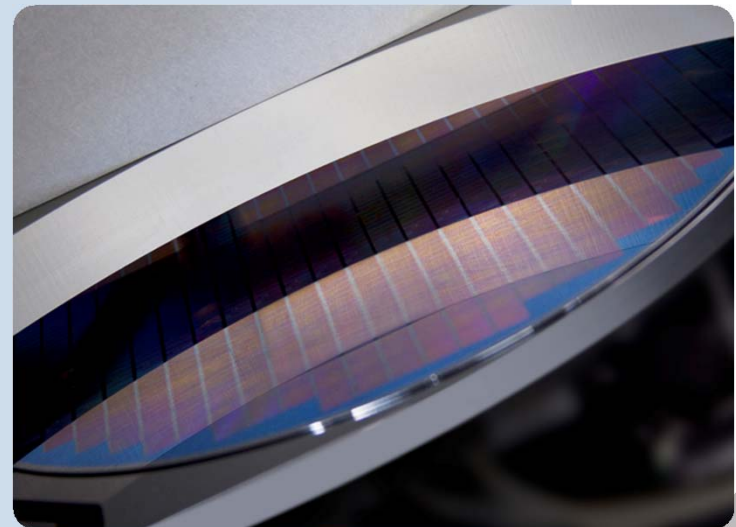




First Quarter 2013 Earnings Call Highlights

February 13, 2013

Applied Materials' UVision® 5 system
delivers deep-ultraviolet laser
illumination defect inspection
for the sub-20nm era



Safe Harbor Statement

This presentation contains forward-looking statements, including those regarding Applied's products, opportunities, and Q2'13 expectations. These statements 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, including uncertain global economic and industry conditions, demand for electronic products and semiconductors, and customers' new technology and capacity requirements; the concentrated nature of Applied's customer base; Applied's ability to (i) develop, deliver and support a broad range of products and expand its markets, (ii) timely align its cost structure with business conditions and achieve intended objectives, (iii) attract, motivate and retain key employees, and (iv) accurately forecast future operating and financial results, which depends on multiple assumptions; and other risks described in our FY2012 Form 10-K. All forward-looking statements are based on management's estimates, projections and assumptions as of February 13, 2013, and Applied undertakes no obligation to update any forward-looking statements.

This presentation also contains non-GAAP financial measures, along with reconciliations to GAAP.

Contents

- Q1 FY'13 highlights
- Q1 FY'13 financial summary (consolidated)
- Reporting segments
- Q2 FY'13 expectations
- GAAP to non-GAAP reconciliations

Q1 FY'13 Highlights

First quarter non-GAAP EPS of 6 cents at high end of expectations; GAAP EPS of 3 cents

Orders grew 44 percent sequentially led by demand for semiconductor and display equipment

Company expects strong sequential net sales and EPS growth in the second quarter of 2013

* See slide 19 for reconciliation of GAAP to non-GAAP measures

Q1'13 Income Statement Summary (consolidated)

New orders:	\$2.1B – up 44.2% from Q4'12
Backlog:	\$2.1B – up 31.1% from Q4'12
Net sales:	\$1.6B – down 4.4% from Q4'12
Non-GAAP gross margin*:	39.8% – up 1.4 percentage points from Q4'12
Non-GAAP operating income/margin*:	\$112M or 7.1% of net sales
Non-GAAP tax rate*:	24.2%
Non-GAAP net income*:	\$69M or \$0.06 per diluted share

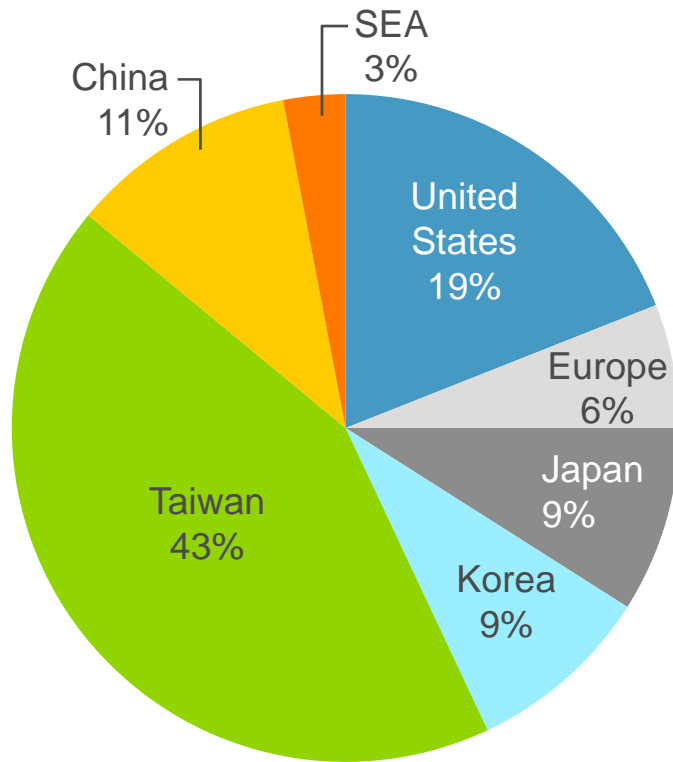
* See slides 19, 21, and 27 for reconciliation of GAAP to non-GAAP measures

Summary Income Statement (consolidated)

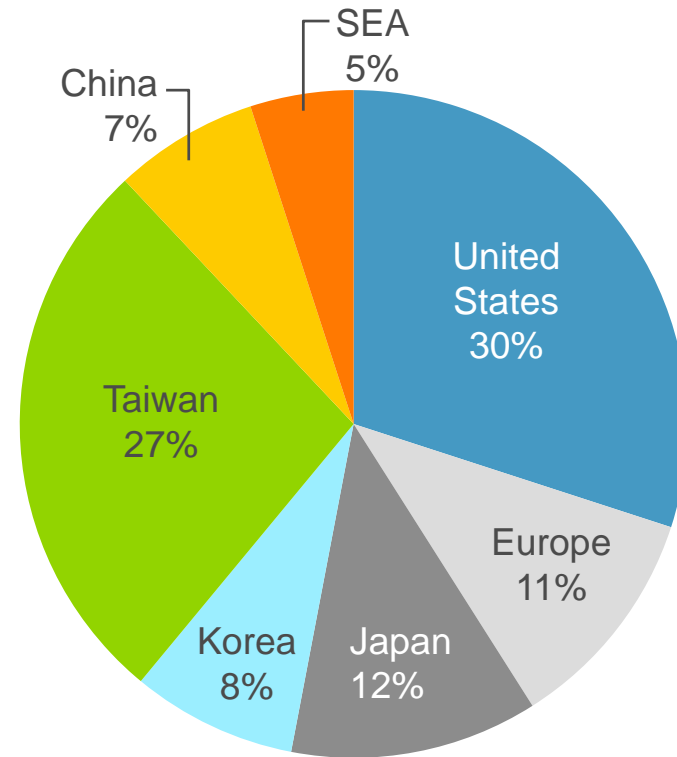
Unaudited \$ Amounts in Millions Except EPS	Q1'13	Q4'12	Q1'12
New orders	\$2,113	\$1,465	\$2,008
Net sales	\$1,573	\$1,646	\$2,189
Gross margin (Non-GAAP)*	39.8%	38.4%	40.7%
RD&E	19.3%	18.4%	13.9%
SG&A	14.6%	14.4%	13.8%
Operating margin (Non-GAAP)*	7.1%	6.9%	15.7%
Net income (Non-GAAP)*	\$69M	\$70M	\$240M
Net income % (Non-GAAP)*	4.4%	4.3%	11.0%
EPS (Non-GAAP)*	\$0.06	\$0.06	\$0.18

* See slides 19, and 21 for reconciliation of GAAP to non-GAAP measures

New Orders Regional Distribution (consolidated)

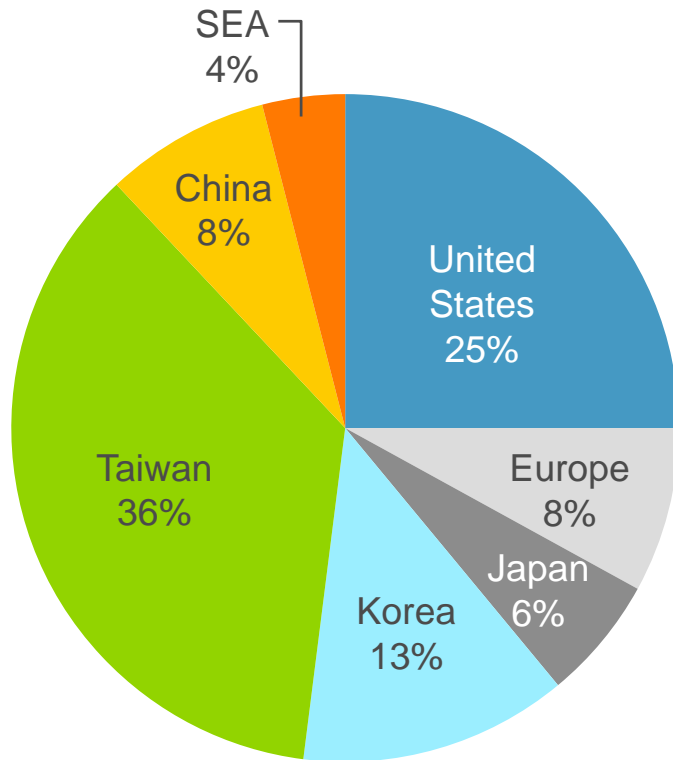


Q1 FY'13
\$2.1 Billion

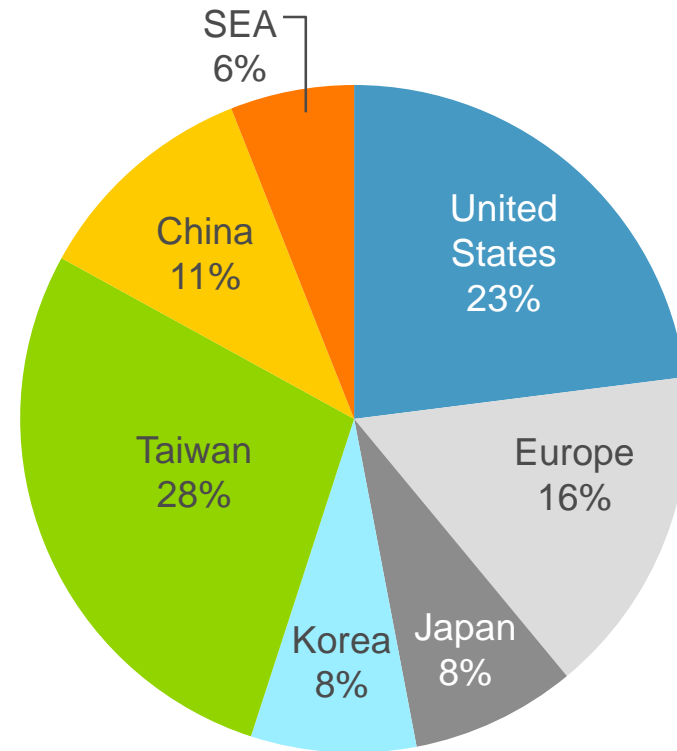


Q4 FY'12
\$1.5 Billion

Net Sales Regional Distribution (consolidated)



Q1 FY'13
\$1.6 Billion



Q4 FY'12
\$1.6 Billion

Q1'13 Other Financials Summary

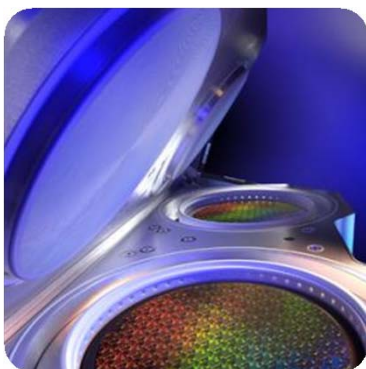
Cash, cash equivalents and investments:	Decreased \$177M to \$2.8B
Inventory:	\$1.3B, essentially flat with Q4'12
Days sales outstanding:	64 days vs. 67 days in Q4'12
Capital spending:	\$49M
Depreciation and amortization:	\$106M
Headcount:	~13,700 regular employees*

* Excluding temporary and interns

Summary Balance Sheet

Unaudited \$ Amounts in Millions	Q1'13	Q4'12	Q1'12
Cash, cash equivalents & investments	\$2,815	\$2,992	\$2,952
Accounts receivables, net	\$1,109	\$1,220	\$1,576
Inventories	\$1,278	\$1,272	\$1,772
Property, plant & equip., net	\$900	\$910	\$955
Total assets	\$11,714	\$12,102	\$13,597
Long-term debt	\$1,946	\$1,946	\$1,947
Total stockholders' equity	\$7,141	\$7,235	\$8,650
Current ratio	2.4	2.3	2.5
Total debt / capital ratio	21.4%	21.2%	18.4%

Reporting Segments



SILICON SYSTEMS GROUP

Designs, manufactures and sells equipment used to fabricate semiconductor chips



APPLIED GLOBAL SERVICES

Broad range of products* to maintain, service and optimize customers' semiconductor, display and solar fabs



DISPLAY

Designs, manufactures and sells equipment used to make flat panel displays

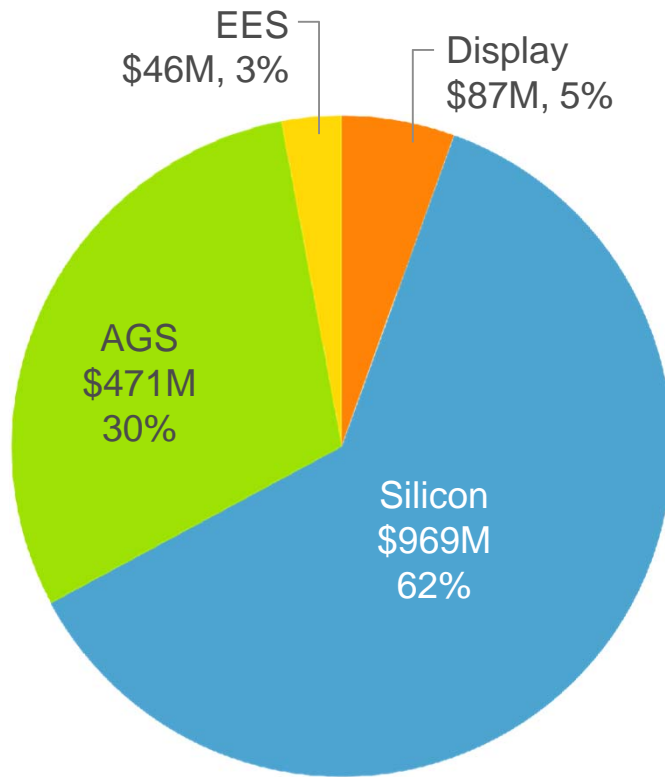


ENERGY & ENVIRONMENTAL SOLUTIONS

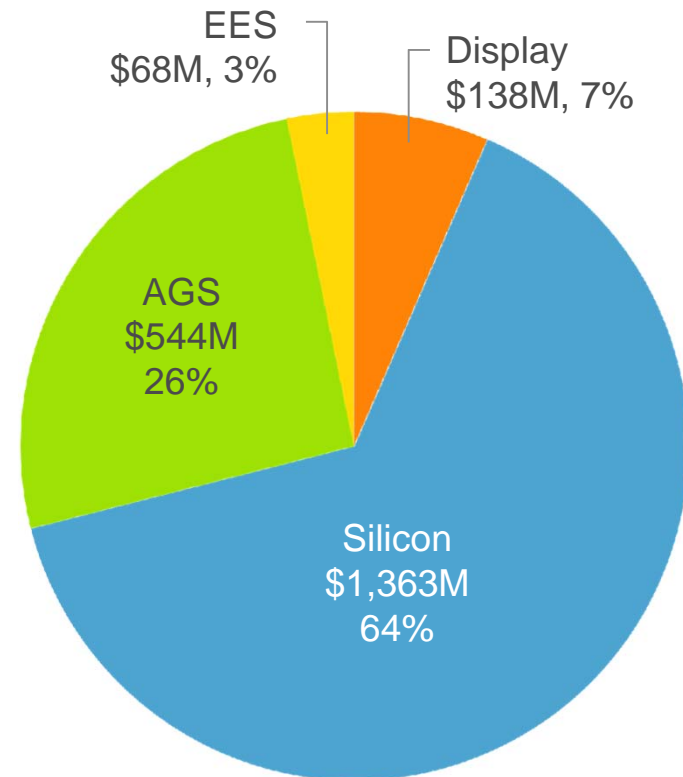
Designs, manufactures and sells equipment used to fabricate solar cells, modules and flexible electronics

* Include total parts management, spare parts, remanufactured equipment, maintenance agreements, total support programs, environmental and software solutions and thin film solar lines

Q1'13 Net Sales & New Orders by Segment

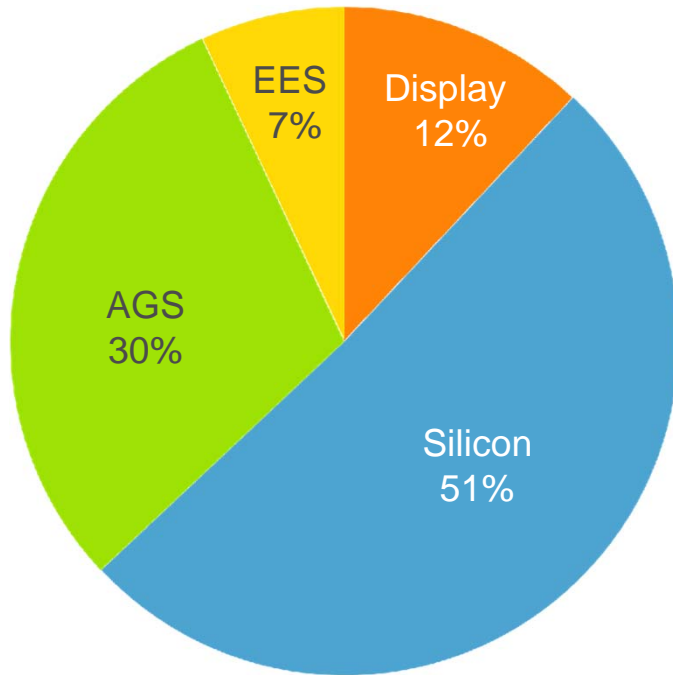


Net Sales
\$1.6 Billion

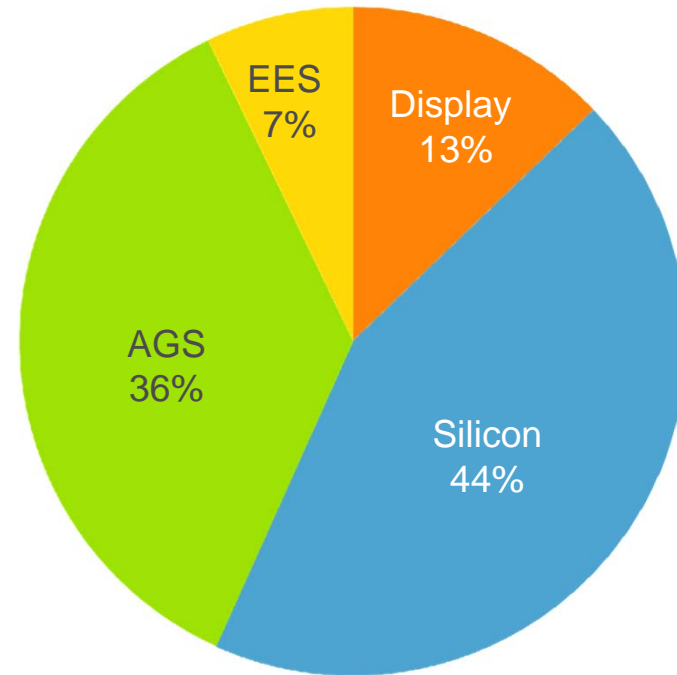


New Orders
\$2.1 Billion

Backlog by Segment

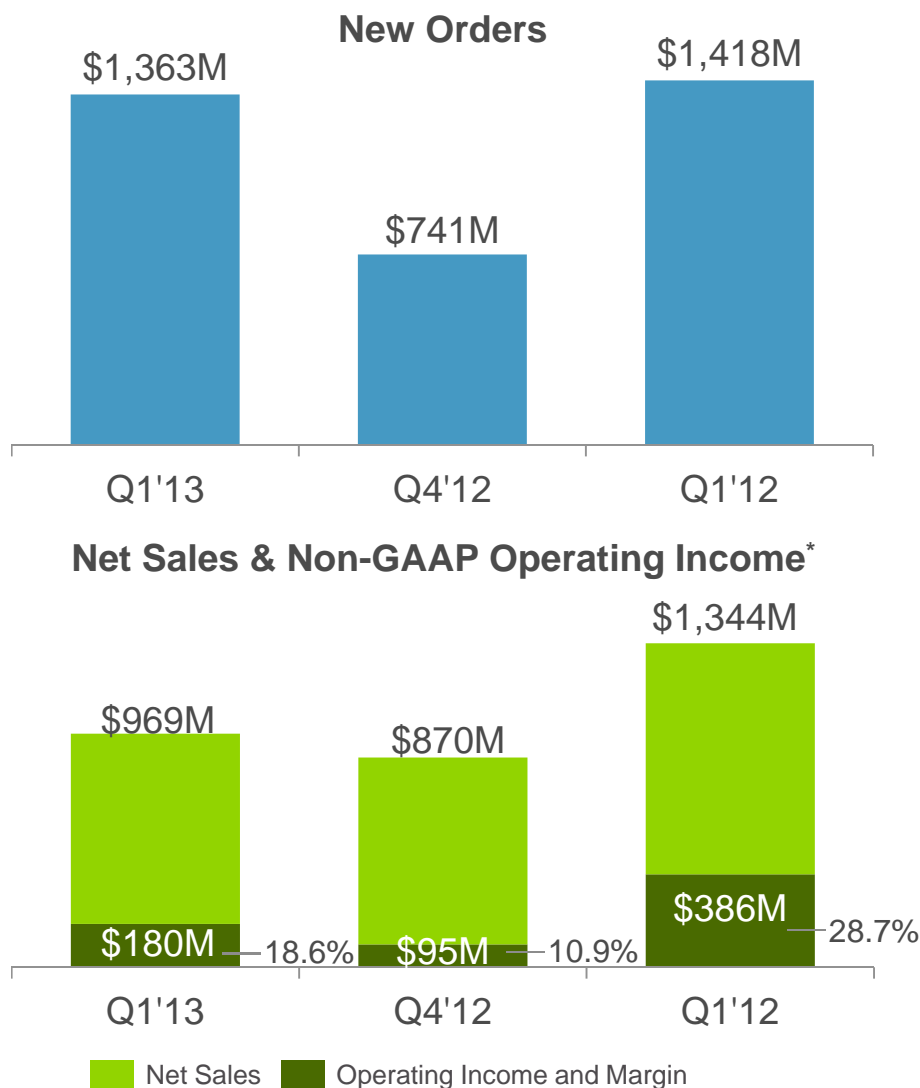


Q1 FY'13
\$2.1 Billion



Q4 FY'12
\$1.6 Billion

Silicon Systems Group Segment



- Orders were \$1.36B, up 84% QoQ
 - Primarily due to increased demand in foundry and memory, partially offset by lower orders in logic
- Net sales were \$969M, up 11% QoQ
- Non-GAAP operating income of \$180M or 18.6% of net sales*

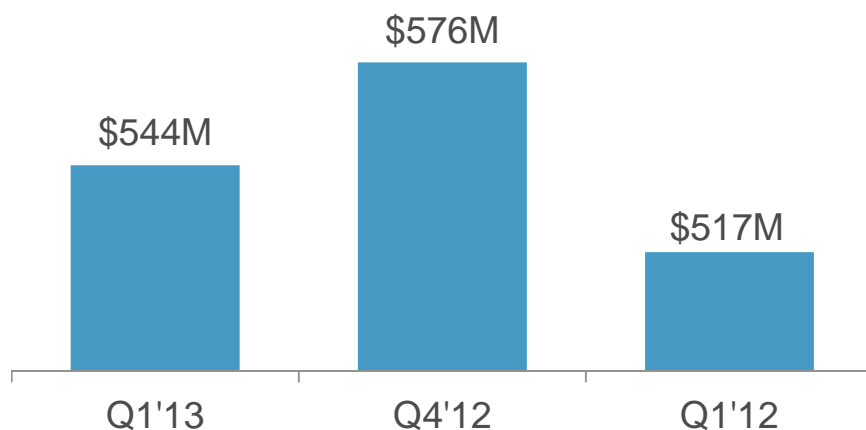
Q1'13 ORDERS BY CUSTOMER SEGMENT

Foundry	DRAM	Flash	Logic & Others
73%	7%	8%	12%

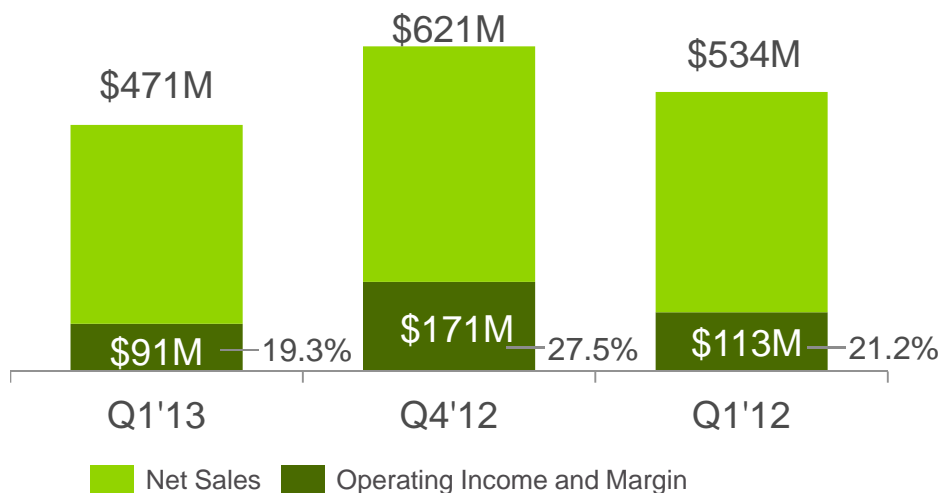
* See slide 23 for reconciliation of GAAP to non-GAAP measures

Applied Global Services Segment

New Orders



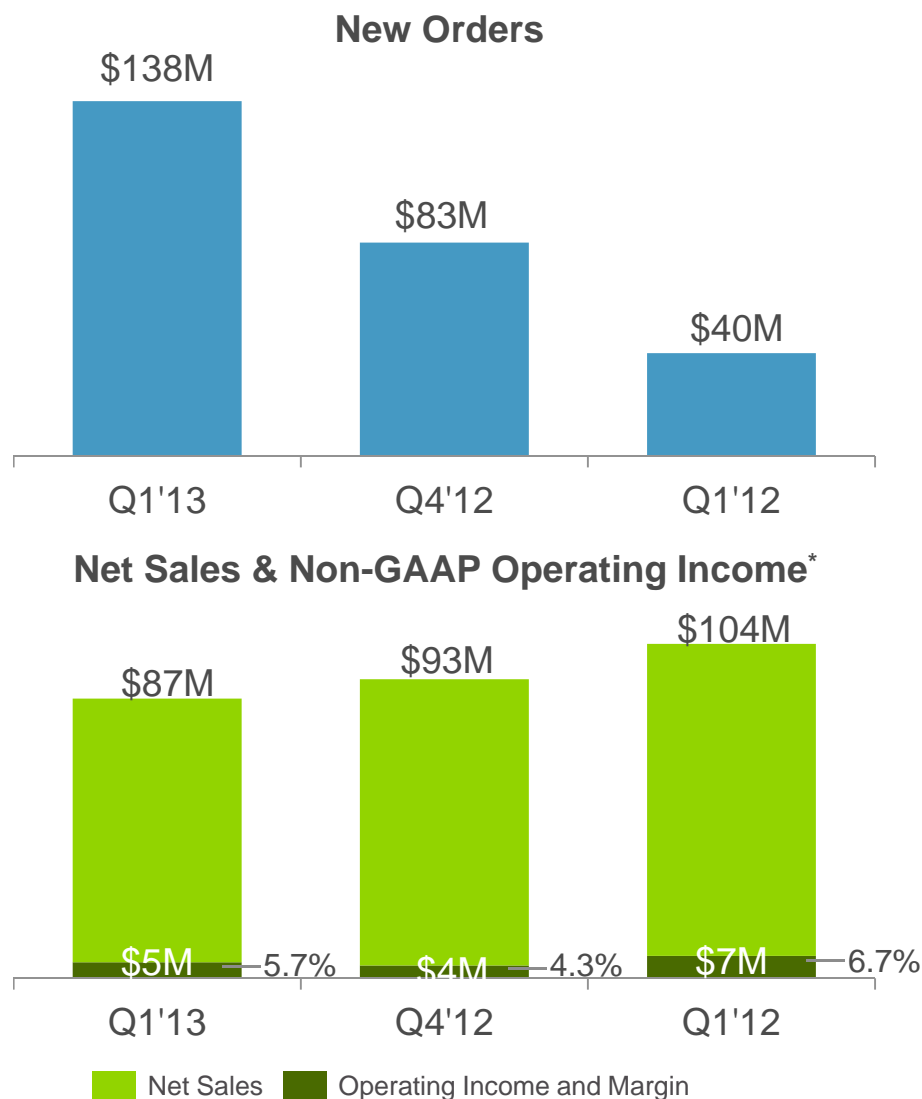
Net Sales & Non-GAAP Operating Income*



- Orders were \$544M, down 6% QoQ
 - Primarily due to lower orders of 200mm equipment
- Net sales were \$471M, down 24% QoQ
 - Prior quarter included \$85M in sales of a thin film production line
- Non-GAAP operating income of \$91M or 19.3% of net sales*

* See slide 24 for reconciliation of GAAP to non-GAAP measures

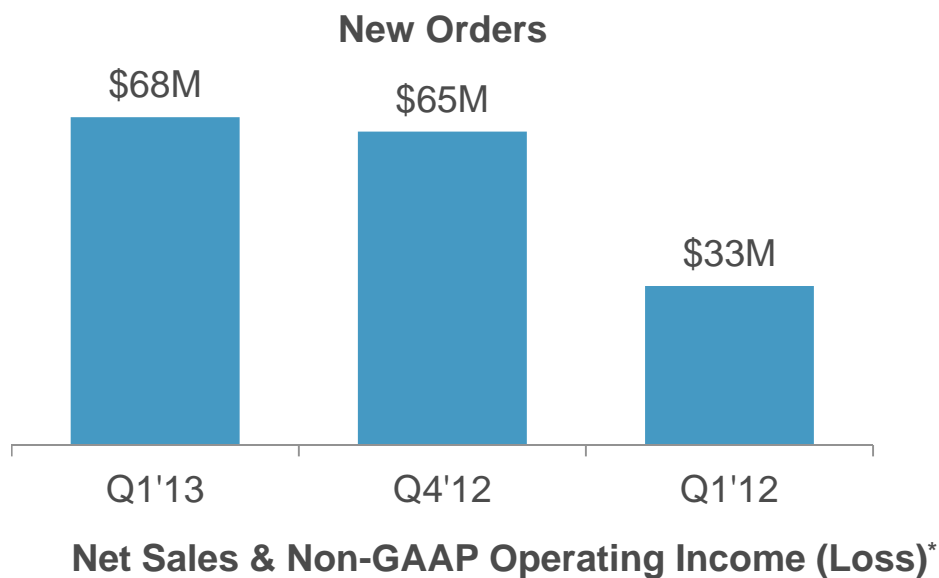
Display Segment



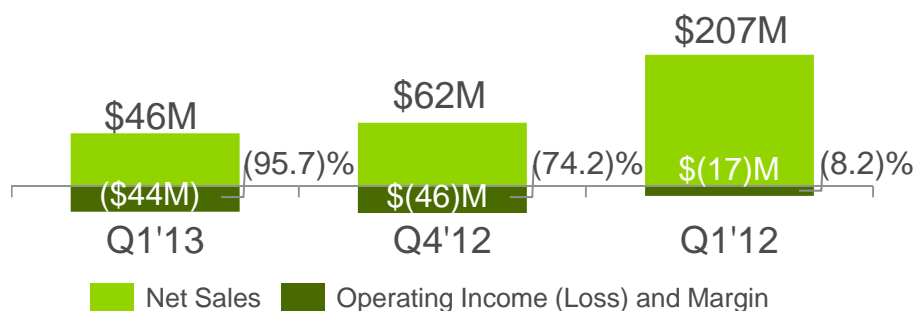
- Orders were \$138M, up 66% from prior quarter
- Net sales were \$87M, down 6% QoQ
- Non-GAAP operating income of \$5M or 5.7% of net sales*

* See slide 25 for reconciliation of GAAP to non-GAAP measures

Energy & Environmental Solutions Segment



- Orders were \$68M, up 5% from prior quarter
 - Majority of orders for web coating equipment
- Net sales were \$46M, down 26% QoQ
- Non-GAAP operating loss of \$44M*



* See slide 26 for reconciliation of GAAP to non-GAAP measures

Q2'13 Expectations (as of Feb 13, 2013)

Net Sales	Up 15% to 25% from Q1'13
Non-GAAP EPS[*]	\$0.09 to \$0.15

- * Excludes known charges related to completed acquisitions of approximately \$0.04 per share; outlook does not exclude other non-GAAP adjustments that may arise subsequent to Q1'13 earnings release.

* See slide 28 for reconciliation of GAAP to non-GAAP measures

Reconciliation of GAAP to Non-GAAP Results (unaudited)

	Three Months Ended		
	January 27, 2013	October 28, 2012	January 29, 2012
<i>(In millions, except percentages)</i>			
<u>Non-GAAP Gross Margin</u>			
Reported gross margin (GAAP basis)	\$ 582	\$ 586	\$ 786
Certain items associated with acquisitions ¹	43	46	104
Acquisition integration and deal costs	1	—	—
Non-GAAP gross margin	<u>\$ 626</u>	<u>\$ 632</u>	<u>\$ 890</u>
Non-GAAP gross margin percent (% of net sales)	39.8%	38.4%	40.7%
<u>Non-GAAP Operating Income</u>			
Reported operating income (loss) (GAAP basis)	\$ 39	\$ (499)	\$ 179
Certain items associated with acquisitions ¹	54	55	115
Acquisition integration and deal costs	10	13	50
Impairment of goodwill	—	421	—
Restructuring charges and asset impairments ^{2, 3}	9	124	—
Non-GAAP operating income	<u>\$ 112</u>	<u>\$ 114</u>	<u>\$ 344</u>
Non-GAAP operating margin percent (% of net sales)	7.1%	6.9%	15.7%
<u>Non-GAAP Net Income</u>			
Reported net income (loss) (GAAP basis)	\$ 34	\$ (515)	\$ 117
Certain items associated with acquisitions ¹	54	55	115
Acquisition integration and deal costs	10	13	50
Impairment of goodwill	—	421	—
Restructuring charges and asset impairments ^{2, 3}	9	124	—
Impairment of strategic investments	—	14	—
Reinstatement of federal R&D tax credit	(10)	—	—
Resolution of audits of prior years' income tax filings	(11)	(5)	—
Income tax effect of non-GAAP adjustments	(17)	(37)	(42)
Non-GAAP net income	<u>\$ 69</u>	<u>\$ 70</u>	<u>\$ 240</u>

1 These items are incremental charges attributable to acquisitions, consisting of inventory fair value adjustments on products sold, and amortization of purchased intangible assets.

2 Results for the three months ended January 27, 2013 included \$4 million of employee-related costs, net, related to the restructuring program announced on October 3, 2012, asset impairment charges of \$3 million related to the restructuring program announced on May 10, 2012 and severance charges of \$2 million related to the integration of Varian.

3 Results for the three months ended October 28, 2012 included severance and other employee-related costs of \$106 million related to the restructuring program announced on October 3, 2012, restructuring and asset impairment charges of \$12 million related to the restructuring program announced on May 10, 2012, and severance charges of \$6 million related to the integration of Varian.

Integration and Deal Costs and Certain Items Associated with Acquisitions*

<i>(In millions)</i>	Three Months Ended		
	January 27, 2013	October 28, 2012	January 29, 2012
Integration and deal costs and certain items associated with acquisitions			
Cost of products sold	\$ 44	\$ 46	\$ 104
Research, development and engineering	2	3	1
Selling, general and administrative	18	19	60
Total	\$ 64	\$ 68	\$ 165

* Details to amounts shown on slide 19 for deal costs and certain items associated with acquisitions

Reconciliation of GAAP to Non-GAAP Gross Margin (Consolidated)

	Three Months Ended		
	<u>January 27, 2013</u>	<u>October 28, 2012</u>	<u>January 29, 2012</u>
<i>(In millions, except percentages)</i>			
Net Sales (GAAP basis)	<u>\$ 1,573</u>	<u>\$ 1,646</u>	<u>\$ 2,189</u>
Reported gross margin (GAAP basis)	\$ 582	\$ 586	\$ 786
Certain items associated with acquisitions	43	46	104
Acquisition integration and deal costs	1	-	-
Non-GAAP gross margin	<u>\$ 626</u>	<u>\$ 632</u>	<u>\$ 890</u>
GAAP gross margin (% of net sales)	37.0%	35.6%	35.9%
Non-GAAP gross margin (% of net sales)	39.8%	38.4%	40.7%

Reconciliation of GAAP to Non-GAAP Operating Expenses

	<u>Three Months Ended</u> <u>January 27, 2013</u>	
<i>(In millions)</i>		
Operating expenses (GAAP basis)	\$	543
Certain items associated with acquisitions		(11)
Acquisition integration costs		(9)
Restructuring charges and asset impairments		(9)
Non-GAAP operating expenses	<u>\$</u>	<u>514</u>

Reconciliation of GAAP to Non-GAAP SSG Operating Margin

	Three Months Ended		
	January 27, 2013	October 28, 2012	January 29, 2012
<i>(In millions, except percentages)</i>			
Net sales (GAAP basis)	\$ 969	\$ 870	\$ 1,344
Reported operating income (GAAP basis)	\$ 134	\$ 41	\$ 271
Certain items associated with acquisitions	44	45	101
Acquisition integration and deal costs	1	6	14
Restructuring charges and asset impairments	1	3	-
Non-GAAP operating income	\$ 180	\$ 95	\$ 386
GAAP operating margin (% of net sales)	13.8%	4.7%	20.2%
Non-GAAP operating margin (% of net sales)	18.6%	10.9%	28.7%

Reconciliation of GAAP to Non-GAAP AGS Operating Margin

	Three Months Ended		
	January 27, 2013	October 28, 2012	January 29, 2012
<i>(In millions, except percentages)</i>			
Net Sales (GAAP basis)	\$ 471	\$ 621	\$ 534
Reported operating income (GAAP basis)	\$ 89	\$ 164	\$ 107
Certain items associated with acquisitions	1	3	6
Restructuring charges and asset impairments	1	4	-
Non-GAAP operating income	\$ 91	\$ 171	\$ 113
GAAP operating margin (% of net sales)	18.9%	26.4%	20.0%
Non-GAAP operating margin (% of net sales)	19.3%	27.5%	21.2%

Reconciliation of GAAP to Non-GAAP Display Operating Margin

	Three Months Ended		
	January 27, 2013	October 28, 2012	January 29, 2012
<i>(In millions, except percentages)</i>			
Net Sales (GAAP basis)	\$ 87	\$ 93	\$ 104
Reported operating income (GAAP basis)	\$ 3	\$ 3	\$ 5
Certain items associated with acquisitions	2	1	2
Non-GAAP operating income	\$ 5	\$ 4	\$ 7
GAAP operating margin (% of net sales)	3.4%	3.2%	4.8%
Non-GAAP operating margin (% of net sales)	5.7%	4.3%	6.7%

Reconciliation of GAAP to Non-GAAP EES Operating Margin

	Three Months Ended		
	January 27, 2013	October 28, 2012	January 29, 2012
<i>(In millions, except percentages)</i>			
Net Sales (GAAP basis)	\$ 46	\$ 62	\$ 207
Reported operating loss (GAAP basis)	\$ (54)	\$ (480)	\$ (23)
Certain items associated with acquisitions	7	7	6
Impairment of goodwill	-	421	-
Restructuring charges and asset impairments	3	6	-
Non-GAAP operating loss	\$ (44)	\$ (46)	\$ (17)
GAAP operating margin (% of net sales)	-117.4%	-774.2%	-11.1%
Non-GAAP operating margin (% of net sales)	-95.7%	-74.2%	-8.2%

Reconciliation of GAAP to Non-GAAP Effective Tax Rate

	<u>Three Months Ended</u> <u>January 27, 2013</u>	
<i>(In millions, except percentages)</i>		
Provision (benefit) for income taxes (GAAP basis)	\$	(16)
Income tax effect of non-GAAP adjustments		17
Reinstatement of federal R&D tax credit		10
Resolutions from audits of prior years' income tax filings		11
Non-GAAP provision for income taxes	<u>\$</u>	<u>22</u>
Income before income taxes (GAAP basis)		18
Certain items associated with acquisitions		54
Acquisition integration and deal costs		10
Restructuring charges and asset impairments		9
Non-GAAP income before income taxes	<u>\$</u>	<u>91</u>
Effective income tax rate (GAAP basis)		-88.9%
Non-GAAP effective income tax rate		24.2%

Reconciliation of Forecasted Non-GAAP EPS – 1Q FY'13

	Three Months Ended April 28, 2013
Forecasted earnings per share (GAAP basis)	Forecasted \$0.05 - \$0.11
Known charges related to completed acquisitions	\$0.04
Forecasted non-GAAP EPS three months ended April 28, 2013	<u>\$0.09 - \$0.15</u>

The forecast does not exclude other adjustments that may arise subsequent to Q1'13 earnings release

