxes	196,277	198,888
	Other current assets	84,227	98,250
	Total current assets	2,500,223	2,311,613
	Property, plant and equipment, net	808,547	630,746
	Other assets	25,047	23,020
	Total assets	$3,333,817	$2,965,379
LIABILITIES AND STOCKHOLDERS' EQUITY	Current liabilities:		
	Notes payable	$ 48,465	$ 61,748
	Current portion of long-term debt	22,497	21,064
	Accounts payable and accrued expenses	778,886	659,572
	Income taxes payable	36,099	119,347
	Total current liabilities	885,947	861,731
	Long-term debt	282,156	279,807
	Deferred income taxes and other non-current obligations	49,611	40,338
	Total liabilities	1,217,714	1,181,876
	Stockholders' equity:		
	Common stock	1,794	1,792
	Additional paid-in capital	747,338	760,057
	Retained earnings	1,357,426	999,979
	Cumulative translation adjustments	9,545	21,675
	Total stockholders' equity	2,116,103	1,783,503
	Total liabilities and stockholders' equity	$3,333,817	$2,965,379

* Amounts as of April 28, 1996 are unaudited. Amounts as of October 29, 1995 were obtained from the October 29, 1995 audited financial statements.

See accompanying notes to consolidated condensed financial statements.

APPLIED MATERIALS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)	Six Months Ended April 28, 1996	Six Months Ended April 30, 1995
Cash flows from operating activities:		
Net income	$ 357,447	$ 159,443
Adjustments required to reconcile net income to cash provided by operations:		
Deferred taxes	1,404	(2,437)
Depreciation and amortization	63,143	35,570
Equity in net income/loss of joint venture	-	-
Changes in assets and liabilities:		
Accounts receivable	(228,277)	(143,272)
Inventories	(136,132)	(82,565)
Other current assets	12,963	(8,274)
Other assets	(2,047)	(677)
Accounts payable and accrued expenses	139,295	101,914
Income taxes payable	(81,332)	(27,028)
Other long-term liabilities	10,325	4,772
Cash provided by operations	136,789	37,446
Cash flows from investing activities:		
Capital expenditures, net	(249,206)	(81,309)
Proceeds from sales of short-term investments	328,489	133,769
Purchases of short-term investments	(287,407)	(105,370)
Cash used for investing	(208,124)	(52,910)
Cash flows from financing activities:		
Short-term debt activity, net	(9,568)	(5,531)
Long-term debt activity, net	8,506	29,110
Common stock transactions, net	(12,717)	4,460
Cash provided by (used for) financing	(13,779)	28,039
Effect of exchange rate changes on cash	(738)	(2,141)
Increase (decrease) in cash and cash equivalents	(85,852)	10,434
Cash and cash equivalents at beginning of period	285,845	160,320
Cash and cash equivalents at end of period	$ 199,993	$ 170,754

For the six months ended April 28, 1996, cash payments for interest and income taxes were $12,053 and $253,118, respectively, and for the six months ended April 30, 1995, cash payments for interest and income taxes were $11,746 and $105,700, respectively.

See accompanying notes to consolidated condensed financial statements.

APPLIED MATERIALS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
SIX MONTHS ENDED APRIL 28, 1996
(IN THOUSANDS)

1) Basis of Presentation

In the opinion of management, the unaudited consolidated condensed financial statements included herein have been prepared on a consistent basis with the October 29, 1995 audited consolidated financial statements and include all material adjustments, consisting of normal recurring adjustments, necessary to fairly present the information set forth therein. Certain amounts in the consolidated condensed financial statements for the periods ended April 30, 1995 have been reclassified to conform to the current presentation.

2) Earnings Per Share

Earnings per share has been computed using the weighted average number of common shares outstanding and common equivalent shares from dilutive stock options.

3) Inventories

Inventories are stated at the lower of cost or market, with cost determined on a first-in, first-out (FIFO) basis. The components of inventories are as follows:

	April 28, 1996	October 29, 1995
Customer service spares	$180,551	$131,411
Systems raw materials	148,155	118,627
Work-in-process	174,309	139,537
Finished goods	53,569	37,838
	$556,584	$427,413

4) Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses are as follows:

	April 28, 1996	October 29, 1995
Accounts payable	$229,659	$244,014
Compensation and benefits	132,627	109,388
Installation and warranty	176,357	133,035
Other	240,243	173,135
	$778,886	$659,572

5) Stockholders' Equity

During the second quarter of fiscal 1996, the Board of Directors authorized a plan which allows the Company to repurchase up to 5 million shares of its Common Stock in the open market during the next three years. The purpose of this plan is to acquire shares to fund the Company's stock-based employee benefit and incentive programs, including the employee stock purchase plan and the stock option plan. The Company repurchased 230,000 shares of its common stock during the second quarter of fiscal 1996 at an average price of $35.35 per share.

APPLIED MATERIALS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The Company's net sales for the three and six month periods ended April 28, 1996 increased 67 and 84 percent, respectively, over the corresponding periods of fiscal 1995. Record net sales resulted from increased demand for the Company's advanced wafer process technology, multi-chamber equipment and installed base support services. The increased demand for the Company's advanced wafer processing technology and multi-chamber equipment reflects the semiconductor industry's need for the technical capability to fabricate advanced device structures and the continued investment in systems capable of performing processes required for smaller device geometries. The increase in installed base support services revenue is attributable to a larger installed systems base and our global customers' requirements for high reliability and uptime.

Sales increased in the second quarter and first half of fiscal 1996 in all regions and across all of the Company's product groups when compared to sales in the corresponding periods of fiscal 1995, with the exception of second quarter sales in Korea. Sales by region as a percentage of total sales were as follows:

	Three Months Ended		Six Months Ended	
	April 28, 1996	April 30, 1995	April 28, 1996	April 30, 1995
North America	32%	33%	35%	37%
Europe	15%	10%	18%	12%
Japan	23%	20%	22%	22%
Korea	14%	25%	11%	18%
Asia-Pacific	16%	12%	14%	11%

New orders of $1,323 million were received during the second quarter of fiscal 1996, versus $1,329 million in the first quarter of fiscal 1996. North American orders decreased to $250 million from $490 million; Europe increased to $203 million from $127 million; Japan decreased to $319 million from $393 million; Korea increased to $337 million from $81 million; and Asia-Pacific decreased to $214 million from $238 million. North American orders decreased as customers reduced capital investment in response to changing market conditions, including price declines on memory devices, while Korean orders increased significantly as customers in that region continued to make strategic investments in leading-edge 0.35-micron and below device technologies. Each region in the global semiconductor equipment market exhibits unique investment patterns which cause regional order growth rates to vary from quarter to quarter. Backlog at April 28, 1996 was $1,901 million, versus $1,768 million at January 28, 1996 and $1,509 million at October 29, 1995.

For the three and six months ended April 28, 1996, the Company's gross margin as a percentage of sales was 48.0 and 47.9 percent, respectively, up from 45.2 and 46.0 percent for the corresponding periods of fiscal 1995. These improvements resulted primarily from reduced cycle times, improved manufacturing efficiencies and increased unit volume.

Operating expenses as a percentage of sales for the three and six months ended April 28, 1996 were 23.1 and 22.9 percent, respectively, which compare favorably to 23.7 and 25.1 percent for the three and six months ended April 30, 1995. These improvements resulted primarily from the Company's accelerated revenue growth coupled with its management of the growth of operating expenses.

Significant operations of the Company are conducted in Japanese yen, British pounds sterling and other foreign currencies. Forward exchange contracts and options are purchased to hedge certain existing firm commitments and foreign currency denominated transactions expected to occur during the next year. Gains and losses on hedge contracts are reported as a component of the related transaction. Because the impact of movements in currency exchange rates on foreign exchange contracts offsets the related impact on the underlying items being hedged, these financial instruments do not subject the Company to speculative risk that would otherwise result from changes in currency exchange rates. To date, exchange gains and losses have not had a significant effect on the Company's results of operations.

The Company's effective tax rate for the second quarter and first half of fiscal 1996 was 35 percent, consistent with the corresponding periods of fiscal 1995. Management anticipates that a 35 percent effective tax rate will continue throughout fiscal 1996.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition at April 28, 1996 remained strong. The ratio of current assets to current liabilities was 2.8:1, compared to 2.7:1 at October 29, 1995. During the first half of fiscal 1996, cash, cash equivalents and short-term investments decreased $127 million. The principal use of cash was for net property, plant and equipment acquisitions of $249 million, the majority of which relate to facilities expansion. Cash provided by operations of $137 million resulted primarily from net income of $357 million and increases in accounts payable and accrued expenses of $139 million, offset by increases in accounts receivable and inventories of $364 million and a decrease in income taxes payable of $81 million.

At April 28, 1996, the Company's principal sources of liquidity consisted of $642 million of cash, cash equivalents and short-term investments, $194 million of unissued notes registered under the Company's medium-term note program and $309 million of available credit facilities. The Company's liquidity is affected by many factors, some of which are based on the normal on-going operations of the business and others of which relate to the uncertainties of the industry and global economies. Although the Company's cash requirements will fluctuate based on the timing and extent of these factors, management believes that cash generated from operations, together with its existing sources of liquidity, will be sufficient to satisfy its liquidity requirements for the remainder of the fiscal year.

Capital expenditures are expected to approximate $600 million for fiscal 1996. This amount includes funds for the continuation and completion of facilities expansion and investments in demonstration and test equipment, information systems and other capital equipment.

DISCLOSURE PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

When used in this Management's Discussion and Analysis, the words "anticipate," "estimate" and similar expressions are intended to identify forward-looking statements. These statements are subject to certain risks and uncertainties, including slowing growth in the demand for semiconductors and challenges from the Company's competition, that could cause actual results to differ materially from those projected. Additional risks and uncertainties are discussed in a Form 8-K filed with the SEC on February 13, 1996.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

In the first of two lawsuits filed by the Company, captioned Applied Materials, Inc. v. Advanced Semiconductor Materials America, Inc., Epsilon Technology, Inc. (doing business as ASM Epitaxy) and Advanced Semiconductor Materials International N.V. (collectively "ASM") (case no. C-91-20061-RMW), Judge William Ingram of the United States District Court for the Northern District of California ruled on April 26, 1994 that ASM's Epsilon I epitaxial reactor infringed three of the Company's United States patents and issued an injunction against ASM's use and sale of the ASM Epsilon I in the United States. ASM has appealed the decision and the injunction has been stayed pending the appeal only as to ASM products offered for sale as of April 1994. The Court recently ruled that ASM's announced redesign of its reduced pressure epitaxial reactors is not subject to the stay order. The stay order further requires that ASM pay a fee, as security for the Company's interest, for each Epsilon I system sold by ASM in the United States after the date of the injunction. Judge Ronald M. Whyte of the same Court ruled that proceedings to resolve the issues of damages, willful infringement and ASM's counterclaims, which had been bifurcated for separate trial, will also be stayed, pending the appeal of Judge Ingram's decision. Oral arguments regarding this appeal were completed on June 5, 1995 before the Court of Appeals for the Federal Circuit. The Company is awaiting the decision of the Court of Appeals. The trial of the Company's second patent infringement lawsuit against ASM, captioned Applied Materials, Inc. v. ASM (case no. C-92-20643-RMW), was concluded before Judge Whyte in May 1995. On November 1, 1995, the Court issued its judgment holding that two of the Company's United States patents were valid and infringed by ASM's reduced pressure epitaxial reactors. A permanent injunction was entered on March 7, 1996 prohibiting ASM's use or sale of its ribbed quartz epitaxial reactors within the United States effective June 15, 1996. ASM is allowed to continue service and maintenance of its installed base, including the sale of replacement chambers upon payment of a fee to the Company.

A separate lawsuit filed by ASM against the Company involving one patent relating to the Company's single wafer epitaxial product line, captioned ASM America, Inc. v. Applied Materials, Inc. (case no. C-93-20853-RMW), has been scheduled for trial in July 1996. The Court recently granted three motions for summary judgment filed by the Company, thus eliminating the Company's liability on this patent, and leaving only the Company's claims against ASM for trial in July. ASM has not indicated whether it intends to appeal this matter. A separate action severed from ASM's case, captioned ASM America, Inc. v. Applied

Materials, Inc. (case no. C-95-20169-RMW), involves one United States patent which relates to the Company's Precision 5000 product line. Trial has been scheduled for October 1996, and discovery is proceeding. In these cases, ASM seeks injunctive relief, damages and such other relief as the Court may find appropriate.

Further, the Company has filed a Declaratory Judgment action against ASM, captioned Applied Materials, Inc. v. ASM (case no. C-95-20003-RMW), requesting that an ASM United States patent be held invalid and not infringed by the Company's single wafer epitaxial product line. Discovery is proceeding, and no trial date has been set. On July 7, 1995, ASM filed a lawsuit, captioned ASM America, Inc. v. Applied Materials, Inc. (case no. C95-20586-RMW), concerning alleged infringement of a United States patent by susceptors in chemical vapor deposition chambers. Discovery has commenced and no trial date has been set. On April 10, 1996, the Court denied ASM's motion for summary judgment and granted the Company's motion for summary judgment, finding, on several independent grounds, that the Company's reactors do not literally infringe this patent. With this ruling, the Company's potential liability has been substantially reduced on this patent. ASM has not indicated whether it intends to appeal this decision.

In September 1994, General Signal Corporation filed a lawsuit against the Company (case no. 94-461-JJF) in the United States District Court, District of Delaware. General Signal alleges that the Company infringes five of General Signal's United States patents by making, using, selling or offering for sale multi-chamber wafer fabrication equipment, including for example, the Precision 5000 series machines. General Signal seeks an injunction, multiple damages and costs, including reasonable attorneys' fees and interest, and such other relief as the Court may deem appropriate. This lawsuit is currently in active discovery, and a trial has been set for January 20, 1997.

In January 1995, the Company filed a lawsuit against Novellus Systems, Inc. in the United States District Court, Northern District of California (case no. C-95-0243-MMC). This lawsuit alleges that Novellus' Concept One, Concept Two, and Maxxus F TEOS systems infringe the Company's United States patent relating to the TEOS-based, plasma enhanced CVD process for silicon oxide deposition. The lawsuit seeks an injunction, damages and costs, including reasonable attorneys' fees and interest, and such other relief as the court may deem appropriate. Damages and counterclaims have been bifurcated for separate trial. A jury trial has been scheduled for November 1996, before Judge Charles A. Legge. On September 15, 1995, the Company filed another lawsuit against Novellus alleging that Novellus' then newly announced blanket tungsten interconnect process infringes the Company's United States patent relating to a tungsten CVD process. The Company also sought a declaration that a Novellus United States patent for a gas purge mechanism is not infringed by the Company and/or is invalid. Novellus answered by denying the allegations and counterclaimed by alleging that the Company's CVD systems infringe Novellus' United States patents concerning gas purge and gas debubbler mechanisms. Novellus also filed a new lawsuit as a plaintiff before the same Court which contains the same claims and patents as those stated in the Company's September 15, 1995 lawsuit. Both cases have been assigned to the same judge. Discovery has commenced, and trial has been set for August 1997.

In the normal course of business, the Company from time to time receives and makes inquiries with regard to possible patent infringement. Management believes that it is unlikely that the outcome of these lawsuits or of the patent infringement inquiries will have a material adverse affect on the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security-Holders

The Annual Meeting of Stockholders was held on March 14, 1996 in Santa Clara, California. Ten incumbent directors were re-elected without opposition to serve another one-year term in office. The results of this election were as follows:

Name of Director	Votes For	Votes Withheld
James C. Morgan	147,065,457	1,019,089
James W. Bagley	147,023,029	1,061,517
Dan Maydan	147,050,315	1,034,231
Michael H. Armacost	147,040,189	1,044,357
Herbert M. Dwight, Jr.	147,068,162	1,016,384
George B. Farnsworth	147,066,460	1,018,086
Philip V. Gerdine	147,077,297	1,007,249
Tsuyoshi Kawanishi	147,056,091	1,028,455
Paul R. Low	147,081,928	1,002,618
Alfred J. Stein	147,064,785	1,019,761

On a proposal to amend the Company's Certificate of Incorporation to increase the number of shares of Common Stock authorized to be issued from 200,000,000 to 500,000,000, there were 133,729,973 votes cast in favor, 12,452,196 votes cast against, 1,902,377 abstentions and zero broker non-votes.

Item 5. Other Information

The ratio of earnings to fixed charges for the six months ended April 28, 1996 and April 30, 1995, and for each of the five years in the period ended October 30, 1995 was as follows:

Six Months Ended		Fiscal Year				
April 28, 1996	April 30, 1995	1995	1994	1993	1992	1991
24.66x	14.16 x	21.25x	13.37x	7.61x	3.63x	3.02x

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits are numbered in accordance with the Exhibit Table of Item 601 of Regulation S-K:

27.0 Financial Data Schedule: filed electronically

b) Report on Form 8-K was filed on February 13, 1996. The report contains the Company's press release, dated February 13, 1996, with respect to its financial results for the period ended January 28, 1996, as well as information with respect to risks and uncertainties pursuant to the Private Securities Litigation Reform Act of 1995.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APPLIED MATERIALS, INC.

June 4, 1996

By:\s\Gerald F. Taylor

Gerald F. Taylor
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: \s\Michael K. O'Farrell

Michael K. O'Farrell
Corporate Controller
(Principal Accounting Officer)

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This schedule contains summary financial information extracted from the
consolidated financial statements for the quarter ended April 28, 1996.

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YEAR
OCT-27-1996
APR-28-1996
199,993
442,405
1,020,737
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556,584
2,500,223
1,085,980
277,433
3,333,817
885,947
282,156
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