APPLIED MATERIALS INC /DE
Form 424B5
June 02, 2011
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-174636

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
2.650% Senior Notes due 2016	$400,000,000	99.925%	$399,700,000	$46,405.17
4.300% Senior Notes due 2021	$750,000,000	99.789%	$748,417,500	$86,891.27
5.850% Senior Notes due 2041	$600,000,000	99.592%	$597,552,000	$69,375.79

(1) The filing fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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Prospectus supplement

(to prospectus dated June 1, 2011)

Applied Materials, Inc.

$400,000,000 2.650% Senior Notes due June 15, 2016

$750,000,000 4.300% Senior Notes due June 15, 2021

$600,000,000 5.850% Senior Notes due June 15, 2041

Interest on the notes will be payable semi-annually on June 15 and December 15 of each year, beginning on December 15, 2011. The 2.650% Senior Notes due 2016 will mature on June 15, 2016, the 4.300% Senior Notes due 2021 will mature on June 15, 2021 and the 5.850% Senior Notes due 2041 will mature on June 15, 2041. We refer to the 2.650% Senior Notes due 2016 as the 2016 notes, to the 4.300% Senior Notes due 2021 as the 2021 notes, to the 5.850% Senior Notes due 2041 as the 2041 notes, and to the 2016 notes, the 2021 notes and the 2041 notes collectively as the notes.

Applied Materials, Inc. may redeem the notes in whole or in part at any time prior to their maturity at the redemption prices described in this prospectus supplement.

The notes are being offered globally for sale in jurisdictions where it is lawful to make such offers and sales.

	Per 2016 Note	Total	Per 2021 Note	Total	Per 2041 Note	Total
Public Offering Price	99.925%	$399,700,000	99.789%	$748,417,500	99.592%	$597,552,000
Underwriting Discount	0.350%	$ 1,400,000	0.450%	$ 3,375,000	0.875%	$ 5,250,000
Proceeds to Applied Materials, Inc. (before expenses)	99.575%	$398,300,000	99.339%	$745,042,500	98.717%	$592,302,000

Interest will accrue from June 8, 2011 to the date of delivery.

Investing in the notes involves risks. See Risk factors beginning on page S-9.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect to deliver the notes to investors in registered book-entry form only through the facilities of The Depository Trust Company (DTC), Clearstream Banking, société anonyme (Clearstream Luxembourg), and Euroclear Bank, S.A./N.V., as operator of the Euroclear System (Euroclear), on or about June 8, 2011.

Joint Book-Running Managers

Citi **J.P. Morgan**

Mitsubishi UFJ Securities **Morgan Stanley**

Co-Managers

BNP PARIBAS | **Goldman, Sachs & Co.** | **BNY Mellon Capital Markets, LLC**

KeyBanc Capital Markets

Mizuho Securities USA Inc. | **US Bancorp** | **Wells Fargo Securities**

June 1, 2011

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Prospectus supplement

Prospectus

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About this prospectus supplement

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part is the prospectus which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading Where you can find more information and incorporation by reference on page S-49.

In this prospectus supplement, except as otherwise indicated or unless the context otherwise requires, Applied , the company , we , us and our to Applied Materials, Inc. and its consolidated subsidiaries. If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

Currency amounts in this prospectus supplement are stated in U.S. dollars.

This prospectus supplement and the accompanying prospectus may be used only for the purpose for which they have been prepared. No one is authorized to give information other than that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an solicitation on our behalf or on behalf of the underwriters, to subscribe for and purchase any of the securities and may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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Special note about forward-looking statements

This prospectus supplement contains or incorporates by reference certain statements that are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements contained in or incorporated by reference into this prospectus supplement, other than statements of historical fact, are forward-looking statements. Examples of forward-looking statements include statements regarding Applied s future financial or operating results, cash flows and cash deployment strategies, declaration of dividends, share repurchases, business strategies, projected costs, products, competitive positions, management s plans and objectives for future operations, research and development, the proposed merger with Varian Semiconductor Equipment Associates, Inc. (Varian) and the financing thereof, other acquisitions and joint ventures, growth opportunities, customers, working capital, liquidity, investment portfolio and policies, and legal proceedings and claims, as well as industry trends and outlooks. These forward-looking statements are based on management s estimates, projections and assumptions as of the date hereof and include the assumptions that underlie such statements. Forward-looking statements may contain words such as may, will, should, could, would, exp plan, anticipate, believe, estimate, predict, potential and continue, the negative of these terms, or other comparable terminology. Any expectations based on these forward-looking statements are subject to risks and uncertainties and other important factors, including but not limited to: the level of demand for Applied s products which is subject to many factors, including uncertain global economic and industry conditions, business and consumer spending, demand for electronic products and semiconductors, government renewable energy policies and incentives, and customers utilization rates and new technology and capacity requirements; variability of operating expenses and results among the company s segments caused by differing conditions in the served markets; Applied s ability to (i) develop, deliver and support a broad range of products, expand its markets and develop new markets, (ii) timely implement effective cost reduction programs, realize expected benefits, and align its cost structure with business conditions, (iii) plan and manage its resources and production capability, including its supply chain, (iv) implement initiatives that enhance global operations and efficiencies, (v) obtain and protect intellectual property rights in key technologies, and (vi) attract, motivate and retain key employees; the ability of the parties to consummate the proposed merger with Varian in a timely manner or at all; the satisfaction of conditions precedent to consummation of the merger with Varian, including the ability to secure regulatory approvals in a timely manner, or at all, and approval by Varian s stockholders; successful completion of anticipated financing arrangements to fund the merger; the possibility of litigation (including related to the merger itself); those detailed under the heading Risk factors below; and the other risks and uncertainties disclosed in Applied s prior Securities and Exchange Commission (SEC) filings. These and many other factors could affect Applied s future financial condition and operating results and could cause actual results to differ materially from expectations based on forward-looking statements made in this document or elsewhere by Applied or on its behalf. Applied undertakes no obligation to revise or update any forward-looking statements.

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Summary

The following summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that you should consider before investing in the notes. For a more complete discussion of the information you should consider before investing in the notes, you should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein.

Our company

Applied provides manufacturing equipment, services and software to the global semiconductor, flat panel display, solar photovoltaic (PV) and related industries. Applied s customers include manufacturers of semiconductor wafers and chips, flat panel liquid crystal displays (LCDs), solar PV cells and modules, and other electronic devices. These customers may use what they manufacture in their own end products or sell the items to other companies for use in advanced electronic components.

Applied is the world s largest semiconductor fabrication equipment supplier based on revenue, with the capability to provide global deployment and support services. Applied also is the leading supplier of LCD fabrication equipment to the flat panel display industry and the leading supplier of solar PV manufacturing systems to the solar industry, based on revenue.

Applied operates in four reportable segments: Silicon Systems Group, Applied Global Services, Display, and Energy and Environmental Solutions.

Silicon systems group segment

Applied s Silicon Systems Group segment develops, manufactures and sells a wide range of manufacturing equipment used to fabricate semiconductor chips, also referred to as integrated circuits. Most chips are built on a silicon wafer base and include a variety of circuit components, such as transistors and other devices, that are connected by multiple layers of wiring (interconnects). Applied offers systems that perform most of the primary processes used in chip fabrication including atomic layer deposition, chemical vapor deposition, physical vapor deposition, electrochemical deposition etch, rapid thermal processing, chemical mechanical planarization, wet cleaning and wafer metrology and inspection, as well as systems that etch, measure and inspect circuit patterns on masks used in the photolithography process. Applied s semiconductor manufacturing systems are used by integrated device manufacturers and foundries to build and package memory, logic and other types of chips.

Applied global services segment

The Applied Global Services segment encompasses products and services designed to improve the performance and productivity, and reduce the environmental impact, of the fab operations of semiconductor, LCD and solar PV manufacturers. The in-depth expertise and best known methods of Applied s extensive global support infrastructure enable Applied to continuously support customers production requirements. Trained customer engineers and process support engineers

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are deployed in more than a dozen countries. These engineers are usually located at or near customers fab sites and service over 34,000 installed Applied systems, as well as non-Applied systems.

Display segment

Applied s AKT subsidiary, reported under the Display segment, designs, manufactures and sells equipment to fabricate thin film transistor LCDs for televisions, computer displays and other consumer-oriented electronic applications. While similarities exist between the technologies utilized in chipmaking and LCD fabrication, the most significant differences are in the size and composition of the substrate. Substrates used to manufacture LCD panels can be more than 70 times larger in area than the 300mm wafers used in semiconductor fabrication and are made of glass, while wafers are made of silicon.

Energy and environmental solutions segment

The Energy and Environmental Solutions segment includes manufacturing solutions for the generation and conservation of energy. To increase the conversion efficiency and yields of solar PV devices, Applied offers manufacturing solutions for wafer-based crystalline silicon (c-Si) applications.

Recent developments

Proposed Merger with Varian

On May 3, 2011, Applied, Barcelona Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Applied (Merger Sub), and Varian Semiconductor Equipment Associates, Inc., a Delaware corporation (Varian), entered into an Agreement and Plan of Merger (the Merger Agreement) pursuant to which Merger Sub will, upon the terms and subject to the conditions thereof, merge with and into Varian (the Merger), with Varian surviving the Merger as a wholly-owned subsidiary of Applied. Varian designs, manufactures, markets and services semiconductor processing equipment and is the leading supplier of ion implantation equipment used in the fabrication of semiconductor chips. The boards of directors of each of Applied and Varian unanimously approved the Merger Agreement and the Merger. The aggregate consideration is approximately $4.9 billion, which includes certain post-closing equity-based compensation.

Upon the Merger becoming effective (the Effective Time), by virtue of the Merger and without any further action on the part of Applied, Merger Sub, Varian or any stockholder of Varian, each share of Varian common stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive $63 in cash, without interest (the Merger Consideration), on the terms and subject to the conditions set forth in the Merger Agreement (excluding shares that are: (i) held by Applied, Merger Sub or any other wholly-owned subsidiary of Applied; (ii) held by Varian or any wholly-owned subsidiary of Varian (or held in Varian s treasury); or (iii) held by stockholders of Varian, if any, who properly exercise their appraisal rights under Delaware law). At the Effective Time, certain equity awards held by employees and other service providers of Varian will be converted into cash equal to the difference between the Merger Consideration and the exercise price, if any, of such awards, while other equity awards

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held by employees and other service providers of Varian will be assumed by Applied and converted into equity awards of Applied on substantially equivalent terms.

The completion of the Merger is subject to various customary closing conditions, including the adoption of the Merger Agreement by the stockholders of Varian entitled to vote thereon, as well as receipt of certain domestic and foreign antitrust approvals (including under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended).

The Merger Agreement contains customary representations, warranties and covenants by Applied, Merger Sub and Varian. Varian has agreed, among other things, not to solicit any offer or proposal for a competing or alternative transaction, or, subject to certain exceptions, to enter into discussions concerning, or provide confidential information in connection with, any competing or alternative transaction. In addition, certain covenants require each of the parties to use reasonable best efforts to cause the Merger to be consummated. The Merger Agreement also requires Varian to call and hold a stockholders meeting and, subject to certain exceptions, requires the board of directors of Varian to recommend approval of the Merger.

The Merger Agreement contains certain termination rights and provides that (i) upon the termination of the Merger Agreement under specified circumstances, including, among others, by Varian to accept a superior offer or by Applied upon a change in the recommendation of Varian s board of directors, Varian will owe Applied a cash termination fee of $147 million; and (ii) upon termination of the Merger Agreement due to the failure to obtain certain antitrust approvals, Applied will owe Varian a cash termination fee of $200 million.

Applied expects to finance the Merger through a combination of existing cash balances and debt, including from the proceeds of this offering. On May 25, 2011, Applied entered into a $2.0 billion bridge loan facility (the Bridge Facility) with the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, to fund the cash consideration payable by Applied in the Merger and to pay the fees and expenses incurred in connection with the Merger. The Bridge Facility will terminate upon the earliest of (a) the date on which the Merger is consummated, (b) the termination of the commitments in accordance with the terms of the Bridge Facility and (c) April 30, 2012. In addition, on May 25, 2011, Applied entered into a new four-year $1.5 billion senior unsecured revolving credit facility (the Revolving Credit Facility) with the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, that replaced Applied s prior $1.0 billion revolving credit facility. The Revolving Credit Facility is available to fund a portion of the cash consideration to be paid by Applied in the Merger and for general corporate purposes. J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. acted as joint lead arrangers and bookrunners for the Bridge Facility and the Revolving Credit Facility.

A copy of the Merger Agreement is included as an exhibit to our Current Report on Form 8-K filed with the SEC on May 4, 2011, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. The foregoing description of the proposed transaction and the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to such exhibit. This offering is not conditioned upon the completion of the proposed transaction but, in the event that the Merger is not consummated on or before May 31, 2012 or the Merger Agreement is terminated any time prior thereto, we will be required to redeem in whole and not in part the notes on the 15th day (or, if such day is not a business day,

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the first business day thereafter) following the earlier to occur of (1) May 31, 2012 if the Merger has not been consummated by May 31, 2012 and (2) the termination of the Merger Agreement for a redemption price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest to, but excluding, the date of redemption, if any. See Description of Notes Special Mandatory Redemption.

Risk factors

An investment in the notes involves risk. You should carefully consider the information set forth in the section of this prospectus supplement entitled Risk factors beginning on page S-9, as well as other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding whether to invest in the notes.

Applied, a Delaware corporation, was incorporated in 1967. The principal executive offices of Applied are located at 3050 Bowers Avenue, P.O. Box 58039, Santa Clara, California 95052-8039 and the telephone number is (408) 727-5555. We maintain a website at www.appliedmaterials.com. The information on or accessible through our website is not a part of this prospectus supplement or the accompanying prospectus.

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The offering

A brief description of the material terms of the offering follows. For a more complete description of the notes offered hereby, see Description of notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus.

Issuer	Applied Materials, Inc.
Notes Offered	$400,000,000 aggregate principal amount of 2.650% Senior Notes due 2016, $750,000,000 aggregate principal amount of 4.300% Senior Notes due 2021 and $600,000,000 aggregate principal amount of 5.850% Senior Notes due 2041.
Interest	The 2016 notes will bear interest at the rate of 2.650%, which will be paid on each June 15 and December 15, commencing December 15, 2011. The 2021 notes will bear interest at the rate of 4.300%, which will be paid on each of June 15 and December 15, commencing December 15, 2011. The 2041 notes will bear interest at the rate of 5.850%, which will be paid on each of June 15 and December 15, commencing December 15, 2011.
Maturity Dates	The 2016 notes will mature on June 15, 2016. The 2021 notes will mature on June 15, 2021. The 2041 notes will mature on June 15, 2041.
Ranking	The notes will be: general unsecured obligations of ours; effectively subordinated in right of payment to any secured indebtedness of ours to the extent of the assets securing such indebtedness, and structurally subordinated to all existing and any future liabilities of our subsidiaries; equal in right of payment with all existing and any future unsecured and unsubordinated indebtedness of ours; and senior in right of payment to any existing and future indebtedness of ours that is subordinated to the notes.
Optional Redemption	Applied may redeem the 2016 notes, the 2021 notes and the 2041 notes, in each case, in whole at any time or in part from time to time, at its option, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the notes being redeemed (not including any portion of the payments of interest accrued but unpaid as of the date of redemption) discounted on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Rate plus 15 basis points in the case of the 2016 notes, 20 basis points

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	in the case of the 2021 notes and 30 basis points in the case of the 2041 notes, plus, in each case, accrued and unpaid interest to, but excluding, the date of redemption, if any. See Description of notes Optional redemption.
Special Mandatory Redemption	In the event that we do not consummate the Merger on or prior to May 31, 2012 or the Merger Agreement is terminated at any time prior thereto, we will be required to redeem in whole and not in part the notes on the special mandatory redemption date at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest to, but excluding, the date of redemption, if any. See Descriptions of notes Special mandatory redemption.
Purchase of Notes Upon a Change of Control Triggering Event	Upon the occurrence of a change of control of Applied and a contemporaneous downgrade of the notes below an investment grade rating by both Moody s Investors Service Inc. and Standard & Poor s Ratings Services, we will, in certain circumstances, be required to make an offer to purchase each of the 2016 notes, the 2021 notes and the 2041 notes at a price equal to 101% of the principal amount of the 2016 notes, the 2021 notes and the 2041 notes to be repurchased, respectively, plus any accrued and unpaid interest to, but excluding, the date of repurchase. See Description of the notes Repurchase upon a change of control.
Use of Proceeds	We estimate that the net proceeds from the sale of the notes will be approximately $1.73 billion after deducting the estimated underwriting discounts and estimated offering expenses. We intend to use the net proceeds of this offering, together with available cash and the proceeds from borrowings under our revolving credit facility or other short-term debt, to fund the cash Merger consideration.
Additional Notes	Applied may from time to time, without consent of the holders of the notes, issue notes having the same terms and conditions as the notes of any series being offered hereby (except for the issue date, offering price and, if applicable, the first interest payment date). Additional notes issued in this manner will form a single series with the applicable outstanding series of notes; *provided* that if the additional notes are not fungible with the original notes of the applicable series for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.
Governing Law	New York.

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Summary consolidated financial and pro forma information

The table below sets forth a summary of our financial and other information for the periods presented. We derived the financial information as of and for each of the years in the three-year period ended October 31, 2010 from our consolidated financial statements. The table below also sets forth unaudited summary pro forma condensed consolidated financial information for the year ended October 31, 2010 and six months ended May 1, 2011, which we have derived from the unaudited pro forma condensed consolidated financial and other information included in this prospectus supplement under Unaudited pro forma condensed consolidated financial information and which should be read in conjunction with the presentation of such information, including the accompanying notes thereto and the historical financial statements of Applied and Varian referenced therein. The unaudited condensed consolidated pro forma statement of operations set forth below gives effect to the Merger as if it had an effective date of October 26, 2009 and the unaudited condensed consolidated pro forma balance sheet information set forth below gives effect to the Merger as if it had an effective date of May 1, 2011. The summary pro forma condensed consolidated financial information should not be considered indicative of actual results that would have been achieved had the Merger occurred on the respective dates indicated and do not purport to indicate balance sheet information or results of operations as of any future date or for any future period. We cannot assure you that the assumptions used in the preparation of the pro forma condensed consolidated financial information will prove to be correct.

Applied assumed for purposes of the unaudited summary pro forma condensed consolidated financial information set forth below that it would raise $1.5 billion, instead of $1.75 billion, in gross proceeds in this offering. As a result, the summary pro forma condensed consolidated financial information does not reflect the adjustments that would have resulted from the incremental capital raise, including a corresponding reduction in short-term debt and corresponding changes to net interest expense for the periods presented.

The summary consolidated and pro forma financial information should be read in conjunction with our consolidated financial statements and related notes and the Management s Discussion and Analysis included in our Annual Report on Form 10-K for the year ended October 31, 2010 and our Quarterly Report on Form 10-Q for the quarter ended May 1, 2011, which we have filed with the SEC, and are incorporated by reference in this prospectus supplement.

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	Historical					Pro forma	
	Fiscal year ended			Six months ended		Year ended	Six months ended
	October 31, 2010	October 25, 2009	October 26, 2008	May 1, 2011	May 2, 2010	October 31, 2010	May 1, 2011
				(Unaudited)		(Unaudited)	
				(In millions)			
Selected consolidated statement of operations information:							
Net sales	$ 9,549	$ 5,014	$ 8,129	$ 5,549	$ 4,144	$ 10,380	$ 6,162
Cost of products sold	5,834	3,583	4,686	3,224	2,506	6,405	3,601
Gross margin	3,715	1,431	3,443	2,325	1,638	3,975	2,561
Research, development and engineering, marketing and selling and general and administrative expenses	2,085	1,669	2,069	1,007	1,023	2,336	1,149
Restructuring charges and asset impairments	246	156	40	(33)	113	246	(33)
Income (loss) from operations	1,384	(394)	1,355	1,351	502	1,393	1,445
Net income (loss)	938	(305)	961	995	347	875	1,044
Selected consolidated balance sheet information:							
Total current assets	$ 6,765	$ 5,689	$ 6,664	$ 7,944	$ 6,173		$ 6,824
Total assets	10,943	9,574	11,006	11,957	10,450		15,031
Short-term debt	1	1	1	1	2		1,202
Long-term debt	204	201	202	204	205		1,705
Stockholders equity	7,536	7,095	7,549	8,182	7,321		8,172
Additional information:							
Depreciation and amortization	$ 305	$ 291	$ 320	$ 128	$ 163		
Cash provided by operating activities	1,723	333	1,710	1,129	899		
Cash, cash equivalents and short-term investments	2,585	2,215	2,101	3,308	2,335		$ 1,606
Long-term investments	1,307	1,052	1,367	1,269	1,230		1,403
Total cash and investments	3,892	3,267	3,468	4,577	3,565		3,009

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Risk factors

In considering whether to purchase the notes, you should carefully consider all the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. In addition, you should carefully consider the risk factors described below, which are not exhaustive.

Risks related to our business

We hereby incorporate by reference risk factors in Item 1A of our Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2011.

Risks related to the notes

There may not be a liquid market for the notes.

The notes constitute new issues of securities with no established trading market. No market for the notes of any series may develop, and any market that develops may not be liquid or may not last. Although the representatives of the underwriters have advised us that, following completion of the offering of the notes, one or more of the underwriters currently intend to make a market in the notes, they are not obligated to do so and may discontinue any market-making activities at any time without notice. If the notes are traded, they may trade at a discount from their offering prices, depending on prevailing interest rates, the market for similar securities, our performance and other factors. To the extent active trading markets do not develop, you may not be able to resell your notes at their fair market value or at all.

Many factors independent of our creditworthiness may affect the trading market for the notes. These factors include the:

- propensity of existing holders to trade their positions in the notes;
- time remaining to the maturity of the notes;
- outstanding amount of each series of the notes;
- redemption of the notes; and
- level, direction and volatility of market interest rates generally.

The notes will not restrict our ability to incur additional debt, to repurchase our securities or to take other actions that could negatively impact our ability to pay our obligations under the notes.

Neither the notes nor the indenture governing the notes will restrict our ability or the ability of our subsidiaries to incur additional debt, repurchase securities, recapitalize, or pay dividends or make distributions to stockholders, or require us to maintain interest coverage or other current ratios.

Although the indenture governing the notes will contain limited covenants that would restrict our ability and the ability of certain of our subsidiaries to create, incur or assume secured indebtedness or to enter into sale and lease-back transactions, these restrictions only apply to the extent that the indebtedness created, incurred or assumed is secured by a lien on Principal Property or to the extent that the property subject to the sale and lease-back transaction is a Principal Property. In order to constitute a Principal Property for purposes of these covenants, a

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property must be located in the United States and have a book value in excess of 1% of our most recently calculated consolidated net tangible assets.

Other than as described above and under the caption Description of notes Repurchase upon a change of control below, the provisions of the indenture governing the notes will not afford holders of debt securities issued thereunder, including the notes, protection in the event of a sudden or significant decline in our credit quality or in the event of a takeover, recapitalization or highly leveraged or similar transaction involving us or any of our affiliates that may adversely affect such holders. In addition, our ability to recapitalize, incur additional debt and take a number of other actions that will not be limited by the terms of the notes or the indenture could have the effect of diminishing our ability to make payments on the notes when due.

In the event that we do not consummate the Merger on or prior to May 31, 2012 or the Merger Agreement is terminated at any time prior thereto, we will be required to redeem in whole and not in part the notes on the special mandatory redemption date at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest to, but excluding, the date of redemption, if any, and, as a result, holders of the notes may not obtain their expected return on the notes.

We may not be able to consummate the Merger within the time period specified under Description of notes Special mandatory redemption, or the Merger Agreement may be terminated prior to such time. Our ability to consummate the Merger is subject to various closing conditions, including regulatory approvals and other matters that are beyond our control. If we are not able to consummate the Merger within the time period specified under Description of notes Special mandatory redemption, we will be required to redeem in whole and not in part the notes on the 15th day (or, if such day is not a business day, the first business day thereafter) following the earlier to occur of (1) May 31, 2012 if the Merger has not been consummated by May 31, 2012 and (2) the termination of the Merger Agreement at a redemption price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest to, but excluding, the date of redemption, if any. If we redeem the notes pursuant to the special mandatory redemption, holders of the notes may not obtain their expected return on the notes. Your decision to invest in the notes is made at the time of the offering of the notes. Changes in our business or financial condition, or the terms of the Merger, between the closing of this offering and the closing of the Merger will have no effect on your rights as a purchaser of the notes.

We may not be able to repurchase all of the notes upon a change of control, which would result in a default under the notes.

Upon the occurrence of a Change of Control Triggering Event (as defined herein), unless we have exercised our right to redeem or have mandatorily redeemed the notes, have defeased the notes or have satisfied and discharged the notes, each holder of notes will have the right to require us to repurchase all or any part of such holder s notes at a price in cash equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. If we experience a Change of Control Triggering Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. In addition, our ability to repurchase the notes for cash may be limited by law or by the terms of other agreements relating to our indebtedness outstanding at that time. Our failure to repurchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and for holders of the notes. See Description of notes Repurchase upon a change of control.

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The provisions in the indenture that govern the notes relating to change of control transactions will not necessarily protect you in the event of a highly leveraged transaction.

The provisions in the indenture will not necessarily afford you protection in the event of a highly leveraged transaction that may adversely affect you, including a reorganization, restructuring, merger or other similar transaction involving us. These transactions may not involve a change in voting power or beneficial ownership or, even if they do, may not involve a change of the magnitude required under the definition of change of control repurchase event in the indenture to trigger these provisions, notably, that the transactions are accompanied or followed within 60 days by a downgrade in the rating of the notes, following which the notes are no longer rated investment grade. Except as described under Description of notes Repurchase upon a change of control, the indenture does not contain provisions that permit the holders of the notes to require us to repurchase the notes in the event of a takeover, recapitalization or similar transaction.

The notes are our obligations and not obligations of our subsidiaries and will be structurally subordinated to the claims of our subsidiaries creditors.

The notes are exclusively our obligations and not those of our subsidiaries. We conduct a substantial portion of our operations through our subsidiaries. As a result, our ability to make payments on the notes will depend upon the receipt of dividends and other distributions from our subsidiaries. If we do not receive sufficient cash dividends and other distributions from our subsidiaries, it is unlikely that we will have sufficient funds to make payments on the notes.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to pay our obligations, whether by dividends, distributions, loans or other payments. In addition, any dividend payments, distributions, loans or advances to us by our subsidiaries in the future will require the generation of future earnings by our subsidiaries and may require regulatory approval. If our subsidiaries are unable to make dividend payments to us and sufficient capital is not otherwise available, we may not be able to make principal and interest payments on our debt, including the notes.

In addition, our right to participate in any distribution of assets of any of our subsidiaries upon the subsidiary s liquidation or otherwise will generally be subject to the prior claims of creditors of that subsidiary. Your ability as a holder of the notes to benefit indirectly from that distribution also will be subject to these prior claims. The notes are not guaranteed by any of our subsidiaries. As a result, the notes will be structurally subordinated to all existing and future liabilities and obligations of our subsidiaries, which means that our subsidiaries creditors will be paid from our subsidiaries assets before holders of the notes would have any claims to those assets. At May 1, 2011, the aggregate amount of all debt and other liabilities of our consolidated subsidiaries that would structurally rank senior to the notes was approximately $2.3 billion. Our subsidiaries may incur additional debt and liabilities in the future, all of which would rank structurally senior to the notes.

The notes will be effectively junior to any future secured indebtedness we may incur.

The notes will be effectively subordinated to any future secured debt we may incur to the extent of the value of the assets securing such debt. In the event that we are declared bankrupt, become insolvent or are liquidated or reorganized, any debt that ranks ahead of the notes will be entitled to be paid in full from our assets before any payment may be made with respect to the notes. Holders of the notes will participate ratably with all holders of our unsecured

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indebtedness that is deemed to be of the same ranking as the notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we may not have sufficient assets to pay amounts due on the notes. As a result, if holders of the notes receive any payments, they may receive less, ratably, than holders of secured indebtedness.

Although we do not currently have outstanding any secured indebtedness for money borrowed, the indenture under which the notes will be issued does not preclude us from issuing secured debt. See the section of the accompanying prospectus entitled Description of Debt Securities Certain Terms of the Senior Debt Securities Certain Covenants.

The limited covenants in the indenture for the notes and the terms of the notes do not provide protection against some types of important corporate events and may not protect your investment.

The indenture for the notes does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;
- limit our subsidiaries ability to incur indebtedness, which could structurally rank senior to the notes;
- limit our ability to incur substantial secured indebtedness that would effectively rank senior to the notes to the extent of the value of the assets securing the indebtedness;
- limit our ability to incur indebtedness that is equal in right of payment to the notes;
- restrict our subsidiaries ability to issue securities or otherwise incur indebtedness that would be senior to our equity interests in our subsidiaries;
- restrict our ability to repurchase or prepay our securities; or
- restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

Furthermore, the indenture for the notes does not contain protections in the event of a change in control, unless accompanied by certain ratings downgrades. We could engage in many types of transactions, such as certain acquisitions, refinancings or recapitalizations that could substantially affect our capital structure and the value of the notes. For these reasons, you should not consider the covenants in the indenture as a significant factor in evaluating whether to invest in the notes.

Ratings of the notes may change after issuance and affect the market price and marketability of the notes.

We currently expect that, prior to issuance, the notes will be rated by one or more ratings agencies. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such credit ratings will be issued or remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn

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entirely by the rating agencies, if, in each rating agency s judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with future events, such as future acquisitions or regulatory action taken against us. Any lowering, suspension or withdrawal of such ratings or the anticipation of such changes may have an adverse effect on the market price or marketability of the notes. In addition, any decline in the ratings of the notes may make it more difficult for us to raise capital on acceptable terms.

The negative covenants in the indenture that govern the notes may have a limited effect.

The indenture governing the notes contains covenants limiting our ability and our subsidiaries ability to create certain liens, enter into certain sale and leaseback transactions, and consolidate or merge with, or convey, transfer or lease all or substantially all our assets to, another person. The limitation on liens and limitation on sale and leaseback covenants contain exceptions that will allow us and our subsidiaries to incur liens with respect to material assets. See Description of Debt Securities Certain Terms of the Senior Debt Securities Certain Covenants in the accompanying prospectus. In light of these exceptions and other factors described above, holders of the notes may be structurally or contractually subordinated to new lenders.

Redemption may adversely affect your return on the notes.

We have the right to redeem some or all of the notes prior to maturity. We may redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the amount received upon a redemption in a comparable security at an effective interest rate as high as that of the notes.

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Ratio of earnings to fixed charges

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated. You should read this table in conjunction with the consolidated financial statements and notes in our Annual Report on Form 10-K for the fiscal year ended October 31, 2010 and our Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2011 which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

					Fiscal year ended	Six months ended
	October 29, 2006	October 28, 2007	October 26, 2008	October 25, 2009	October 31, 2010	May 1, 2011
Ratio of earnings to fixed charges(1)	39.1x	43.6x	36.3x		37.5x	76.9x

(1) For purposes of determining the ratios above, earnings consist of income from continuing operations before income taxes, amortization of capitalized interest and fixed charges. Fixed charges consist of interest expense, amortization of debt expenses and an appropriate interest factor on operating leases. Due to the loss in fiscal 2009, our ratio of earnings to fixed charges for that period was less than 1:1. We would have needed to generate additional earnings of $448 million to achieve an earnings to fixed charges ratio of 1:1.

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Use of proceeds

We estimate that the net proceeds from the sale of the notes will be approximately $1.73 billion after deducting the estimated underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from the sale of the notes to fund a portion of the Merger consideration and certain costs associated with the Merger. Prior to the closing of the Merger, we intend to temporarily invest the net proceeds in short-term investments. The net proceeds will not be deposited into an escrow account.

Upon the closing of the Merger, the net proceeds from this offering will be used, together with available cash and the proceeds from borrowings under our Revolving Credit Facility or other short-term debt, to fund the cash Merger consideration, which is estimated to total approximately $4.7 billion. There can be no assurance the Merger will be consummated.

This offering is not conditioned upon the completion of the Merger but, in the event that the Merger is not consummated on or before May 31, 2012 or the Merger Agreement is terminated any time prior thereto, we will be required to redeem in whole and not in part the notes on the 15th day (or, if such day is not a business day, the first business day thereafter) following the earlier to occur of (1) May 31, 2012 if the Merger has not been consummated by May 31, 2012 and (2) the termination of the Merger Agreement for any reason for a redemption price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest to, but excluding, the date of redemption, if any. See Description of notes Special mandatory redemption. If we are required to redeem the notes pursuant to such provision, we will use the net proceeds of this offering, together with available cash and cash equivalents and short-term investments, to fund such redemption.

We expect to generate additional cash from operations prior to the closing of the Merger. Prior to the closing of the Merger, we may issue commercial paper, borrow amounts under our Revolving Credit Facility or incur other indebtedness so that we have adequate cash balances following the closing.

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Capitalization

The following table presents our cash, cash equivalents and short-term investments, short-term debt and capitalization as of May 1, 2011:

- on an actual basis;
- on an as adjusted basis giving effect to the sale of the notes offered hereby after deducting the estimated underwriting discounts and estimated offering expenses; and
- on a pro forma basis giving effect to the Merger as if it had occurred on May 1, 2011, as adjusted to give effect to the sale of the notes offered hereby and expected additional short-term borrowings, and the application of the proceeds therefrom and available cash, cash equivalents and short-term investments to fund the Merger consideration and certain costs associated with the Merger as described under Use of proceeds.

You should read this table in conjunction with the information contained in our Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended October 31, 2010 and Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2011 and the historical financial statements of Varian filed as an exhibit to the Current Report on Form 8-K filed on June 1, 2011, which are incorporated by reference into this prospectus supplement and the accompanying prospectus as well as the financial statements giving pro forma effect to the Merger set forth in Unaudited pro forma condensed consolidated financial information. **Applied assumed for purposes of the Unaudited pro forma condensed consolidated financial information that it would raise $1.5 billion, instead of $1.75 billion, in gross proceeds in this offering. As a result, the Unaudited pro forma condensed consolidated financial information does not reflect the adjustments that would have resulted from the incremental capital raise, including a corresponding reduction in short-term debt and corresponding changes to net interest expense for the periods presented.**

		As of May 1, 2011	
(In millions)	**Actual**	**As adjusted**	**Pro forma as adjusted**
		(Unaudited)	
Cash, cash equivalents and short-term investments	$ 3,308	$ 5,041	$ 1,602
Short-term debt:	1	1	952
Long-term debt:			
7.125% unsecured senior notes due 2017	$ 200	$ 200	$ 200
Other debt maturing through 2028	4	4	5
Notes offered hereby		1,750	1,750
Total debt	205	1,955	2,907
Total stockholders equity	8,182	8,182	8,172
Total capitalization	$ 8,387	$ 10,137	$ 11,079

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Unaudited pro forma condensed consolidated financial information

Introduction to unaudited pro forma condensed combined financial statements

On May 3, 2011, Applied, Merger Sub, and Varian entered into the Merger Agreement pursuant to which Merger Sub will, upon the terms and subject to the conditions thereof, merge with and into Varian, with Varian surviving the Merger as a wholly-owned subsidiary of Applied.

The following unaudited pro forma condensed combined balance sheet is presented as if the effective date of the Merger had occurred on May 1, 2011. The following unaudited pro forma condensed combined statement of operations for the twelve months ended October 31, 2010 and the six months ended May 1, 2011 are presented as if the effective date of the Merger had occurred on October 26, 2009. The preliminary estimate of purchase consideration is calculated as if the Merger had taken place on May 1, 2011. This information should be read in conjunction with the:

- accompanying notes to the unaudited pro forma condensed combined financial statements;
- audited historical consolidated financial statements of Applied as of and for the fiscal year ended October 31, 2010, included in Applied s Annual Report on Form 10-K for the fiscal year ended October 31, 2010, incorporated by reference herein;
- unaudited historical condensed consolidated financial statements of Applied as of and for the six months ended May 1, 2011, included in Applied s Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2011, incorporated by reference herein;
- audited historical consolidated financial statements of Varian as of and for the year ended October 1, 2010, included in Varian s Annual Report on Form 10-K for the year ended October 1, 2010, incorporated by reference herein; and
- unaudited historical consolidated financial statements of Varian as of and for the six months ended April 1, 2011, included in Varian s Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2011, incorporated by reference herein.

Applied assumed for purposes of the unaudited pro forma condensed combined financial information that it would raise $1.5 billion, instead of $1.75 billion, in gross proceeds in this offering. As a result, the unaudited pro forma condensed combined financial information does not reflect the adjustments that would have resulted from the incremental capital raise, including a corresponding reduction in short-term debt and corresponding changes to net interest expense for the periods presented.

Because Applied s second fiscal quarter ended on May 1, 2011 and Varian s second fiscal quarter ended on April 1, 2011, the unaudited pro forma condensed combined balance sheet combines the historical balances of Applied and Varian as of those dates, with pro forma adjustments. In addition, the unaudited pro forma condensed combined statements of operations combine the historical results of Applied for the fiscal year ended October 31, 2010 and for the six months ended May 1, 2011, with the historical results of Varian for the twelve months ended October 1, 2010 and the six months ended April 1, 2011, respectively, with pro forma adjustments. No adjustments were made to either Applied s or Varian s reported information for the different period end dates.

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The pro forma condensed combined financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations that would have been realized if the Merger had been completed on the dates indicated, nor is it indicative of future operating results or financial position. The pro forma adjustments are based upon available information and certain assumptions that Applied believes are reasonable.

The unaudited pro forma condensed combined financial statements do not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the Merger or the costs to integrate the operations of Applied and Varian or the costs necessary to achieve any cost savings, operating synergies and revenue enhancements.

Pursuant to the purchase method of accounting, the estimated purchase price has been preliminarily allocated to assets acquired and liabilities assumed based on their estimated respective fair values. Applied management has determined the preliminary estimated fair value of the intangible and tangible assets acquired and liabilities assumed at the pro forma combined balance sheet date. The excess of the fair value of consideration paid over the estimated fair values of assets acquired and liabilities assumed was recorded as goodwill. These unaudited pro forma condensed combined financial statements have been prepared based on preliminary estimates of the fair values of the purchase price and the fair values of assets acquired and liabilities assumed, therefore, the actual amounts recorded upon completion of the Merger may differ materially from the information presented herein. A final determination of these estimated fair values will be based on the actual net tangible and intangible assets of Varian existing on the date of completion of the Merger.

There were no intercompany transactions between Applied and Varian as of the dates and for the periods of these unaudited pro forma condensed combined financial statements.

These unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and notes thereto of Applied and Varian and other financial information pertaining to Applied and Varian including Applied s management s discussion and analysis of financial condition and results of operations and risk factors incorporated by reference or included herein. For a complete list of documents incorporated by reference herein, see Where you can find more information and incorporation by reference beginning on page S-49.

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Unaudited pro forma condensed combined balance sheet

	Applied May 1, 2011	Historical Varian April 1, 2011	Pro forma adjustments	Pro forma combined
			(In millions)	
Assets:				
Cash and cash equivalents	$ 2,558	$ 364	$ (2,124)(a,b,c)	$ 798
Short-term investments	750	58		808
Accounts receivable, net	1,916	222		2,138
Inventories	1,794	212	72(d)	2,078
Deferred income taxes, net	545	19	21(e)	585
Other current assets	381	36		417
Total current assets	7,944	911	(2,031)	6,824
Property, plant, and equipment	898	73	16(f)	987
Goodwill	1,336	12	2,501(g)	3,849
Intangible assets, net	236		1,450(h)	1,686
Long-term investments	1,269	134		1,403
Deferred income taxes and other assets	274	8		282
Total assets	$ 11,957	$ 1,138	$ 1,936	$ 15,031
Liabilities and stockholders equity:				
Accounts payable and accrued expenses	$ 1,760	$ 112		$ 1,872
Customer advances and deferred revenue	1,279	58	$ (27)(i)	1,310
Short-term debt	1	1	1,200(b)	1,202
Income taxes payable	211	11		222
Total current liabilities	3,251	182	1,173	4,606
Long-term debt	204	1	1,500(b)	1,705
Accrued expenses and other liabilities	320	90	138(e)	548
Total liabilities	3,775	273	2,811	6,859
Common stock	13	1	(1)(j)	13
Additional paid-in capital	5,524	709	(626)(j)	5,607
Retained earnings	12,308	930	(1,023)(k)	12,215
Treasury stock	(9,664)	(777)	777(l)	(9,664)
Accum. other comprehensive income	1	2	(2)(m)	1
Total liabilities and stockholders equity	$ 11,957	$ 1,138	$ 1,936	$ 15,031

The accompanying notes to the pro forma adjustments included herein are an integral part of these statements.

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Unaudited pro forma condensed combined statement of operations

	Historical			
	Applied twelve months ended October 31, 2010	Varian twelve months ended October 1, 2010	Pro forma adjustments	Pro forma combined
	(In millions except per share amounts)			
Net sales	$ 9,549	$ 831	$	$ 10,380
Cost of products sold	5,834	424	147(n,o)	6,405
Gross margin	3,715	407	(147)	3,975
Operating expenses				
Research, development, and engineering	1,143	98		1,241
Marketing, general, and administrative	942	122	31(o)	1,095
Restructuring charges and asset impairments	246			246
Income from operations	1,384	187	(178)	1,393
Impairments of investments	(13)			(13)
Interest expense, income and other expense, net	16	3	(96)(p,q)	(77)
Income before income taxes	1,387	190	(274)	1,303
Provision for income taxes	449	30	(51)(r)	428
Net income	$ 938	$ 160	$ (223)	$ 875
Earnings per share:				
Basic	$ 0.70	$ 2.15		$ 0.65
Diluted	$ 0.70	$ 2.12		$ 0.65
Weighted average number of shares				
Basic	1,340	74		1,340
Diluted	1,349	75		1,351

The accompanying notes to the pro forma adjustments included herein are an integral part of these statements.

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Unaudited pro forma condensed combined statement of operations

	Applied six months ended May 1, 2011	Historical Varian six months ended April 1, 2011	Pro forma adjustments(1)	Pro forma combined
		(In millions except per share amounts)		
Net sales	$ 5,549	$ 613	$	$ 6,162
Cost of products sold	3,224	312	65(n,o)	3,601
Gross margin	2,325	301	(65)	2,561
Operating expenses				
Research, development, and engineering	567	57		624
General and administrative	440	70	15(o)	525
Restructuring charges and asset impairments	(33)			(33)
Income from operations	1,351	174	(80)	1,445
Interest expense, income and other expense, net	15	1	(47)(p,q)	(31)
Income before income taxes	1,366	175	(127)	1,414
Provision for income taxes	371	21	(22)(r)	370
Net income	$ 995	$ 154	$ (105)	$ 1,044
Earnings per share:				
Basic	$ 0.75	$ 2.06		$ 0.79
Diluted	$ 0.75	$ 2.03		$ 0.78
Weighted average number of shares				
Basic	1,322	75		1,322
Diluted	1,333	76		1,335

The accompanying notes to the pro forma adjustments included herein are an integral part of these statements.

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Basis of presentation

On May 3, 2011, Applied, Merger Sub, and Varian, entered into the Merger Agreement pursuant to which Merger Sub will, upon the terms and subject to the conditions thereof, merge with and into Varian, with Varian surviving the Merger as a wholly-owned subsidiary of Applied.

The unaudited pro forma condensed combined financial statements assume the cash payment of $63.00 for each outstanding share of Varian common stock. For the purposes of these preliminary pro forma financial statements, the total cash payment was estimated at $4.7 billion based on shares outstanding as at April 29, 2011. The actual cash payment will be determined based on the actual number of shares of Varian common stock outstanding upon the completion of the Merger. The estimated cash payment includes (i) the conversion of each share of Varian common stock into the right to receive $63.00 per share, (ii) the cancellation of vested options granted under the Amended and Restated 2006 Stock Incentive Plan of Varian, as well as certain other options identified by Applied prior to the effective date of the Merger, and replacement with the right to receive $63.00 per share in cash, less the applicable option exercise price, and (iii) the cancellation of vested and unvested restricted stock units and replacement with the right to receive $63.00 per share in cash. All cash payments for equity awards will be subject to applicable tax withholdings, if any.

In addition, on the effective date of the Merger, each vested option granted under the Omnibus Stock Plan of Varian that is outstanding and unexercised immediately prior to the effective date, other than certain options identified by Applied, will be converted into a fully vested option to purchase Applied common stock, either by Applied assuming that stock option or replacing it with a reasonably equivalent option to purchase Applied common stock based on a conversion ratio set forth in the Merger Agreement. The estimated fair value of these converted options is $27 million and was included in the total preliminary estimated Merger consideration.

At the effective date of the Merger, each unvested stock option, other than certain options identified by Applied, will be converted into an option to purchase Applied common stock, to be effected by Applied either assuming that stock option or replacing it with a reasonably equivalent option to purchase Applied common stock based on a conversion ratio set forth in the Merger Agreement. Based on the number of Varian unvested stock options outstanding at April 29, 2011, without taking into account the Varian stock options that will be cancelled in connection with the Merger, Applied would convert options to purchase approximately 1.3 million shares of Varian common stock into options to purchase approximately 5.4 million shares of Applied common stock with an approximate value of $45 million. A portion of this amount, representing the options that are earned but not vested, will be attributable to Merger consideration. Based on unvested stock options outstanding at April 29, 2011, we estimate that this amount will be approximately $25 million. This portion of the earned options is included in the total Merger consideration. The amount not included in the purchase price will be recorded as compensation expense in the post-Merger combined Statement of Operations in the periods that the compensation is earned. The actual number of Applied stock options into which Varian common stock options will be converted will be determined based on the actual number of Varian common stock options outstanding and the price of Applied common stock at the completion of the Merger.

Each outstanding, unvested share of Varian restricted common stock that is subject to a risk of forfeiture, a repurchase option or other condition pursuant to an applicable restricted stock purchase agreement or other agreement with Varian will be exchanged for a future cash

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payment based on the same per-share Merger consideration as other shares of Varian common stock. Based on the total number of shares of Varian unvested restricted common stock outstanding at April 29, 2011, Applied will pay approximately $82 million in cash for the unvested outstanding shares of Varian restricted common stock. A portion of this amount, representing the shares that are earned but not vested, will be attributable to Merger consideration. Based on unvested restricted common stock outstanding at April 29, 2011, we estimate that this amount will be approximately $31 million. The amount not included in the purchase price will be recorded as compensation expense in the post-Merger combined Statement of Operations in the periods that the compensation is earned. The actual cash payment will be determined based on the actual number of unvested shares of Varian restricted common stock outstanding upon the completion of the Merger.

The estimated purchase price and the allocation of the estimated purchase price discussed below are preliminary as the proposed Merger has not yet been completed. The actual purchase price will be based on the number of outstanding shares of Varian common stock, options to purchase common stock, and shares of restricted common stock upon the completion of the Merger.

Under the purchase method of accounting, the total purchase price will be allocated to Varian s net tangible and intangible assets based on their estimated fair values as of the date of the completion of the Merger. For purposes of this presentation the estimated Merger consideration has been allocated based on preliminary estimates of fair values that are described in the introduction to these unaudited pro forma condensed combined financial statements. The allocation of the estimated preliminary Merger consideration, estimated useful lives and first year amortization and incremental depreciation associated with certain acquired assets are as follows (in millions):

	Amount	First year amortization and incremental depreciation	Estimated remaining useful life
Fair value of assets acquired and liabilities assumed	$ 863	$ 4	4-22 years
Identifiable intangible assets:			
Developed technology	878	125	7 years
Customer contracts and relationships	221	15	15 years
In-process research and development	196		N/A
Trademarks and trade names	122	6	20 years
Order backlog	18	18	3-6 months
Covenant not-to-compete	15	10	1.5 years
Total identifiable intangible assets	1,450	174	8.3 years
Goodwill	2,501		
Total preliminary merger consideration	**$ 4,814**	**$ 178**	

A preliminary estimate of $863 million has been allocated to net tangible assets acquired and approximately $1,450 million has been allocated to amortizable intangible assets acquired. The amortization related to the amortizable intangible assets and additional depreciation resulting from the increase in PP&E to fair value are reflected as pro forma adjustments to the unaudited pro forma condensed combined statements of operations.

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Identifiable intangible assets. Developed technology relates to Varian s products across all of their product lines that have reached technological feasibility. Developed technology represents a combination of Varian s processes, patents and trade secrets developed through years of experience in design and development of their products. Applied expects to amortize the fair value of the acquired product rights based on the anticipated time frame in which the economic benefits of the intangible asset will be recognized, which is assumed to be a straight-line amortization.

The estimated fair value of customer contracts and relationships is expected to be amortized on a straight-line basis over the period in which the economic benefits of the intangible assets will be recognized.

In-process research and development includes research and development for products that have not yet reached technological feasibility. Amortization of these amounts will begin at the time that the respective products reach technological feasibility. If a research and development project ends, the associated in-process research and development asset will be written down to zero in the period in which the project ends.

As of the effective date of the Merger, identifiable intangible assets are required to be measured at fair value. These acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements, it is assumed that all assets will be used in a manner that represents the highest and best use of those assets.

Under the Hart-Scott-Rodino Act (HSR Act) and other relevant laws and regulations, there are significant limitations regarding what Applied can learn about the specifics of the Varian intangible assets prior to the completion of the Merger. Obtaining the necessary information to complete the valuation of such intangible assets could take several months. As a result, the final determination of the values of such intangible assets will differ from these preliminary valuations and the differences could be material. Applied will update the preliminary valuation of the acquired intangible assets as at the effective date of the Merger.

Goodwill. Approximately $2.5 billion has been preliminarily allocated to goodwill. Goodwill represents the excess of the estimated purchase price over the fair values of the underlying net tangible and intangible assets. Goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management of the combined company determines that the value of goodwill has become impaired, the combined company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made.

Pro forma adjustments

Pro forma adjustments are necessary to reflect (i) the estimated purchase price; (ii) amounts related to Varian s net tangible and intangible assets at an amount equal to the preliminary estimates of their fair values; (iii) the amortization expense related to the estimated amortizable intangible assets; (iv) changes in depreciation and amortization expense resulting from the preliminary estimated fair value adjustments to net tangible and intangible assets; and (v) the income tax effect related to the pro forma adjustments.

There were no intercompany balances and transactions between Applied and Varian as of the dates and for the periods of these pro forma condensed combined financial statements.

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The pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had Applied and Varian filed consolidated income tax returns during the periods presented.

The unaudited pro forma condensed combined financial statements do not include liabilities that may result from integration activities which are not presently estimable. Liabilities ultimately may be recorded for severance costs for employees, costs of vacating certain facilities, or other costs associated with exiting activities that would affect the pro forma financial statements. Management of Applied and Varian are in the process of making these assessments and estimates of these costs are not currently known.

Applied has not identified any pre-Merger contingencies in which the related asset, liability or impairment is probable and the amount of the asset, liability or impairment can be reasonably estimated. Prior to the end of the purchase price allocation period, if information becomes available which would indicate it is probable that such events have occurred and the amounts can be reasonably estimated, such items will be included in the purchase price allocation.

The pro forma adjustments included in the unaudited pro forma condensed combined financial statements are as follows:

(a) To record approximately $4.7 billion in cash tendered for the purchase consideration based upon a cash for stock ratio of $63.00 for each outstanding share of Varian common stock and restricted stock unit and certain vested stock options.

(b) To record $2.7 billion of new debt obtained to finance the Merger. This debt is expected to consist of $1.5 billion of long-term debt and $1.2 billion of short-term debt.

(c) To record $93 million of estimated professional advisor fees incurred in association with the issuance of the new debt and certain transaction costs associated with the Merger.

(d) To adjust acquired inventory to a preliminary estimate of fair value. Applied s cost of sales will reflect the increased valuation of Varian s inventory as the acquired inventory is sold, which for purposes of these unaudited pro forma condensed combined financial statements is assumed will occur within the first six months after the effective date of the Merger. There is no continuing impact of the acquired inventory adjustment on the combined operating results and as such is not included in the unaudited pro forma condensed combined statement of operations.

(e) To record the net deferred tax liability associated with the estimated fair value adjustment of assets to be acquired and liabilities to be assumed, offset by the deferred tax asset associated with assumed, fully vested stock options and restricted stock units, recorded at an estimated weighted average statutory tax rate in the jurisdictions where the fair value adjustments can reasonably be expected to occur, primarily in the United States.

(f) To adjust property, plant, and equipment to a preliminary estimate of fair value.

(g) To record goodwill as a result of the Merger. Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. Goodwill is not amortized, but is assessed at least annually for impairment or when a change in facts and circumstances prompts an assessment.

(h) To record the estimated fair value of Varian s identifiable intangible assets acquired as a result of the Merger. These assets consist primarily of developed technology, in-process research and development, customer contracts and relationships, trademarks and trade

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names, order backlog, and covenants not to compete. Under the HSR Act and other relevant laws and regulations, there are significant limitations regarding what Applied can learn about the specifics of the Varian intangible assets prior to the completion of the Merger. Obtaining the necessary information to complete the valuation of such intangible assets could take several months. As a result, the final determination of the values of such intangible assets will differ from these preliminary valuations and the differences could be material. Upon completion of the Merger, Applied will update the preliminary valuation of the acquired intangible assets.

(i) To adjust the carrying value of deferred revenue to the preliminary estimated fair value. The deferred revenue impacted was expected to convert to revenue within a two-year period, with a significant portion recognized within the first year following the effective date of the Merger. There is no continuing impact of the acquired deferred revenue adjustment on the combined operating results and as such is not included in the unaudited pro forma condensed combined statement of operations.

(j) To eliminate Varian common stock and additional paid-in capital and to record the estimated fair value of $27 million of vested options to purchase shares of Varian stock exchanged for vested options to purchase shares of Applied stock under the Merger Agreement and $56 million representing the earned portion of unvested stock awards.

(k) To eliminate Varian retained earnings of $930 million, and to reflect Applied s estimated transaction costs of approximately $93 million.

(l) To eliminate Varian treasury stock.

(m) To eliminate Varian accumulated other comprehensive income.

(n) To depreciate the incremental increase in property, plant, and equipment identified under note (f) above. This amount is approximately $4 million and $2 million for the twelve and six month periods ended October 31, 2010 and May 1, 2011, respectively.

(o) To amortize Varian intangible assets based upon the anticipated time frame in which the estimated economic benefits of the intangible assets will be recognized. The preliminary estimated amortization for the first year and subsequent six month interim period is $174 million and $78 million, respectively.

(p) To adjust for the assumed reduction in interest income due to reduced cash balances as a result of the cash consideration issued in the Merger. The reduction is based on $2 billion of cash required at funding and an assumed weighted average interest rate of 1%.

(q) To record interest expense, including amortization of direct costs for new debt. This amount was calculated based on weighted average rates of 3.58% and 4.84% for the twelve-month and six-month periods, respectively, and $1.5 billion in long-term debt and short-term debt initially aggregating $1.2 billion.

(r) To record the benefit for income taxes as a result of the Merger, calculated based on the preliminary pro forma adjustments to the pro forma consolidated statements of operations included above. The provisional benefit for the increase in interest expense and incremental increase in depreciation expense is calculated based on an estimated tax rate of 30% and 25% for the twelve month period ended October 31, 2010 and the six month period ended May 1, 2011, respectively. The estimated provisional benefit related to the amortization of intangible assets recorded as a result of the Merger is recorded at an estimated weighted average statutory tax rate.

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Description of notes

We will issue $400,000,000 aggregate principal amount of 2.650% Senior Notes due 2016 (the 2016 notes), $750,000,000 aggregate principal amount of 4.300% Senior Notes due 2021 (the 2021 notes) and $600,000,000 aggregate principal amount of 5.850% Senior Notes due 2041 (the 2041 notes and together with the 2016 notes and the 2021 notes, the notes). The 2016 notes, the 2021 notes and the 2041 notes will be issued as separate series of debt securities under an indenture dated June 8, 2011 between us and U.S. Bank National Association, as trustee. That indenture will be supplemented by a supplemental indenture to be entered into concurrently with the delivery of the notes (as so supplemented, the indenture). The indenture provides that our debt securities may be issued in one or more series, with different terms, in each case as authorized from time to time by us. The specific terms of each other series that we may issue in the future may differ from those of the notes. The indenture does not limit the aggregate amount of debt securities that may be issued under the indenture, nor does it limit the number of other series or the aggregate amount of any particular series.

The following description is a summary, and does not describe every aspect of the notes and the indenture. The following description is subject to, and qualified in its entirety by, all the provisions of the indenture, including definitions of certain terms used in the indenture. Anyone who receives this prospectus supplement may obtain a copy of the indenture without charge upon request. See Where you can find more information and incorporation by reference. We urge you to read the indenture and the notes because they, and not this description, define your rights as a holder of the notes. The covenant provisions of the indenture described under the caption Description of Debt Securities Certain Terms of the Senior Debt Securities Certain Covenants in the accompanying prospectus will apply to the notes.

For purposes of this description, references to Applied, the Company, we, us and our refer only to Applied Materials, Inc. and not to any of i current or future subsidiaries.

General

The 2016 notes will be limited initially to $400,000,000 aggregate principal amount, the 2021 notes will be limited initially to $750,000,000 aggregate principal amount and the 2041 notes will be limited initially to $600,000,000 aggregate principal amount, but we may from time to time, without giving notice to or seeking the consent of the holders of the notes of any series, issue additional notes of any such series having the same terms (except for the issue date, the offering price and, if applicable, the first interest payment date) and ranking equally and ratably with the original notes of such series, and such additional debt securities, together with the original notes of the applicable series, will constitute a single series of debt securities for all purposes under the indenture, including, without limitation, waivers, amendments and redemptions; *provided* that if the additional notes are not fungible with the original notes of the applicable series for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The notes will be:

- general unsecured obligations of ours;
- effectively subordinated in right of payment to all existing and future secured indebtedness of ours to the extent of the assets securing such indebtedness;

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structurally subordinated to all existing and future indebtedness and other liabilities and commitments (including trade payables and lease obligations) of our subsidiaries, to the extent of the assets of such subsidiaries;

equal in right of payment with all existing and future unsecured and unsubordinated indebtedness of ours; and

senior in right of payment to any existing and future indebtedness of ours that is subordinated to the notes.

As of May 1, 2011, on a pro forma basis, after giving effect to this offering of notes and the application of the net proceeds from this offering and the borrowings under our revolving credit facility and other short-term debt and the anticipated application of the use of proceeds therefrom in connection with the Merger as described under Use of Proceeds , the notes offered hereby would have ranked:

equally with approximately $200 million of our debt; and

effectively subordinated to approximately $2.3 billion of debt and other liabilities of our subsidiaries.

As of May 1, 2011, we had no secured debt outstanding to which the notes would have been effectively subordinated.

The notes will be issued in fully registered form only, in minimum denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. The notes will be issued in the form of one or more global securities, without coupons, which will be deposited initially with, or on behalf of, The Depository Trust Company (DTC) and its participants Clearstream Banking S.A. and Euroclear Bank S.A./N.V.

Principal and interest

The 2016 notes will mature on June 15, 2016, the 2021 notes will mature on June 15, 2021 and the 2041 notes will mature on June 15, 2041. No sinking fund will be provided with respect to the notes.

Interest on the 2016 notes will accrue at the rate of 2.650% per annum, interest on the 2021 notes will accrue at the rate of 4.300% per annum and interest on the 2041 notes will accrue at the rate of 5.850% per annum. We will pay interest on the notes from June 8, 2011 or from the most recent interest payment date to which interest has been paid or duly provided for, semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2011, until the principal is paid or made available for payment. Interest will be paid to the persons in whose names the notes are registered at the close of business on June 1 or December 1 (whether or not a business day), as the case may be, immediately preceding the relevant interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

If any interest payment date or date of maturity of principal of the notes of a series falls on a day that is not a business day, then payment of interest or principal may be made on the next succeeding business day with the same force and effect as if made on the nominal interest payment date or the date of maturity, and no interest will accrue for the period after such nominal date.

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Optional redemption

We will have the right to redeem the notes, in whole at any time or in part from time to time, at our option, on at least 30 days but no more than 60 days prior written notice mailed to the registered holders of the notes to be redeemed. Upon redemption of the notes, we will pay a redemption price equal to the greater of:

(1) 100% of the principal amount of the notes to be redeemed, and

(2) the sum of the present values of the Remaining Scheduled Payments (as defined below) of the notes to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using a discount rate equal to the Treasury Rate (as defined below) plus 15 basis points in the case of the 2016 notes, 20 basis points in the case of the 2021 notes and 30 basis points in the case of the 2041 notes,

plus, in each case, accrued and unpaid interest thereon to, but excluding, the redemption date. Notwithstanding the foregoing, installments of interest on the applicable series of notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

If less than all the notes of any series are to be redeemed, the notes of such series to be redeemed shall be selected by the trustee on a *pro rata* basis (or, in the case of notes issued in global form as discussed under Book-Entry, Delivery and Form, based on a method that most nearly approximates a pro rata selection as the trustee deems fair and appropriate) unless otherwise required by law or applicable stock exchange or depositary requirements. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

Comparable Treasury Issue means the United States Treasury security selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes to be redeemed.

Comparable Treasury Price means, with respect to any redemption date, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, (b) if we obtain fewer than four Reference Treasury Dealer Quotations, the arithmetic average of those quotations or (c) if we obtain only one Reference Treasury Dealer Quotation, such Reference Treasury Dealer Quotation.

Independent Investment Banker means the Reference Treasury Dealer appointed by us as Independent Investment Banker (initially, Citigroup Global Markets Inc. or J.P. Morgan Securities LLC).

Reference Treasury Dealer means each of (i) Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, and their respective successors and (ii) two other nationally recognized investment banking firms (or their affiliates) that we select in connection with the particular redemption, and their respective successors, provided that if at any time any of the above is not a primary U.S. Government securities dealer, we will substitute that entity with another nationally recognized investment banking firm that we select that is a primary U.S. Government securities dealer.

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Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

Remaining Scheduled Payments means, with respect to each note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Treasury Rate means, for any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated yield to maturity, computed as the second business day immediately preceding that redemption date, of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Special mandatory redemption

In the event that we do not consummate the Merger on or prior to May 31, 2012, or the Merger Agreement is terminated any time prior thereto, we will be required to redeem in whole and not in part the aggregate principal amount of the outstanding notes on the special mandatory redemption date at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest to, but excluding, the special mandatory redemption date. The special mandatory redemption date means the 15th day (or if such day is not a business day, the first business day thereafter) following the earlier to occur of (1) May 31, 2012 if the Merger has not been consummated on or prior to May 31, 2012, or (2) the termination of the Merger Agreement for any reason. Notwithstanding the foregoing, installments of interest on the applicable series of notes that are due and payable on interest payment dates falling on or prior to the special mandatory redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

We will cause the notice of special mandatory redemption to be mailed, with a copy to the trustee, within five business days after the occurrence of the event triggering redemption to each holder at its registered address. If funds sufficient to pay the special mandatory redemption price of the notes to be redeemed on the special mandatory redemption date are deposited with the trustee or a paying agent on or before such special mandatory redemption date, and certain other conditions are satisfied, on and after such special mandatory redemption date, the notes will cease to bear interest.

Repurchase upon a change of control

If a Change of Control Triggering Event occurs, unless we have exercised our right to redeem or have mandatorily redeemed the notes in full, as described above, have defeased the notes or have satisfied and discharged the notes as described below, we will make an offer to each holder (the Change of Control Offer) to repurchase any and all of such holder s notes at a repurchase price in

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cash equal to 101% of the principal amount of the notes to be repurchased (such principal amount to be equal to $2,000 or an integral multiple of $1,000 in excess of $2,000) plus accrued and unpaid interest, if any, thereon, to, but excluding, the date of purchase (the Change of Control Payment). Within 30 days following any Change of Control Triggering Event, notice shall be mailed to holders of notes describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the Change of Control Payment Date), pursuant to the procedures required by the notes and described in such notice. Notwithstanding the foregoing, installments of interest on the applicable series of notes that are due and payable on interest payment dates falling on or prior to the Change of Control Payment Date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture. We must comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control repurchase provisions of the notes, we will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control repurchase provisions of the notes by virtue of such conflicts.

On the Change of Control Payment Date, we will be required, to the extent lawful, to:

- accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;
- deposit with the trustee or a paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and
- deliver or cause to be delivered to the trustee the notes properly accepted, together with an officers certificate stating the principal amount of notes or portions of notes being purchased.

Below Investment Grade Rating Event means the notes are downgraded below Investment Grade Rating by both Rating Agencies on any date during the period (the Trigger Period) commencing 60 days prior to the first public announcement by us of the occurrence of a Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of such Rating Agencies on such 60th day, such extension to last with respect to each such Rating Agency until the date on which such Rating Agency considering such possible downgrade either (x) rates the notes below Investment Grade or (y) publicly announces that it is no longer considering the notes for possible downgrade, provided that no such extension will occur if on such 60th day the notes are rated Investment Grade by at least one of such Rating Agencies in question and are not subject to review for possible downgrade by such Rating Agency).

Change of Control means the occurrence of any of the following:

- direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the

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properties or assets of Applied and its subsidiaries taken as a whole to any person (as that term is used in Section 13(d)(3) of the Exchange Act) other than Applied or one of its direct or indirect wholly-owned subsidiaries;

the consummation of any transaction (including, without limitation, any merger or consolidation) as a result of which any person (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of Applied s outstanding voting stock or other voting stock into which Applied s voting stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares;

Applied consolidates with, or merges with or into, any person or group (as that term is used in Section 13(d)(3) of the Exchange Act), or any person or group consolidates with, or merges with or into, Applied, in any such event pursuant to a transaction in which any of Applied s voting stock or the voting stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of Applied s voting stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the voting stock of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction;

the first day on which a majority of the members of Applied s board of directors are not Continuing Directors; or

the adoption of a plan by the board of directors of Applied or its stockholders relating to Applied s liquidation or dissolution.

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if (a) Applied becomes a direct or indirect wholly owned subsidiary of a holding company (which shall include a parent company) and (b)(i) the holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our voting stock immediately prior to that transaction or (ii) no person (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the voting power of the voting stock of such holding company immediately following such transaction.

For purposes of this definition, voting stock means with respect to any specified person (as that term is used in Section 13(d)(3) of the Exchange Act) capital stock of any class or kind the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such person, even if the right to vote has been suspended by the happening of such a contingency.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Applied and its subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that we offer to repurchase the notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Applied and its subsidiaries taken as a whole to another person or group may be uncertain.

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Change of Control Triggering Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

Continuing Directors means, as of any date of determination, any member of the board of directors of Applied who (1) was a member of the board of directors of Applied on the date of the issuance of the notes; or (2) was nominated for election or elected to the board of directors of Applied with the approval of a majority of the Continuing Directors who were members of such board of directors of Applied at the time of such nomination or election (either by specific vote or by approval of Applied s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

Under a recent Delaware Chancery Court interpretation of the foregoing definition of Continuing Directors, a board of directors may approve, for purposes of such definition, a slate of shareholder-nominated directors without endorsing them, or while simultaneously recommending and endorsing its own slate instead. The foregoing interpretation would permit our board to approve a slate of directors that included a majority of dissident directors nominated pursuant to a proxy contest, and the ultimate election of such dissident slate would not constitute a Change of Control Triggering Event that would trigger your right to require us to repurchase your notes as described above.

Investment Grade Rating means a rating by Moody s equal to or higher than Baa3 (or the equivalent under a successor rating category of Moody s) or a rating by S&P equal to or higher than BBB- (or the equivalent under any successor rating category of S&P).

Moody s means Moody s Investors Service, Inc.

Rating Agencies means (1) Moody s and S&P; and (2) if either of Moody s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for any reason, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for either of Moody s or S&P, or both of them, as the case may be.

S&P means Standard & Poor s Ratings Services, a Standard & Poor s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., business and any successor to its rating agency business.

Events of default

The indenture defines an Event of Default with respect to any series of debt securities issued pursuant to the indenture, including the notes. Events of Default on the notes are any of the following:

- default in the payment of the principal or any premium on a note when due (whether at maturity, upon acceleration, redemption or otherwise).
- default for 30 days in the payment of interest on a note when due.
- failure by us to comply with the provisions described under the caption Special mandatory redemption or Repurchase upon a change of control.
- failure by us to observe or perform any other term of the indenture for a period of 90 days after we receive a notice of default stating we are in breach. The notice must be sent by either the trustee or holders of 25% of the principal amount of the notes of the affected series.

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certain events in bankruptcy, insolvency or reorganization with respect to us.

An Event of Default under one series of debt securities issued pursuant to the indenture does not necessarily constitute an Event of Default under any other series of debt securities. The indenture provides that the trustee may withhold notice to the holders of any series of debt securities issued thereunder of any default if the trustee s board of directors, executive committee, or a trust committee of directors or trustees and/or certain officers of the trustee in good faith determine it in the interest of such holders to do so.

Remedies if an event of default occurs

The indenture provides that if an Event of Default has occurred with respect to a series of debt securities and has not been cured, the trustee or the holders of not less than 25% in principal amount of the debt securities of that series may declare the entire principal amount of all the notes of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. If an Event of Default occurs because of certain events in bankruptcy, insolvency or reorganization with respect to us, the principal amount of all the notes will be automatically accelerated, without any action by the trustee or any holder. The holders of a majority in aggregate principal amount of the debt securities of the affected series may by written notice to us and the trustee may, on behalf of the holders of the debt securities of the affected series, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the indenture, if the rescission would not conflict with any judgment or decree, except a continuing Default or Event of Default in the payment of principal of, premium on, if any, or interest, if any, on, such debt securities.

Except as may otherwise be provided in the indenture in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee protection from expenses and liability (called an indemnity). If indemnity satisfactory to the trustee is provided, the holders of a majority in principal amount of the outstanding debt securities of the affected series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. Subject to certain exceptions contained in the indenture, these majority holders may also direct the trustee in performing any other action under the indenture.

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the notes, the following must occur:

You must give the trustee written notice that an Event of Default has occurred and remains uncured.

The holders of 25% in principal amount of all outstanding notes of the affected series must make a written request that the trustee take action because of the Event of Default, and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action.

The trustee must have failed to take action for 60 days after receipt of the above notice and offer of indemnity and during such 60-day period, the trustee has not received a contrary instruction from holders of a majority in principal amount of all outstanding notes.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your notes on or after the due date of that payment.

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We will furnish to the trustee every year a written statement of two of our officers certifying that to their knowledge we are in compliance with the indenture and the notes, or else specifying any default.

Book-entry, delivery and form

The notes will be issued in registered, global form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds. The notes initially will be represented by notes in registered, global form without interest coupons (the Global Notes). The Global Notes will be deposited upon issuance with the trustee as custodian for DTC, in New York, New York, and registered in the name of DTC s nominee, Cede & Co., in each case for credit to an account of a direct or indirect participant in DTC as described below. Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee.

Beneficial interests in the Global Notes may be held through the Euroclear System (Euroclear) and Clearstream Banking, S.A. (Clearstream) (as indirect participants in DTC). Beneficial interests in the Global Notes may not be exchanged for notes in certificated form (Certificated Notes) except in the limited circumstances described below. See Exchange of Global Notes for Certificated Notes. Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Exchange of global notes for certificated notes

We will issue certificated notes to each person that DTC identifies as the beneficial owner of the notes represented by a Global Note upon surrender by DTC of the Global Note if:

- DTC notifies us that it is no longer willing or able to act as a depositary for such Global Note or ceases to be a clearing agency registered under the Exchange Act, and we have not appointed a successor depositary within 90 days of that notice or becoming aware that DTC is no longer so registered or willing or able to act as a depositary;

- an event of default has occurred and is continuing, and DTC requests the issuance of Certificated Notes; or

- we determine not to have the notes represented by a Global Note.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be in registered form, registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures).

Depository procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Applied takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

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DTC has advised Applied that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the Participants) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations. Access to DTC s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the Indirect Participants). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised Applied that, pursuant to procedures established by it:

- upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the underwriters with portions of the principal amount of the Global Notes; and

- ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are Participants in such system. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC.

Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described above, owners of beneficial interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or Holders thereof under the indenture for any purpose.

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Payments in respect of the principal of, and interest and premium, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder of the notes under the indenture. Under the terms of the indenture, Applied and the trustee will treat the persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither Applied, the trustee nor any of Applied s or the trustee s agents has or will have any responsibility or liability for:

- any aspect of DTC s records or any Participant s or Indirect Participant s records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC s records or any Participant s or Indirect Participant s records relating to the beneficial ownership interests in the Global Notes; or

- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised Applied that its current practice, upon receipt of any payment in respect of securities such as the notes, is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or Applied. Neither Applied nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and Applied and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between the Participants will be effected in accordance with DTC s procedures and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC s rules on behalf of Euroclear or Clearstream, as the case may be, by its depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream. DTC has advised Applied that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for Certificated Notes, and to distribute such notes to the Participants.

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Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of Applied, the trustee or any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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Material U.S. federal income tax considerations

This section is a discussion of the material U.S. federal income tax considerations relating to the purchase, ownership, and disposition of the notes. This summary does not provide a complete analysis of all potential tax considerations. The information provided below is based on existing U.S. federal tax authorities, all of which are subject to change or differing interpretations, possibly with retroactive effect. There can be no assurances that the Internal Revenue Service (the IRS) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. federal income tax consequences of purchasing, owning or disposing of the notes. The summary generally applies only to beneficial owners of the notes that purchase their notes in this offering for an amount equal to the issue price of the notes, which is the first price at which a substantial amount of the notes is sold for money to the public (not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), and that hold the notes as capital assets (generally, for investment). This discussion does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular beneficial owner in light of the beneficial owner s circumstances (for example, persons subject to the alternative minimum tax provisions of the Internal Revenue Code of 1986, as amended (the Code), or a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar). Also, it is not intended to be wholly applicable to all categories of investors, some of which may be subject to special rules (such as dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, banks, thrifts, or other financial institutions, regulated investment companies, real estate investment trusts, insurance companies, tax-exempt entities, tax-deferred or other retirement accounts, certain former citizens or residents of the United States, persons holding notes as part of a hedging, conversion or integrated transaction or a straddle, or persons deemed to sell notes under the constructive sale provisions of the Code). Finally, the summary does not describe the effects on U.S. Holders of any U.S. federal tax laws other than income tax laws or the effects of any applicable foreign, state or local laws.

INVESTORS CONSIDERING THE PURCHASE OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE CONSEQUENCES OF U.S. FEDERAL TAX LAWS OTHER THAN INCOME TAX LAWS, FOREIGN, STATE AND LOCAL LAWS, AND TAX TREATIES.

U.S. holders

As used herein, the term U.S. Holder means a beneficial owner of the notes that, for U.S. federal income tax purposes is (1) an individual who is a citizen or resident of the United States, (2) a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state of the United States, including the District of Columbia, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (4) a trust if it (a) is subject to the primary supervision of a U.S. court and the control of one of more U.S. persons or (b) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A Non-U.S. Holder is a beneficial owner of the notes (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

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If a partnership (including an entity or arrangement, domestic or foreign, treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of a note, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. A beneficial owner of a note that is a partnership, and partners in such partnership, should consult their own tax advisors about the U.S. federal income and estate tax consequences of purchasing, owning and disposing of the notes.

Taxation of interest

A U.S. Holder will be required to recognize as ordinary income any interest paid or accrued on the notes, in accordance with the U.S. Holder s regular method of tax accounting. In general, if the principal amount of a debt instrument exceeds the issue price of the instrument by more than a de minimis amount, the debt instrument will have original issue discount equal to such excess, and a U.S. Holder will be required to include the original issuance discount in gross income over the term of the instrument, irrespective of the holder s regular method of tax accounting. We believe that the notes will not be issued with original issue discount for U.S. federal income tax purposes and the discussion herein assumes that the notes will not have original issue discount.

In certain circumstances, we may make payments to holders of the notes in addition to principal and stated interest. The original issue discount rules allow contingent payments to be disregarded in computing a holder s interest income if the contingency is remote or, in certain circumstances, if it is significantly more likely than not that the contingency will not occur. We believe that there is only a remote possibility that (i) we will be required to repurchase all or any part of the notes for 101% of their stated principal amount plus accrued and unpaid interest as a result of a Change of Control Triggering Event as described under Description of notes Repurchase upon a change of control or (ii) we will redeem the notes at our option for an amount in excess of their stated principal amount plus accrued and unpaid interest as described under Description of notes Optional redemption. We further believe that it is significantly more likely than not that we will not redeem or repurchase the notes prior to maturity, including pursuant to our obligation to redeem the notes for 101% of their stated principal amount plus accrued and unpaid interest in the event that we do not consummate the Merger on or prior to May 31, 2012, or the Merger Agreement is terminated any time prior thereto, as described under Description of notes Special mandatory redemption. Therefore we do not intend to treat the notes as subject to the special rules governing certain contingent payment debt instruments (which, if applicable, would affect the timing, amount and character of income with respect to a note). Our determination in this regard, while not binding on the IRS, is binding on U.S. Holders unless they disclose their contrary position. If, contrary to expectations, we redeem the notes for an amount in excess of their stated principal amount plus accrued and unpaid interest, U.S. Holders would be required to recognize additional gain on the sale or exchange of such notes. This discussion assumes that the notes are not treated as contingent payment debt instruments.

Sale, exchange, redemption or other disposition of notes

A U.S. Holder generally will recognize capital gain or loss if the holder disposes of a note in a sale, exchange, redemption or other taxable disposition. The U.S. Holder s gain or loss generally will equal the difference between the proceeds received by the holder (other than amounts attributable to accrued but unpaid interest) and the holder s tax basis in the note. The U.S. Holder s tax basis in the note generally will equal the amount the holder paid for the note. The

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portion of any proceeds that is attributable to accrued interest will not be taken into account in computing the U.S. Holder s capital gain or loss. Instead, that portion will be recognized as ordinary interest income to the extent that the U.S. Holder has not previously included the accrued interest in income. The gain or loss recognized by a U.S. Holder on a disposition of the note will be long-term capital gain or loss if the holder has held the note for more than one year, or short-term capital gain or loss if the holder held the note for one year or less, at the time of the disposition. Long-term capital gains of non-corporate taxpayers are currently taxed at a maximum 15% federal rate (effective for tax years through 2012, after which the maximum rate is scheduled to increase). Short-term capital gains are taxed at ordinary income rates. The deductibility of capital losses is subject to limitation.

Non-U.S. holders

The following discussion is limited to the U.S. federal income tax consequences relevant to a Non-U.S. Holder (as defined above).

Taxation of interest

Subject to the discussion below under Income or gains effectively connected with a U.S. trade or business, payments of interest to Non-U.S. Holders are generally subject to U.S. federal income tax at a rate of 30% (or a reduced or zero rate under the terms of an applicable income tax treaty between the United States and the Non-U.S. Holder s country of residence), collected by means of withholding by the payor. Payments of interest on the notes to most Non-U.S. Holders, however, will qualify as portfolio interest, and thus will be exempt from U.S. federal income tax, including withholding of such tax, if the Non-U.S. Holders certify their nonresident status as described below. The portfolio interest exception will not apply to payments of interest to a Non-U.S. Holder that:

- owns, actually or constructively, shares of our stock representing at least 10% of the total combined voting power of all classes of our stock entitled to vote; or
- is a controlled foreign corporation that is related, directly or indirectly, to us through sufficient stock ownership.

In general, a foreign corporation is a controlled foreign corporation if more than 50% of its stock is owned, actually or constructively, by one or more U.S. persons that each owns, actually or constructively, at least 10% of the corporation s voting stock.

The portfolio interest exception, entitlement to treaty benefits and exemption from backup withholding described below apply only if the holder certifies its nonresident status. A Non-U.S. Holder can meet this certification requirement by providing a properly-executed IRS Form W-8BEN or appropriate substitute form to us or our paying agent prior to the payment. If the holder holds the note through a financial institution or other agent acting on the holder s behalf, the holder will be required to provide appropriate documentation to the agent. The holder s agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. For payments made to a foreign partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes), the certification requirements generally apply to the partners rather than the partnership, and the partnership must provide the partners documentation to us or our paying agent. In addition, a Non-U.S. Holder that is seeking a reduction in withholding pursuant to the terms of an applicable income tax treaty will need to certify on IRS Form W-8BEN that it is eligible for the benefits of such treaty.

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Sale, exchange, redemption or other disposition of notes

Non-U.S. Holders generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale, exchange, redemption or other disposition of notes (other than with respect to payments attributable to accrued interest, which will be taxed as described under Taxation of interest above). However, the gain would be subject to U.S. federal income tax if:

- the gain is effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business (and, generally, if required by an applicable income tax treaty, the gain is attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder), in which case it would be subject to tax as described below under Income or gains effectively connected with a U.S. trade or business; or
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied, in which case, except as otherwise provided by an applicable income tax treaty, the gain would be subject to a flat 30% tax, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the U.S.

Income or gains effectively connected with a U.S. trade or business

The preceding discussion of the U.S. federal income and withholding tax considerations of the purchase, ownership or disposition of notes by a Non-U.S. Holder assumes that the holder is not engaged in a U.S. trade or business. If any interest on the notes or gain from the sale, exchange, redemption or other disposition of the notes is effectively connected with a U.S. trade or business conducted by the Non-U.S. Holder, then the income or gain will generally be subject to U.S. federal income tax on a net income basis at regular graduated rates in the same manner as the income or gain of a U.S. Holder. If the Non-U.S. Holder is eligible for the benefits of a tax treaty between the U.S. and the holder s country of residence, any effectively connected income or gain will generally be subject to U.S. federal income tax only if it is also attributable to a permanent establishment or fixed base maintained by the holder in the United States. Payments of interest that are effectively connected with a U.S. trade or business (and, if a tax treaty applies, attributable to a permanent establishment or fixed base), and therefore included in the gross income of a Non-U.S. Holder, will not be subject to the 30% withholding tax *provided* that the holder claims exemption from withholding. To claim exemption from withholding in the case of U.S. trade or business income, the holder must certify its qualification, which can be done by filing a properly completed and executed Form W-8ECI, or any successor from as the IRS designates, as applicable, prior to the payment. If the Non-U.S. Holder is a corporation, that portion of its earnings and profits that is effectively connected with its U.S. trade or business would also generally be subject to a branch profits tax. The branch profits tax rate is generally 30%, although an applicable tax treaty might provide for a lower rate.

Backup withholding and information reporting

The Code and the Treasury regulations require those who make specified payments to report the payments to the IRS. Among the specified payments are interest and proceeds paid by brokers to their customers. The required information returns enable the IRS to determine whether the recipient properly included the payments in income. This reporting regime is reinforced by backup withholding rules. These rules require the payers to withhold tax from payments subject to information reporting if the recipient fails to cooperate with the reporting regime by

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failing to provide a correct taxpayer identification number to the payor, furnishing an incorrect identification number, or repeatedly failing to report interest or dividends on tax returns. The backup withholding tax rate is currently 28 percent.

Payments of interest to U.S. Holders of notes and payments made to U.S. Holders by a broker upon a sale of the notes generally will be subject to information reporting, and will be subject to backup withholding, unless the holder (1) is an exempt payee, or (2) provides the payor with a correct taxpayer identification number and complies with applicable certification requirements. If the sale is made through a foreign office of a foreign broker, however, the sale will generally not be subject to either information reporting or backup withholding. This exception may not apply if the foreign broker is owned or controlled by U.S. persons, or is engaged in a U.S. trade or business.

We must report annually to the IRS the interest paid to each Non-U.S. Holder and the tax withheld, if any, with respect to such interest, including any tax withheld pursuant to the rules described under Non-U.S. holders Taxation of interest above. Copies of these reports may be made available to tax authorities in the country where the Non-U.S. Holder resides. Payments to Non-U.S. Holders of interest on the notes may be subject to backup withholding unless the Non-U.S. Holder certifies its non-U.S. status on a properly executed IRS Form W-8BEN or appropriate substitute form. Payments made to Non-U.S. Holders by a broker upon a sale of the notes will not be subject to information reporting or backup withholding as long as the Non-U.S. Holder certifies its non-U.S. status or otherwise establishes an exemption.

Any amounts withheld from a payment to a U.S. Holder or Non-U.S. Holder of notes under the backup withholding rules can be credited against any U.S. federal income tax liability of the holder, provided the required information is timely furnished to the IRS.

The preceding discussion of certain U.S. federal income tax considerations is for general information only. It is not tax advice. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state, local, and foreign tax consequences of purchasing, holding, and disposing of our notes, including the consequences of any proposed change in applicable laws.

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Underwriting

Subject to the terms and conditions contained in an underwriting agreement, dated as of the date of this prospectus supplement between us and the underwriters named below, for whom Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as representatives, we have agreed to sell to each underwriter, and each underwriter has severally agreed to purchase from us, the principal amount of notes that appears opposite its name in the table below:

Underwriter	Principal amount of 2016 notes	Principal amount of 2021 notes	Principal amount of 2041 notes
J.P. Morgan Securities LLC	$ 120,000,000	$ 225,000,000	$ 180,000,000
Citigroup Global Markets Inc.	$ 88,000,000	$ 165,000,000	$ 132,000,000
Morgan Stanley & Co. LLC	$ 52,000,000	$ 97,500,000	$ 78,000,000
Mitsubishi UFJ Securities (USA), Inc.	$ 35,000,000	$ 65,625,000	$ 52,500,000
BNP Paribas Securities Corp.	$ 20,000,000	$ 37,500,000	$ 30,000,000
Goldman, Sachs & Co.	$ 20,000,000	$ 37,500,000	$ 30,000,000
BNY Mellon Capital Markets, LLC	$ 13,000,000	$ 24,375,000	$ 19,500,000
KeyBanc Capital Markets Inc.	$ 13,000,000	$ 24,375,000	$ 19,500,000
Mizuho Securities USA Inc.	$ 13,000,000	$ 24,375,000	$ 19,500,000
U.S. Bancorp Investments, Inc.	$ 13,000,000	$ 24,375,000	$ 19,500,000
Wells Fargo Securities, LLC	$ 13,000,000	$ 24,375,000	$ 19,500,000
Total	$ 400,000,000	$ 750,000,000	$ 600,000,000

The underwriters are offering the notes subject to their acceptance of the notes from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the notes offered by this prospectus supplement are subject to certain conditions. The underwriters are obligated to take and pay for all of the notes offered by this prospectus supplement if any such notes are taken.

The underwriters initially propose to offer the notes to the public at the public offering price that appears on the cover page of this prospectus supplement. In addition, the underwriters initially propose to offer the notes to certain dealers at prices that represent a concession not in excess of .200% of the principal amount of the 2016 notes, .300% of the principal amount of the 2021 notes and .500% of the principal amount of the 2041 notes. Any underwriter may allow, and any such dealer may reallow, a concession not in excess of 0.025% of the principal amount of the 2016 notes, .125% of the principal amount of the 2021 notes and .250% of the principal amount of the 2041 notes to certain other dealers. After the initial offering of the notes, the underwriters may from time to time vary the offering prices and other selling terms. The underwriters may offer and sell notes through certain of their affiliates. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

The following table shows the underwriting discount that we will pay to the underwriters in connection with the offering of the notes:

	Paid by us
Per 2016 note	0.350%
Per 2021 note	0.450%
Per 2041 note	0.875%
Total	$ 10,025,000

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Expenses associated with this offering to be paid by us, other than underwriting discounts, are estimated to be approximately $2.8 million.

We have also agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the underwriters may be required to make in respect of any such liabilities.

The notes are a new issue of securities, and there is currently no established trading market for the notes. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system. The underwriters have advised us that they intend to make a market in the notes, but they are not obligated to do so. The underwriters may discontinue any market making in the notes at any time at their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the notes, that you will be able to sell your notes at a particular time or that the prices you receive when you sell will be favorable.

In connection with the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the prices of the notes. Specifically, the underwriters may overallot in connection with the offering of the notes, creating syndicate short positions. In addition, the underwriters may bid for and purchase notes in the open market to cover syndicate short positions or to stabilize the prices of the notes. The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions. Finally, the underwriting syndicate may reclaim selling concessions allowed for distributing the notes in the offering of the notes, if the syndicate repurchases previously distributed notes in syndicate covering transactions, stabilization transactions or otherwise. Any of these activities, as well as other purchases by the underwriters for their own accounts, may stabilize or maintain the market prices of the notes above independent market levels. The underwriters are not required to engage in any of these activities, and may end any of them at any time. These transactions may be effected in the over-the-counter market or otherwise.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each underwriter has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Member State, it has not made and will not make an offer of notes to the public in that Member State except that it may, with effect from and including such date, make an offer of notes to the public in that Member State at any time:

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000; and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

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For the purposes of the above, the expression an offer of notes to the public in relation to any notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/7I/EC and includes any relevant implementing measure in that Member State.

Each underwriter has represented and agreed that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the Act)) in connection with the issue or sale of the notes in circumstances in which Section 21(1) of such Act does not apply to us and (b) it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any notes in, from or otherwise involving the United Kingdom.

The notes offered in this prospectus supplement have not been registered under the Securities and Exchange Law of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

The notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder. The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to

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an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (b) where no consideration is given for the transfer; or (c) by operation of law.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. From time to time in the ordinary course of their respective businesses, certain of the underwriters and their affiliates have engaged in and may in the future engage in commercial banking, derivatives and/or financial advisory, investment banking and other commercial transactions and services with us and our affiliates for which they have received or will receive customary fees and commissions. In particular, an affiliate of Citigroup Global Markets Inc. was the joint lead arranger and bookrunner and administrative agent and an affiliate of J.P. Morgan Securities LLC was the documentation agent for our existing credit facility. In addition, J.P. Morgan Securities LLC and Citigroup Global Markets Inc. are the joint lead arrangers and bookrunners for the Bridge Facility and the Revolving Credit Facility. Furthermore, an affiliate of J.P. Morgan Securities LLC is acting as administrative agent, and an affiliate of Citigroup Global Markets Inc. is acting as a syndication agent, for each of the Bridge Facility and the Revolving Credit Facility.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

We expect to deliver the notes against payment for the notes on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which will be the fifth business day following the date of the pricing of the notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement arrangement to prevent a failed settlement.

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Legal matters

Certain legal matters in connection with the notes will be passed upon for Applied by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. The underwriters have been represented by Davis Polk & Wardwell LLP, Menlo Park, California.

Experts

The consolidated financial statements and related financial statement schedule of Applied Materials, Inc. and subsidiaries as of October 31, 2010 and October 25, 2009, and for each of the years in the three-year period ended October 31, 2010, and management s assessment of the effectiveness of internal control over financial reporting as of October 31, 2010 have been incorporated by reference herein and in the registration statement in reliance on the reports of KPMG LLP, an independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The audit report covering the October 31, 2010 consolidated financial statements refers to an accounting change upon adoption of Accounting Standards Codification Topic 805, Business Combinations, during the year ended October 31, 2010.

The audited historical financial statements of Varian Semiconductor Equipment Associates, Inc. and management s assessment of the effectiveness of internal control over financial reporting included in Applied Materials, Inc. s Current Report on Form 8-K dated June 1, 2011 have been incorporated herein and in the registration statement in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Where you can find more information and incorporation by reference

We file annual, quarterly and current reports, proxy statements and other documents with the SEC under the Exchange Act. The public may read and copy any materials that we file with the SEC at the SEC s Public Reference Room at 100 F Street NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains a website that contains reports, proxy and information statements and other information that issuers, including Applied, file electronically with the SEC. The public can obtain any documents that we file with the SEC at www.sec.gov. We also make available free of charge on or through our own website at www.appliedmaterials.com our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We make our website content available for information purposes only. It should not be relied upon for investment purposes, nor is it or any information accessible through it incorporated by reference into this prospectus supplement or the accompanying prospectus.

We incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that we are disclosing important information to you by referring you to another document filed with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus except for any information that is superseded by information in this prospectus supplement. This prospectus supplement incorporates by reference the following documents that we previously filed with the SEC (File No. 000-06920) (other than those documents or the portions of those documents furnished, including pursuant to Items 2.02 or 7.01 of any Current Report on Form 8-K):

- Our Annual Report on Form 10-K for the fiscal year ended October 31, 2010, including the information specifically incorporated by reference into the Form 10-K from our definitive proxy statement for the 2011 Annual Meeting of Stockholders;

- Our Quarterly Reports on Form 10-Q for the fiscal quarters ended January 30, 2011 (as amended) and May 1, 2011; and

- Our Current Reports on Form 8-K filed on November 30, 2010, March 11, 2011, May 4, 2011, May 31, 2011 and June 1, 2011.

We also incorporate by reference any filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those documents or the portions of those documents furnished, including pursuant to Items 2.02 or 7.01 of any Current Report on Form 8-K) after the date of this prospectus supplement and prior to the time that we sell all of the securities offered by this prospectus supplement. The information incorporated by reference, as updated, is an important part of this prospectus supplement. Information which is deemed to be furnished to, rather than filed with, the SEC shall not be incorporated by reference.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a

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statement contained in this prospectus supplement or the accompanying prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference into this prospectus supplement or the accompanying prospectus conflicts with, negates, modifies or supersedes that statement. Any statement that is modified or superseded will not constitute a part of this prospectus supplement or the accompanying prospectus, except as modified or superseded.

Paper copies of the filings referred to above (other than exhibits, unless the exhibit is specifically incorporated by reference into the filing requested) may be obtained free of charge by writing to us or calling us, care of our Investor Relations Department at our principal executive office located at 3050 Bowers Avenue, P.O. Box 58039, Santa Clara, California 95052-8039, Telephone: (408) 727-5555.

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Prospectus

Applied Materials, Inc.

Debt Securities

Common Stock

Preferred Stock

Depositary Shares

Purchase Contracts

Purchase Units

Warrants

We may issue securities from time to time in one or more offerings. This prospectus describes the general terms of these securities and the general manner in which these securities will be offered. We will provide the specific terms of these securities in supplements to this prospectus. The prospectus supplements will also describe the specific manner in which these securities will be offered and may also supplement, update or amend information contained in this document. You should read this prospectus and any applicable prospectus supplement before you invest.

We may offer these securities in amounts, at prices and on terms determined at the time of offering. The securities may be sold directly to you, through agents, or through underwriters and dealers. If agents, underwriters or dealers are used to sell the securities, we will name them and describe their compensation in a prospectus supplement.

Our Common Stock is listed on the NASDAQ Global Select Market under the symbol AMAT.

Investing in these securities involves certain risks. See Risk Factors included in or incorporated by reference into any accompanying prospectus supplement and in the documents incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to purchase these securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 1, 2011

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing a shelf registration process. Under this shelf registration process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide one or more prospectus supplements that will contain specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any accompanying prospectus supplement together with the additional information described under the heading Where You Can Find More Information beginning on page 2 of this prospectus.

We have not authorized anyone to provide you with information that is different from that contained in or incorporated by reference in this prospectus, any accompanying prospectus supplement or in any related free writing prospectus filed by us with the SEC. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus and any accompanying prospectus supplement or any related free writing prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in the accompanying prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. You should assume that the information appearing in this prospectus, any prospectus supplement, the documents incorporated by reference and any related free writing prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed materially since those dates.

Unless the context otherwise indicates, references in this prospectus to Applied , we , our and us refer, collectively, to Applied Materials, Inc., a Delaware corporation, and its consolidated subsidiaries.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov. Copies of certain information filed by us with the SEC are also available on our website at www.appliedmaterials.com. Information accessible on or through our website is not a part of this prospectus. You may also read and copy any document we file at the SEC s public reference room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

This prospectus is part of a registration statement we filed with the SEC. This prospectus omits some information contained in the registration statement in accordance with SEC rules and regulations. You should review the information and exhibits in the registration statement for further information on us and our consolidated subsidiaries and the securities we are offering. Statements in this prospectus concerning any document we filed as an exhibit to the registration statement or that we otherwise filed with the SEC are not intended to be comprehensive and are qualified by reference to these filings. You should review the complete document to evaluate these statements.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference much of the information we file with the SEC, which means that we can disclose important information to you by referring you to those publicly available documents. The information that we incorporate by reference in this prospectus is considered to be part of this prospectus. Because we are incorporating by reference future filings with the SEC, this prospectus is continually updated and those future filings may modify or supersede some of the information included or incorporated by reference in this prospectus. This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus or in any document previously incorporated by reference have been modified or superseded. This prospectus incorporates by reference the documents listed below (File No. 000-06920) and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act (in each case, other than those documents or the portions of those documents furnished pursuant to Items 2.02 or 7.01 of any Current Report on Form 8-K), until the offering of the securities under the registration statement is terminated or completed:

- Annual Report on Form 10-K for the fiscal year ended October 31, 2010, including the information specifically incorporated by reference into the Form 10-K from our definitive proxy statement for the 2011 Annual Meeting of Stockholders;
- Quarterly Reports on Form 10-Q for the fiscal quarters ended January 30, 2011 (as amended) and May 1, 2011;
- Current Reports on Form 8-K filed on November 30, 2010, March 11, 2011, May 4, 2011, May 31, 2011 and June 1, 2011; and
- The description of our common stock contained in the Registration Statement on Form 8-A relating thereto, including any amendment or report filed for the purpose of updating such description.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Applied Materials, Inc.

3050 Bowers Avenue, P.O. Box 58039

Santa Clara, California 95052-8039

Attn: Investor Relations

1-800-882-0373

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FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. Without limiting the foregoing, the words believes, anticipates, plans, expects, seeks, estimates, and similar expressions are intended to identify forward-looki statements. While we may elect to update forward-looking statements in the future, we specifically disclaim any obligation to do so, and you should not rely on those forward-looking statements as representing our views as of any date subsequent to the date of this prospectus.

A number of important factors could cause our results to differ materially from those indicated by such forward-looking statements, including those detailed in the Risk Factors section of our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q incorporated by reference in this prospectus and in any related prospectus supplement.

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OUR BUSINESS

Applied provides manufacturing equipment, services and software to the global semiconductor, flat panel display, solar photovoltaic (PV) and related industries. Applied s customers include manufacturers of semiconductor wafers and chips, flat panel liquid crystal displays (LCDs), solar PV cells and modules, and other electronic devices. These customers may use what they manufacture in their own end products or sell the items to other companies for use in advanced electronic components.

Applied is the world s largest semiconductor fabrication equipment supplier based on revenue, with the capability to provide global deployment and support services. Applied also is a leading supplier of LCD fabrication equipment to the flat panel display industry and is the leading supplier of solar PV manufacturing systems to the solar industry, based on revenue.

Applied was incorporated in 1967 as a Delaware corporation. The principal executive offices of Applied are located at 3050 Bowers Avenue, P.O. Box 58039, Santa Clara, California 95052-8039 and the telephone number is (408) 727-5555. We maintain a website at www.appliedmaterials.com. Information contained in or accessible through our website is not part of or incorporated by reference into this prospectus.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated. You should read this table in conjunction with our consolidated financial statements and notes in our Annual Report on Form 10-K for the fiscal year ended October 31, 2010 filed with the SEC on December 10, 2010 and our Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2011 filed with the SEC on May 31, 2011, which are incorporated by reference in this prospectus.

	Fiscal Year Ended					Six Months Ended
	October 29, 2006	October 28, 2007	October 26, 2008	October 25, 2009	October 31, 2010	May 1, 2011
Ratio of earnings to fixed charges(1)	39.1x	43.6x	36.3x		37.5x	76.9x

(1) For purposes of determining the ratios above, earnings consist of income from continuing operations before income taxes, amortization of capitalized interest and fixed charges. Fixed charges consist of interest expense, amortization of debt expenses and an appropriate interest factor on operating leases. Due to the loss in fiscal 2009, our ratio of earnings to fixed charges for that period was less than 1:1. We would have needed to generate additional earnings of $448 million to achieve an earnings to fixed charges ratio of 1:1.