

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of
1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement Confidential, for Use of the
Commission Only (as Permitted by
Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to (S)240.14a-11(c) or (S)240.14a-12

Applied Materials, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

\$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or
Item 22(a)(2) of Schedule 14A.

\$500 per each party to the controversy pursuant to Exchange Act Rule 14a-
6(i)(3).

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule
0-11(a)(2) and identify the filing for which the offsetting fee was paid
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

APPLIED MATERIALS

James C. Morgan
CHAIRMAN
CHIEF EXECUTIVE OFFICER

[APPLIED MATERIALS]

February 18, 2000

Dear Applied Materials Stockholder:

I am pleased to invite you to attend Applied Materials' 2000 Annual Meeting of Stockholders which will be held at The Tech Museum of Innovation, 201 South Market Street, San Jose, California on Tuesday, March 21, 2000 at 2:00 p.m. At the meeting, you will be asked to elect ten directors and to vote on proposals to amend the Company's Certificate of Incorporation to increase the number of shares of authorized common stock from 1,100,000,000 to 2,500,000,000; to approve an increase of 19,100,000 shares in the number of shares authorized for issuance under Applied's 1995 Equity Incentive Plan (which I refer to as the "1995 Plan"); and to approve the amended and restated Senior Executive Bonus Plan, as required by federal tax laws.

As we have just announced, the Board of Directors has declared a 100% stock dividend to effect a two-for-one stock split to stockholders of record on February 25, 2000, payable on or about March 15, 2000. We are pleased that the Board has approved this dividend and hope that you are as well.

This dividend distribution does not increase or otherwise affect the number of shares of common stock (1,100,000,000) the Company is currently authorized to issue under its Certificate of Incorporation. Instead, this dividend distribution will significantly reduce the Company's pool of authorized but unissued shares of common stock. Accordingly, we are asking you to approve an amendment to the Certificate of Incorporation to increase by 1,400,000,000 the number of shares of authorized common stock. This proposed increase would give the Board the flexibility to issue stock in the future for important purposes, such as additional stock dividends, public offerings, acquisitions or other corporate purposes. If the proposed amendment is approved, the resulting number of authorized, unissued and unreserved shares would permit the Board to declare an additional 100% stock dividend without the necessity of another amendment to the Company's Certificate of Incorporation. Although we have no current plans to declare another dividend, the Board believes having the flexibility to do so is in the best interests of both the Company and its stockholders.

We are asking you to approve an amendment to the Company's 1995 Plan because we strongly believe that stock option grants are essential to the success of the Company. We have effectively used stock options to attract, retain and motivate people whose skills and performance are critical to the Company's success. As the Company grows, we will need to retain and motivate current employees, and attract and motivate new employees. As a result, we need more options in order to continue our success.

The need to reapprove our performance-based bonus plan, the Senior Executive Bonus Plan, arises because of federal tax laws. These laws require stockholder approval at least once every five years for incentive compensation under this plan to remain tax-deductible to the Company.

I urge you to carefully read our proxy statement. We hope you like its new "plain English" format.

I urge you to vote FOR the director nominees, FOR the proposal to authorize additional shares under the Company's Certificate of Incorporation, FOR the proposal to authorize additional shares for the 1995 Plan and FOR the amended and restated Senior Executive Bonus Plan.

I hope to see you at the March 21, 2000 meeting.

Sincerely,

/s/ James C. Morgan
James C. Morgan

3050 Bowers Avenue
Santa Clara, California 95054

Mailing Address:
Applied
Materials, Inc.
P.O. Box 58039
Santa Clara,
California 95052

Phone: (408) 727-5555
FAX: (408) 496-6421

Telex: 34-6332

NOTICE OF 2000 ANNUAL MEETING OF STOCKHOLDERS

The 2000 Annual Meeting of Stockholders of Applied Materials, Inc. will be held on Tuesday, March 21, 2000 at 2:00 p.m. at The Tech Museum of Innovation, 201 South Market Street, San Jose, California, to conduct the following items of business:

1. To elect ten directors to serve for a one-year term and until their successors have been elected.
2. To approve an amendment to the Certificate of Incorporation to increase the number of shares of common stock authorized for issuance from 1,100,000,000 to 2,500,000,000.
3. To approve the amended and restated 1995 Equity Incentive Plan.
4. To approve the amended and restated Senior Executive Bonus Plan.
5. To transact other business as may properly come before the meeting or any postponement or adjournment of the meeting.

Stockholders who owned shares of our stock at the close of business on Friday, January 28, 2000 are entitled to attend and vote at the meeting. A complete list of these stockholders will be available during normal business hours for ten days prior to the meeting at 10 Almaden Boulevard, Suite 530, San Jose, California, 95113. A stockholder may examine the list for any legally valid purpose related to the meeting.

Whether or not you plan to attend the Annual Meeting, please complete, date, sign and return the enclosed proxy card as promptly as possible in the accompanying reply envelope. You may also be able to submit your proxy over the Internet or by telephone. For specific instructions, please refer to the information provided with your proxy card.

By Order of the Board of Directors

Donald A. Slichter
Secretary

Santa Clara, California
February 18, 2000

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GENERAL INFORMATION

The enclosed proxy is solicited on behalf of the Board of Directors of Applied Materials, Inc., a Delaware corporation, with its principal executive offices at 3050 Bowers Avenue, Santa Clara, California, 95054, for use at Applied Materials' 2000 Annual Meeting of Stockholders to be held at 2:00 p.m. on Tuesday, March 21, 2000.

This proxy statement contains important information regarding Applied Materials' 2000 Annual Meeting of Stockholders, the proposals on which you are being asked to vote, information you may find useful in determining how to vote, and voting procedures.

A number of abbreviations are used in this proxy statement. We refer to Applied Materials, Inc. as "Applied." The term "proxy materials" includes this proxy statement, as well as the enclosed proxy card and 1999 Annual Report. References to "fiscal 1999" mean Applied's 1999 fiscal year which began on October 26, 1998 and ended on October 31, 1999. Applied's 2000 Annual Meeting of Stockholders is simply referred to as "the meeting."

The Board of Directors of Applied is sending this proxy statement on or about February 18, 2000 to all stockholders of Applied as of the record date, January 28, 2000. Stockholders who owned Applied's common stock at the close of business on January 28, 2000 are entitled to attend and vote at the meeting. On the record date, there were 386,486,616 shares of Applied's common stock issued and outstanding.

Unless otherwise indicated, numbers of shares described in this proxy statement do not take into account the stock dividend approved by the Board of Directors on February 15, 2000.

Voting Procedures

As a stockholder of Applied, you have a right to vote on certain business matters affecting Applied. The proposals that will be presented at the meeting and upon which you are being asked to vote are discussed in the following section entitled "Proposals." Each share of Applied's common stock you own entitles you to one vote. The enclosed proxy card indicates the number of shares you own. You may vote by mail, by telephone, over the Internet, or in person at the meeting.

Methods of Voting

Voting by Mail. By signing and returning the proxy card in the enclosed prepaid and addressed envelope, you are enabling the individuals named on the proxy card (known as "proxies") to vote your shares at the meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the meeting. In this way, your shares will be voted even if you are unable to attend the meeting.

Your shares will be voted in accordance with the instructions you indicate on the proxy card. If you return the proxy card but do not indicate your voting instructions, your shares will be voted as follows:

- . FOR the ten named nominees for directors;
- . FOR approval of the amendment to the Certificate of Incorporation;
- . FOR approval of the amended and restated 1995 Equity Incentive Plan; and
- . FOR approval of the amended and restated Senior Executive Bonus Plan.

If you received more than one proxy card, it is an indication that your shares are held in multiple accounts. Please sign and return all proxy cards to ensure that all of your shares are voted. We encourage you to consolidate all accounts under the same name and address in order to receive better stockholder service. You may consolidate multiple accounts by contacting our transfer agent, Harris Trust and Savings Bank, at Customer Service, 1-877-388-5186.

Voting by Telephone. You may be able to vote by telephone. If so, instructions are included with your proxy card. If you vote by telephone, you do not need to complete and mail your proxy card.

Voting on the Internet. You may be able to vote on the Internet. If so, instructions are included with your proxy card. If you vote on the Internet, you do not need to complete and mail your proxy card.

Voting in Person at the Meeting. If you plan to attend the meeting and vote in person, we will provide you with a ballot at the meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the meeting.

If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in street name. If you wish to vote at the meeting, you will need to bring with you to the meeting a legal proxy from your broker or other nominee authorizing you to vote such shares.

Applied Plan Participants. If you are a participant in Applied's Employee Savings and Retirement Plan (a "401(k)" plan) or Applied's Employees' Stock Purchase Plan, you will receive one proxy card for all shares you own through these plans, assuming your shares are registered in the same name. This proxy card will serve as a voting instruction card for the custodians or trustees of these plans.

If you own shares through the Employee Savings and Retirement Plan and you do not vote, the plan trustees will vote your shares in the same proportion as shares for which instructions were received from other stockholders under the plan. If you own shares through the Employees' Stock Purchase Plan and do not vote, your shares will be voted in accordance with normal brokerage industry practices. Some of these industry practices are described in this proxy statement under the section "Abstentions and Broker Non-Votes."

Revoking Your Proxy

You may revoke your proxy at any time before it is voted at the meeting. In order to do this, you may either:

- . sign and return another proxy at a later date;
- . provide written notice of the revocation to Applied's Secretary; or
- . attend the meeting and vote in person.

Quorum Requirement

A quorum, which is a majority of the outstanding shares as of the record date, January 28, 2000, must be present in order to hold the meeting and to conduct business. Shares are counted as being present at the meeting if you appear in person at the meeting or if you vote your shares on the Internet, by telephone, or by submitting a properly executed proxy card.

Votes Required for Each Proposal

The vote required and method of calculation for the proposals to be considered at the meeting are as follows:

Item 1--Election of Directors. The ten nominees receiving the highest number of votes, in person or by proxy, will be elected as directors.

Item 2--Amendment to the Certificate of Incorporation. Approval of the amendment to the Certificate of Incorporation requires the affirmative vote of a majority of shares outstanding.

Item 3--Amended and Restated 1995 Equity Incentive Plan. Approval of the amended and restated 1995 Equity Incentive Plan requires the affirmative vote of a majority of the shares present at the meeting, in person or by proxy.

Item 4--Amended and Restated Senior Executive Bonus Plan. Approval of the amended and restated Senior Executive Bonus Plan requires the affirmative vote of a majority of the shares present at the meeting, in person or by proxy.

You may vote either "for" or "withhold" your vote for each nominee for election as a director. You may vote "for," "against," or "abstain" from the proposals to approve (a) the amendment to the Certificate of Incorporation, (b) the amended and restated 1995 Equity Incentive Plan, and (c) the amended and restated Senior Executive Bonus Plan.

Abstentions and Broker Non-Votes

If you return a proxy card that indicates an abstention from voting in all matters, the shares represented will be counted as present for the purpose of determining a quorum, but they will not be voted on any matter at the meeting. Consequently, if you abstain from voting on the proposal to approve (a) the amendment to the Certificate of Incorporation, (b) the amended and restated 1995 Equity Incentive Plan, or (c) the amended and restated Senior Executive Bonus Plan, your abstention has the same effect as a vote against the proposal.

Under New York Stock Exchange rules, brokerage firms have authority to vote customers' non-voted shares (known as "broker non-votes") on certain routine matters. All four of our proposals should be treated as routine matters under New York Stock Exchange rules. Consequently, if you do not give a proxy to vote your shares, your brokerage firm may either leave your shares unvoted or vote your shares on routine matters. To the extent your brokerage firm votes shares on your behalf on any of the proposals, your shares will be counted as present for the purpose of determining a quorum.

Voting Confidentiality

Proxies, ballots and voting tabulations are handled on a confidential basis to protect your voting privacy. Information will not be disclosed except as required by law.

Voting Results

Final voting results will be announced at the meeting and will be published in Applied's Form 10-Q for the second quarter of fiscal 2000. We file this quarterly report with the Securities and Exchange Commission. After the report is filed, you may obtain a copy by:

- . visiting our website at www.appliedmaterials.com;
- . contacting our Investor Relations department toll-free at 1-800-882-0373; or
- . visiting the SEC's website at www.sec.gov.

Proxy Solicitation Costs

Applied will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of the proxy materials. We have hired Innisfree M&A Incorporated to assist in the distribution and solicitation of proxies. In addition to the estimated cost of \$20,000 plus reasonable out-of-pocket expenses for this service, we will reimburse brokerage firms and other custodians for their reasonable out-of-pocket expenses for forwarding the proxy materials to you. Our transfer agent, Harris Trust and Savings Bank, will tabulate the proxies and act as inspector of the election.

PROPOSALS

The Board of Directors has included four proposals on the agenda for the meeting.

Item 1--Election of Directors

The first proposal is the election of ten directors. Nominees for directors are James C. Morgan, Dan Maydan, Michael H. Armacost, Deborah A. Coleman, Herbert M. Dwight, Jr., Philip V. Gerdine, Tsuyoshi Kawanishi, Paul R. Low, Steven L. Miller, and Stan Shih. With the exception of Stan Shih, each nominee is currently a director of Applied.

Additional information about the election of directors and a brief biography of each nominee begins on page 6.

The Board recommends a vote for each of these nominees.

Item 2--Approval of the Amendment to the Certificate of Incorporation

The second proposal is to approve the amendment to the Certificate of Incorporation to increase the number of shares of common stock authorized for issuance.

Our Certificate of Incorporation currently authorizes the issuance of up to 1,100,000,000 shares of common stock, having a par value of \$.01 per share. We are asking our stockholders to approve an amendment to the Certificate of Incorporation to increase the number of shares of common stock authorized for issuance from 1,100,000,000 to 2,500,000,000.

Our Board believes it is desirable to increase the authorized shares of common stock of Applied to reserve a sufficient number of shares to meet all known requirements, and to provide flexibility in the future for general corporate purposes such as stock dividends or splits, acquisitions, and issuances under stock option and other employee incentive programs.

Additional information about the amendment to the Certificate of Incorporation begins on page 16.

The Board recommends a vote to approve the amendment to the Certificate of Incorporation.

Item 3--Approval of the Amended and Restated 1995 Equity Incentive Plan

The third proposal is to approve the amended and restated 1995 Equity Incentive Plan to increase the number of shares authorized for issuance by 19,100,000 shares.

Employees are our most important resource. The contributions of our employees are critical to our success. Stock option grants play a vital role in attracting, retaining and motivating people. Our continued growth, combined with the extension of stock option grants to a broader employee base, requires the use of additional shares.

Additional information about the amended and restated 1995 Equity Incentive Plan begins on page 17.

The Board recommends a vote to approve the amended and restated 1995 Equity Incentive Plan.

Item 4--Approval of the Amended and Restated Senior Executive Bonus Plan

The fourth proposal is to approve the amended and restated Senior Executive Bonus Plan.

The Senior Executive Bonus Plan was approved by our stockholders at the 1995 Annual Meeting of Stockholders. We are required to periodically resubmit the plan for stockholder approval so that the plan may continue to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code. This qualification provides us with a federal income tax deduction for this compensation.

More information about the amended and restated Senior Executive Bonus Plan begins on page 22.

The Board recommends a vote to approve the amended and restated Senior Executive Bonus Plan.

Other Matters

Other than the election of directors and proposals to approve the amendment to the Certificate of Incorporation, the amended and restated 1995 Equity Incentive Plan, and the amended and restated Senior Executive Bonus Plan, our Board of Directors does not intend to bring any other matters to be voted on at the meeting. Our Board is not currently aware of any other matters that will be presented by others for action at the meeting. However, if other matters are properly presented at the meeting and you have signed and returned your proxy card, or voted on the Internet or by telephone, the proxies will have discretion to vote your shares on such matters to the extent authorized under the Securities Exchange Act of 1934.

ITEM 1--ELECTION OF DIRECTORS

Nominees

The Board of Directors of Applied is elected each year at the Annual Meeting of Stockholders. Ten directors will be elected at this year's meeting. Each director will serve until the 2001 Annual Meeting of Stockholders and until he or she is succeeded by another qualified director who has been elected, or until his or her death, resignation or removal. With the exception of Stan Shih, each nominee who appears in the following table is currently a director of Applied.

Name of Nominee -----	Age ---	Principal Occupation -----	Director Since -----
James C. Morgan.....	61	Chairman and Chief Executive Officer of Applied Materials, Inc.	1977
Dan Maydan.....	64	President of Applied Materials, Inc.	1992
Michael H. Armacost.....	62	President of The Brookings Institution	1993
Deborah A. Coleman.....	47	Chair of Merix Corporation	1997
Herbert M. Dwight, Jr...	69	Retired Chief Executive Officer of Optical Coating Laboratory, Inc.	1981
Philip V. Gerdine.....	60	Retired Executive Director (Overseas Acquisitions) of Siemens AG	1976
Tsuyoshi Kawanishi.....	70	Retired Senior Advisor to Toshiba Corporation	1994
Paul R. Low.....	66	Chief Executive Officer of P.R.L. Associates	1992
Steven L. Miller.....	54	Chairman, President and Chief Executive Officer of Shell Oil Company	1999
Stan Shih.....	55	Chairman and Chief Executive Officer of Acer Inc.	N/A

There is no family relationship between any of the nominees or between any of the nominees and any of Applied's executive officers. Applied's executive officers serve at the discretion of the Board of Directors. Detailed information about Applied's directors and nominees is provided below.

Directors/Nominees

James C. Morgan has been Chairman of Applied Materials, Inc. since 1987 and Chief Executive Officer of Applied Materials, Inc. since February 1977. Mr. Morgan is a director of Cisco Systems, Inc.

Dan Maydan has been President of Applied Materials, Inc. since December 1993 and served as Chairman of Applied Komatsu Technology, Inc. from December 1991 to October 1998. From 1990 to December 1993, he was Executive Vice President of Applied Materials, Inc. Dr. Maydan is a director of Electronics for Imaging, Inc. and Drexler Technology Corporation.

Michael H. Armacost has been President of The Brookings Institution, a non-partisan public policy research organization, since October 1995. In May 1998 he joined IBM's Asia-Pacific Board, which is an advisory council to IBM's Asia-Pacific operations. From September 1993 through September 1995, he was a Distinguished Senior Fellow and Visiting Professor at the Asia-Pacific Research Center, Stanford University. From 1989 to 1993, he was the U.S. Ambassador to Japan. Mr. Armacost is a director of TRW, Inc., AFLAC Incorporated, and Cargill, Incorporated.

Deborah A. Coleman has been Chair of Merix Corporation, a manufacturer of interconnect solutions for use in electronic equipment, since March 1994 and served as Chief Executive Officer of Merix Corporation from March 1994 to September 1999. Ms. Coleman has been a partner of SmartForest Ventures, LLC, a venture capital firm, since October 1999. From November 1992 through March 1994, she was the Vice President of Materials Operations at Tektronix, Inc. Ms. Coleman is a director of Merix Corporation and Synopsys, Inc.

Herbert M. Dwight, Jr. served as Chief Executive Officer of Optical Coating Laboratory, Inc., a manufacturer of optical thin films and components, from 1991 until his retirement in 1998. Mr. Dwight is a director of Applied Magnetics Corporation and Advanced Fibre Communications, Inc.

Philip V. Gerdine served as Executive Director (Overseas Acquisitions) of Siemens AG, Munich, Germany, a manufacturer of electrical and electronic products, from 1990 until his retirement in 1998. Dr. Gerdine is a director of Solectron Corporation.

Tsuyoshi Kawanishi served as Senior Advisor to Toshiba Corporation, a manufacturer of electrical and electronic products, from June 1994 to February 1999. Mr. Kawanishi has been Chairman of the Management Board of the Institute of Microelectronics since June 1996. From June 1990 to June 1994, he was Senior Executive Vice President and a member of the Board of Directors of Toshiba Corporation. From November 1995 to July 1999, Mr. Kawanishi was a director of Chartered Semiconductor Manufacturing Ltd. and from October 1997 to October 1999, he was a director of Advanpack Solutions Pte., Ltd. Mr. Kawanishi is a director of Asyst Technologies, Inc.

Paul R. Low has been Chief Executive Officer of P.R.L. Associates, a consulting firm, since July 1992. Dr. Low is a director of Solectron Corporation and Veeco Instruments Inc.

Steven L. Miller has been Chairman, President and Chief Executive Officer of Shell Oil Company, an oil and natural gas producer, natural gas marketer and petrochemical manufacturer, since July 1999. From 1996 to 1999, Mr. Miller was the managing director of the Royal Dutch/Shell Group of Companies. Mr. Miller is a director for the American Petroleum Institute, a member of the National Petroleum Council, and serves on the board of advisors for Rice University's James A. Baker III Institute for Public Policy.

Stan Shih has been Chairman and Chief Executive Officer of Acer Inc., Taipei, Taiwan, a manufacturer of personal computers, since 1981. Mr. Shih has been an advisor to the Republic of China's Presidential Office and a member of the Republic of China's Space Program Steering Committee since 1996. Mr. Shih is a director of Acer Sertek, TSMC-Acer, and Acer Computer (Singapore) Pte., Ltd.

Alfred J. Stein, 67, has served as a director of Applied Materials, Inc. since 1981. Mr. Stein served as Chairman and Chief Executive Officer of VLSI Technology, Inc., a manufacturer of semiconductor devices, from March 1982 until June 1999. Mr. Stein is a director of Tandy Corporation. Mr. Stein's term as director will end on March 21, 2000, and he is not standing for election to the Board at the meeting.

Board and Committee Meetings

The Board of Directors met seven times during fiscal 1999. Each director, except Mr. Tsuyoshi Kawanishi, attended at least 75% of all Board and applicable committee meetings during fiscal 1999. The table below describes the committees of the Board. The Board does not have a nominating committee or a committee that serves a similar function.

During fiscal 1999, the Board approved the establishment of the Stockholder Rights Plan Review Committee. The new committee is chaired by Deborah A. Coleman and its members include Herbert M. Dwight, Jr. and Philip V. Gerdine.

Committees of the Board of Directors(1)	Functions of the Committees	Number of Meetings Held in 1999
Audit and Finance Committee		
Members(2):		
Michael H. Armacost	. make recommendations to the Board regarding the appointment of independent auditors	4
Deborah A. Coleman	. review with Applied's financial management the plans for, and results of, the independent audit engagement	
Philip V. Gerdine*	. review Applied's system of internal accounting controls	
Alternate Members:		
Paul R. Low	. monitor Applied's internal audit program to assure that areas of potential risk are adequately covered	4
Alfred J. Stein	. review legal and regulatory matters that may have a material effect on Applied's financial statements	
*Chairman		
Compensation Committee		
Members:		
Herbert M. Dwight, Jr.*	. determine compensation policies applicable to Applied's executive officers	4
Paul R. Low	. determine the compensation of the Chief Executive Officer	
Alfred J. Stein	. administer the 1995 Equity Incentive Plan	
Alternate Members:		
	. administer the Senior Executive Bonus Plan	4
	. administer other stock and compensation plans	
Michael H. Armacost		
Deborah A. Coleman		
*Chairman		

(1) By resolution of the Board of Directors on September 10, 1999, the name of the Audit Committee was changed to the Audit and Finance Committee and the name of the Stock Option and Compensation Committee was changed to the Compensation Committee. The name changes were effective as of June 23, 1999.

(2) During fiscal 1999, Mr. Tsuyoshi Kawanishi was a member of the Audit and Finance Committee from October 26, 1998 to June 22, 1999.

Compensation of Directors

Directors who are officers of Applied do not receive any additional compensation for their services as a director. During fiscal 1999, non-employee directors of Applied received the following compensation:

- . a quarterly retainer of \$3,750;
- . a fee of \$2,000 for each Board meeting attended;
- . a fee of \$500 for each committee meeting attended if the committee met on a day other than the day the Board met; and
- . reasonable expenses of attending Board and committee meetings.

Mr. Kawanishi received an additional \$1,200 for each Board meeting attended. Directors who are not residents of California are reimbursed for the costs of preparing California tax returns. Mr. Kawanishi is also reimbursed for the costs of preparing a U.S. federal tax return.

Non-employee directors participate in one compensation plan, the 1995 Equity Incentive Plan. Effective fiscal 2000, non-employee directors receive the following non-qualified stock options:

- . 24,000 shares on the date he or she is first elected or appointed to the Board; and
- . 10,000 shares on the last business day of each fiscal year during which he or she has served on the Board.

The annual option grant of 10,000 shares will be made only if the non-employee director was a member of the Board for the entire fiscal year and was not an employee of Applied or any affiliate for any part of the fiscal year then ending.

The exercise price for all non-employee director options is 100% of the fair market value of the shares on the grant date.

An annual option grant to non-employee directors of 6,000 shares of common stock was made on October 29, 1999 at an exercise price of \$89.81 per share. An initial option grant of 24,000 shares of common stock was made to Mr. Miller on December 7, 1999, in conjunction with his appointment to the Board, at an exercise price of \$111.25 per share. Assuming continued service on the Board, all non-employee director options become exercisable over a four-year period, beginning on the date of grant. Exercisability for some or all options may be accelerated if the director dies or retires. The options generally expire no later than five years after the date of grant (up to six years in the event of the director's death).

PRINCIPAL STOCKHOLDERS

The following table indicates how much common stock is beneficially owned as of October 31, 1999 by (a) each of the directors and nominee, (b) each of the named executive officers, and (c) the directors and executive officers as a group. In general, "beneficial ownership" refers to shares that a director or executive officer has the power to vote, or the power to transfer, and stock options that are exercisable currently or become exercisable within 60 days. No person or entity was known by Applied to own 5% or more of Applied's common stock as of October 31, 1999.

Name	Shares Beneficially Owned	
	Number(1)	Percent
Non-Employee Directors and Nominee:		
Michael H. Armacost.....	91,800(2)	*
Deborah A. Coleman.....	24,500(3)	*
Herbert M. Dwight, Jr.....	100,500(4)	*
Philip V. Gerdine.....	49,500(5)	*
Tsuyoshi Kawanishi.....	13,500(6)	*
Paul R. Low.....	25,500(7)	*
Steven L. Miller.....	0(8)	*
Stan Shih**.....	0	*
Alfred J. Stein.....	59,500(9)	*
Named Executive Officers:		
James C. Morgan.....	1,529,879(10)	*
Dan Maydan.....	635,893(11)	*
Joseph R. Bronson.....	53,159(12)	*
Sasson Somekh.....	815,707(13)	*
David N.K. Wang.....	659,096(14)	*
Directors and Executive Officers as a Group (13 persons).....	4,058,534	1.06%

*Less than 1%
**Nominee

- (1) Except as subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.
- (2) Includes options to purchase 25,500 shares that were exercisable within 60 days of October 31, 1999.
- (3) Includes options to purchase 24,500 shares that were exercisable within 60 days of October 31, 1999.
- (4) Includes options to purchase 25,500 shares that were exercisable within 60 days of October 31, 1999.
- (5) Includes options to purchase 25,500 shares that were exercisable within 60 days of October 31, 1999.
- (6) Includes options to purchase 13,500 shares that were exercisable within 60 days of October 31, 1999.
- (7) Includes options to purchase 25,500 shares that were exercisable within 60 days of October 31, 1999.
- (8) Options to purchase 24,000 shares, none of which were exercisable within 60 days of October 31, 1999, were granted to Mr. Miller on December 7, 1999.
- (9) Includes options to purchase 10,500 shares that were exercisable within 60 days of October 31, 1999.
- (10) Includes 180,000 shares held in a family foundation and options to purchase 428,000 shares that were exercisable within 60 days of October 31, 1999.
- (11) Includes 309,141 shares held in a family trust, 18,456 shares held in a charitable trust, and 267,138 shares held in family partnerships.
- (12) Includes 15,000 shares held in a family trust, 896 shares held as custodian for Mr. Bronson's children and nephew, and options to purchase 26,000 shares that were exercisable within 60 days of October 31, 1999.
- (13) Includes options to purchase 182,000 shares that were exercisable within 60 days of October 31, 1999.
- (14) Includes options to purchase 182,000 shares that were exercisable within 60 days of October 31, 1999.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

The following table shows compensation information during each of Applied's last three fiscal years for our Chief Executive Officer and the next four most highly compensated executive officers.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Restricted Stock Awards (\$)	Securities Underlying Options (#)	LTIP Payouts (\$)	All Other Compensation (1) (\$)
James C. Morgan..... Chairman and Chief Executive Officer	1999	778,542	1,268,000	0	0	280,000	0	7,200
	1998	747,914	264,190	0	0	80,000	0	7,200
	1997	671,539	602,640	0	0	160,000	0	6,750
Dan Maydan..... President	1999	613,085	1,029,770	0	0	240,000	0	66,458(2)
	1998	571,323	201,812	0	0	70,000	0	107,656(3)
	1997	508,094	460,350	0	0	140,000	0	6,750
Joseph R. Bronson..... Senior Vice President, Office of the President, Chief Financial Officer and Chief Administrative Officer	1999	407,692	596,706	0	0	180,000	0	11,708(4)
	1998	363,077	135,900	0	0	40,000	0	4,077
	1997	271,154	486,000	0	0	44,000	0	3,779
Sasson Somekh..... Senior Vice President, Office of the President	1999	413,012	596,706	0	0	180,000	0	7,200
	1998	394,732	139,433	0	0	40,000	0	4,051
	1997	348,077	318,060	0	0	80,000	0	3,742
David N. K. Wang..... Senior Vice President, Office of the President	1999	413,012	596,706	0	0	180,000	0	7,200
	1998	394,732	139,433	0	0	40,000	0	4,051
	1997	348,077	318,060	0	0	80,000	0	3,742

- (1) Unless otherwise indicated, the amounts in this column consist of matching contributions made by Applied under the Employee Savings and Retirement Plan, a "401(k)" plan providing for broad-based employee participation.
- (2) This amount consists of Applied's matching contribution of \$7,200 under the Employee Savings and Retirement Plan and a payment of \$59,258 from Applied for the sale of shares in connection with the termination of the Applied Komatsu Technology, Inc. Executive Incentive Stock Purchase Plan, further described in this proxy statement under the section "Certain Relationships and Related Transactions."
- (3) This amount consists of Applied's matching contribution of \$7,200 under the Employee Savings and Retirement Plan, a payment of \$99,856 related to a bonus payment connected with Applied Komatsu Technology, Inc. and a payment of \$600 as part of Applied's Patent Incentive Award Program.
- (4) This amount consists of Applied's matching contribution of \$7,200 under the Employee Savings and Retirement Plan and a payment of \$4,508 in connection with moving expenses from Austin, Texas to Santa Clara, California.

Option Grants

The following table shows all options to acquire shares of Applied's stock granted to the named executive officers during the fiscal year ended October 31, 1999.

Stock Option Grants in Last Fiscal Year

Name	Individual Grants(1)				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(2)	
	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price (\$/Share)	Expiration Date	5%	10%
James C. Morgan.....	120,000 160,000	0.93% 1.24%	62.00 78.75	04/15/06 09/10/06	3,028,827 5,129,465	7,058,455 11,953,835
Dan Maydan.....	100,000 140,000	0.77% 1.08%	62.00 78.75	04/15/06 09/10/06	2,524,023 4,488,282	5,882,046 10,459,606
Joseph R. Bronson.....	80,000 100,000	0.62% 0.77%	62.00 78.75	04/15/06 09/10/06	2,019,218 3,205,916	4,705,637 7,471,147
Sasson Somekh.....	80,000 100,000	0.62% 0.77%	62.00 78.75	04/15/06 09/10/06	2,019,218 3,205,916	4,705,637 7,471,147
David N.K. Wang.....	80,000 100,000	0.62% 0.77%	62.00 78.75	04/15/06 09/10/06	2,019,218 3,205,916	4,705,637 7,471,147

(1) The options in this table were granted on April 15, 1999 and September 10, 1999 and have an exercise price per share equal to the fair market value of Applied's common stock on the grant date. Assuming continued employment with Applied, options granted on April 15, 1999 become exercisable on July 15, 2002, and options granted on September 10, 1999 become exercisable on July 15, 2003. The options may become exercisable sooner if the officer dies or retires. Applied has not granted any stock appreciation rights.

(2) As required by Securities and Exchange Commission rules, these columns show gains that may exist for the respective options, assuming that the market price for Applied's common stock appreciates from the date of grant over a period of 10 years at the annual rates of 5% and 10%, respectively. If the price of Applied's common stock does not increase above the exercise price at the time of exercise, the value realizable from these options will be zero.

Options Exercised

The following table shows all stock options exercised by the named executive officers during the fiscal year ended October 31, 1999 and the number and value of options they held as of the end of fiscal 1999:

Aggregated Stock Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized(1) (\$)	Number of Unexercised Options at Fiscal Year- End (#)		Value of Unexercised In-the-Money Options at Fiscal Year-End (\$)(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
James C. Morgan.....	288,000	16,092,000	428,000	520,000	32,825,750	21,512,500
Dan Maydan.....	310,000	18,084,375	0	450,000	0	18,684,375
Joseph R. Bronson.....	75,000	4,502,063	26,000	264,000	1,885,000	9,072,250
Sasson Somekh.....	224,000	13,546,375	182,000	300,000	13,874,875	11,533,750
David N.K. Wang.....	224,000	13,384,625	182,000	300,000	13,874,875	11,533,750

(1) The value realized equals the difference between the option exercise price and the fair market value of Applied's stock on the date of exercise, multiplied by the number of shares for which the option was exercised.

(2) The value of unexercised in-the-money options equals the difference between the option exercise price and the closing price of Applied's stock on October 29, 1999 (the last day of trading for the fiscal year ended October 31, 1999), multiplied by the number of shares underlying the options. The closing price of Applied's stock on October 29, 1999, as reported on the Nasdaq National Market, was \$89.81 per share.

Compensation Committee Report

In the section below, we describe our executive compensation policies and practices. We also identify the procedures we use to determine the compensation of Applied's Chief Executive Officer and the next four most highly compensated executive officers.

Compensation Philosophy. In developing Applied's executive compensation policies, our Compensation Committee has relied on two principal objectives: (1) attracting, rewarding and retaining officers who possess outstanding talent, and (2) motivating our officers to achieve short-term and long-term corporate goals that enhance stockholder value. Accordingly, our committee has adopted the following overriding policies:

- . pay compensation that is competitive with the practices of other leading high technology companies;
- . set challenging performance goals for our officers and various business units and provide compensation based upon achievement of these goals; and
- . align the interests of our officers with those of our stockholders by providing a significant portion of compensation in the form of stock options.

Total Annual Compensation. We determine each officer's target total annual compensation (salary and bonus) after reviewing similar compensation information from approximately 20 companies in the high technology industry. These companies compete with Applied for executive talent and/or have revenues comparable to Applied's revenues. Applied's goal is to target base pay near the median level and total cash compensation above the median level of the surveyed companies if performance goals we specify are achieved.

Senior Executive Bonus Plan. When setting bonuses for our named executive officers, our committee developed and approved specific performance targets. Fiscal 1999 bonuses for Mr. Morgan, Dr. Maydan, Mr. Bronson, Dr. Somekh, and Dr. Wang were paid pursuant to our Senior Executive Bonus Plan. Bonuses are paid under the bonus plan only if the performance goals that we set at the beginning of the fiscal year are achieved. Accordingly, the actual bonuses paid will vary depending on actual performance.

We set performance goals that are linked to (1) annual revenue, (2) controllable profits, (3) earnings per share, (4) net income, (5) new orders, (6) pro forma net income, (7) asset management, (8) customer satisfaction, (9) individual management by objective (MBO) goals, or (10) return on sales. For fiscal 1999, our committee chose two equally weighted performance goals: (1) growth in Applied's annual revenue and (2) achievement of certain levels of return on sales, that is, Applied's net profit as a percentage of Applied's annual sales.

Bonuses. Additionally, our committee sets target bonuses for each officer (other than named executive officers) based on his or her potential impact on Applied's operating and financial results. Target bonuses for business unit executives generally equal 65-85% of annual salary. Target bonuses for staff executives generally equal 50-65% of annual salary. The actual bonus that is paid to each officer depends on the achievement of business unit objectives and financial performance goals. The business unit objectives we set include both financial and operating goals including, for example, increasing profitability, customer satisfaction and market share.

Each year, we adjust the performance goals in light of general business conditions and our corporate strategies for the year. For fiscal 1999, our committee directed Applied management to set performance targets for each officer using our compensation philosophy.

Stock Options. Our committee strongly believes that stock options motivate our officers to maximize stockholder value and to remain employed with Applied despite a very competitive labor market. All Applied stock options have a per share exercise price equal to the fair market value of Applied's stock on the grant date.

The number of options our committee grants to each officer and each option's vesting schedule are determined based on a variety of factors, including (1) the executive's position at Applied, (2) his or her individual performance, (3) the number of options the executive already holds, and (4) other factors, including an estimate of the potential value of the options and independent stock compensation survey data. In fiscal 1999, our committee relied upon these factors to approve stock option grants for the named executive officers and other senior officers, and for any other individual grants of more than 25,000 shares (which our committee changed to 30,000 shares at its September 10, 1999 meeting). All other grants were approved by our Chief Executive Officer, Mr. Morgan, after consulting with Human Resources, and using guidelines approved by our committee.

Compensation of Chief Executive Officer. During fiscal 1999, Mr. Morgan received a salary of \$778,542. In setting Mr. Morgan's target bonus under the bonus plan, our committee relied on the strong belief that Mr. Morgan, as Chief Executive Officer, significantly and directly influences Applied's overall performance. Accordingly, we set Mr. Morgan's target bonus for fiscal 1999 at 85% of his annual salary. Mr. Morgan's actual bonus was adjusted according to a formula our committee developed at the time we set the performance goals. This formula takes into account (1) growth in Applied's annual revenue and (2) achievement of certain levels of return on sales, that is, Applied's net profit as a percentage of Applied's annual sales. In fiscal 1999, Applied's performance significantly exceeded the goals we set. Based on this performance, Mr. Morgan received a bonus of \$1,268,000, which equaled approximately 163% of his fiscal 1999 salary.

Tax Deductibility of Executive Compensation. Under Section 162(m) of the Internal Revenue Code, Applied generally receives a federal income tax deduction for compensation paid to any of its named executive officers only if the compensation is less than \$1 million during any fiscal year or is "performance-based" under Section 162(m). Both Applied's 1995 Equity Incentive Plan and the Senior Executive Bonus Plan permit our committee to pay compensation that is "performance-based" and thus fully tax-deductible by Applied. Our committee currently intends to continue seeking a tax deduction for all of Applied's executive compensation, to the extent we determine that it is in the best interests of Applied.

This report is submitted by the Compensation Committee.

Herbert M. Dwight, Jr.
Paul R. Low
Alfred J. Stein

Compensation Committee Interlocks and Insider Participation

During fiscal 1999, none of Applied's executive officers served on the board of directors of any entities whose directors or officers serve on Applied's Compensation Committee. No current or past executive officers of Applied serve on our Compensation Committee.

Certain Relationships and Related Transactions

Loans to Management. Dan Maydan served as Chairman of Applied Komatsu Technology, Inc. ("AKT"), a joint venture corporation 50% owned by Applied and 50% owned by Komatsu Ltd., a Japanese corporation, from December 1991 to October 1998. Pursuant to the AKT Executive Incentive Stock Purchase Plan, and consistent with the practices as to other AKT executives, in fiscal 1994, Applied and Komatsu Ltd. each lent Dr. Maydan \$185,000 to purchase shares of non-voting convertible preferred stock of AKT. The terms of the loan between Dr. Maydan and Applied called for interest at the rate of 7.16% to be paid on an annual basis, with a balloon principal payment to be paid January 31, 2004. The loan was secured by the shares purchased.

During fiscal 1999, the AKT Executive Incentive Stock Purchase Plan was terminated and Applied acquired a 100% interest in AKT. Accordingly, Dr. Maydan, similar to other AKT executives, sold his 106 shares in AKT to Applied and Komatsu Ltd. at the fair market value of \$4,900 per share. The largest principal amount of Dr. Maydan's loan outstanding from each of Applied and Komatsu Ltd. during the fiscal year was \$200,442. Applied and Komatsu Ltd. each offset the outstanding loan amount of \$200,442 against the share aggregate value of \$259,700, and each paid Dr. Maydan \$59,258. At the close of fiscal 1999, we did not have any outstanding loans to any of our directors or executive officers.

STOCK PERFORMANCE GRAPH

The following graph shows a five-year comparison of cumulative total return for Applied's stock, the Standard & Poor's 500 Index and the Hambrecht & Quist Semiconductor Index (a published industry index), each of which assumes an initial value of \$100 and reinvestment of dividends. The Hambrecht & Quist Index contains 40 companies in the semiconductor, semiconductor intellectual property and semiconductor equipment industries.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
 AMONG APPLIED MATERIALS, INC.,
 THE HAMBRECHT & QUIST SEMICONDUCTOR INDEX
 AND THE S&P 500 INDEX

[GRAPH COMPARING FIVE YEAR CUMULATIVE TOTAL RETURN]

	10/30/94	10/29/95	10/27/96	10/26/97	10/25/98	10/31/99
Applied Materials, Inc...	100	188	103	256	261	691
Hambrecht & Quist Semiconductor Index....	100	173	143	226	186	491
Standard & Poor's 500 Index.....	100	125	154	210	242	312

ITEM 2--AMENDMENT TO THE CERTIFICATE OF INCORPORATION

This section provides a summary of the proposal to approve the amendment to our Certificate of Incorporation.

In December 1999, our Board of Directors approved a proposal to amend Applied's Certificate of Incorporation in order to increase the number of shares of common stock that Applied is authorized to issue from 1,100,000,000 shares to 2,500,000,000 shares.

The affirmative vote of a majority of shares outstanding is required to approve the proposed amendment. The amendment will not affect the authorized number of shares of preferred stock (par value \$.01 per share). The authorized number of shares of preferred stock is 1,000,000.

The 100% stock dividend approved on February 15, 2000 does not increase or otherwise affect the current authorization of 1,100,000,000 shares.

Purposes and Effects of Increasing the Number of Authorized Shares of Common Stock. The increase in authorized shares is necessary to enable Applied to reserve a sufficient number to meet all known requirements and to provide flexibility in the future for general corporate purposes such as stock dividends or splits, acquisitions, and issuances under stock option and other employee incentive programs. At present, Applied has no plans, agreements or understandings concerning the issuance or use of additional shares of common stock, other than (a) pursuant to our various employee benefit plans (for example, previously granted stock options) and (b) an agreement signed on January 12, 2000 to acquire Etec Systems, Inc. in connection with which transaction, if completed, Applied expects to issue approximately 14,000,000 shares of its common stock.

The proposed amendment would increase the number of shares of common stock which Applied is authorized to issue from 1,100,000,000 to 2,500,000,000. The additional 1,400,000,000 shares would be a part of the existing class of common stock and, if and when issued, would have the same rights and privileges as the shares of common stock currently issued and outstanding. The holders of common stock of Applied are not entitled to preemptive rights, which means that current stockholders do not have a prior right to purchase any new issue of common stock in order to maintain their proportionate ownership interest. The holders of common stock of Applied are not entitled to cumulative voting.

As of January 28, 2000, Applied had 386,486,616 shares of common stock issued and outstanding, and 713,513,384 shares of common stock authorized but unissued, of which 224,516 shares were held in the treasury of Applied and approximately 61,095,932 shares were reserved for issuance under Applied's various employee benefit plans. Applied expects to issue approximately 387,000,000 shares of its common stock in connection with the recently announced stock dividend. After the distribution of the dividend shares, and the proposed Etec acquisition (if completed), under our current authorization of 1,100,000,000 shares, approximately 251,000,000 authorized shares would remain available to Applied for important purposes, such as additional stock dividends or stock splits, public offerings, acquisitions or other corporate purposes.

Any future issuance of additional authorized shares of common stock may, among other effects, have a dilution effect on earnings per share of common stock and on the equity and voting rights of stockholders at the time the additional authorized shares are issued.

The Board unanimously recommends a vote to approve the amendment to the Certificate of Incorporation.

ITEM 3--AMENDED AND RESTATED 1995 EQUITY INCENTIVE PLAN

This section provides a summary of the terms of the 1995 Equity Incentive Plan and the proposal to approve the amended and restated plan.

We are asking our stockholders to approve the amended and restated 1995 Equity Incentive Plan so that we can continue to use the plan to achieve Applied's goals and also continue to receive a federal income tax deduction for compensation paid under the plan. Our Board of Directors approved the amended and restated plan subject to approval from our stockholders at the meeting. Approval of the amended and restated plan requires the affirmative vote of a majority of shares that are present in person or by proxy at the meeting. If stockholders approve the amended and restated plan, it will replace the current version of the plan. Our named executive officers, directors, and director nominee have an interest in this proposal.

The 1995 Equity Incentive Plan is unchanged (except in insignificant ways) since our stockholders last approved the plan at the 1998 Annual Meeting of Stockholders. The only change that we are proposing is to make an additional 19,100,000 of our shares (before the recently announced stock dividend) available to be issued under the plan.

We believe strongly that approval of the amended and restated plan is essential to our continued success. Our employees are our most valuable asset. Stock options are vital to our ability to attract and retain outstanding

and highly skilled individuals in the extremely competitive labor markets in which we must compete. Options also are crucial to our ability to motivate employees to achieve the Company's goals.

Purpose. The 1995 Equity Incentive Plan is intended to promote the long-term success of Applied and increase stockholder value by attracting, motivating and retaining excellent employees, non-employee directors, and consultants who provide significant services to us. The plan also is intended to align the interests of plan participants with the interests of our stockholders by encouraging participants to own more of our stock.

Eligibility. The Compensation Committee selects the employees and consultants who will be granted awards under the 1995 Equity Incentive Plan. The actual number of individuals who will receive an award cannot be determined in advance because the committee has discretion to select the participants. Our non-employee directors are not eligible to receive discretionary grants under the plan. Instead, they are automatically granted a predetermined number of non-qualified stock options each year that they serve on our Board.

Types of Awards. The Compensation Committee is allowed to grant five types of awards under the 1995 Equity Incentive Plan: (1) stock options, (2) stock appreciation rights, (3) restricted stock awards, (4) performance share awards, and (5) performance unit awards. To date, the committee has granted only stock options under the plan. The committee currently intends to continue granting only stock options. However, we believe that we need to preserve our flexibility to grant other types of equity compensation awards in order to compete successfully for talented employees.

Stock options. A stock option is the right to acquire shares of our common stock at a fixed exercise price for a fixed period of time (usually seven years). Under the 1995 Equity Incentive Plan, the Compensation Committee may grant nonqualified stock options and/or incentive stock options (which entitle employees, but not Applied, to more favorable tax treatment). To date, the committee has granted only nonqualified stock options and currently expects to continue this policy.

The exercise price of each stock option is set by the Compensation Committee but cannot be less than 100% of the fair market value (on the date of grant) of the stock covered by the option. An exception is made for options that Applied grants in substitution for options held by employees of companies that Applied acquires (in which case the exercise price preserves the economic value of the employee's cancelled stock option from his or her former employer).

An option cannot be exercised until it becomes vested. The Compensation Committee establishes the vesting schedule at the time the option is granted. Vesting generally requires continued employment by the participant for a period of years. Stock options expire after a maximum of 10 years (potentially 13 years if the participant dies). The committee's current practice is to grant options that expire no later than seven years after grant.

The exercise price of each option must be paid in full at the time of exercise. Payment may be made in cash or if the Compensation Committee permits, in shares of Applied's common stock that are already owned by the participant, or by any other means that provides legal consideration for the shares and is consistent with the plan's purpose.

Stock appreciation rights. Stock appreciation rights ("SARs") are awards that give the participant the right to receive an amount equal to (1) the number of shares exercised, multiplied by (2) the amount by which Applied's stock price exceeds the exercise price. The exercise price cannot be less than 100% of the stock's fair market value on the date of grant. An SAR may be exercised only if it becomes vested based on the vesting schedule established by the Compensation Committee. SARs expire under the same rules that apply to options. No SARs have been granted under the plan and the committee currently expects that it will not grant SARs in the future.

Restricted stock awards. Restricted stock awards are shares that vest based on a schedule established by the Compensation Committee. However, shares of restricted stock will not vest until at least three years after the date of grant absent unusual circumstances specified in the plan. The committee has not granted any restricted stock and currently does not expect to grant any in the future.

Performance share and performance unit awards. Performance shares and performance units will result in a payment to the participant in cash or shares if the performance goals established by the Compensation Committee are achieved or the awards otherwise vest. No performance shares or performance units have been granted under the plan, and the committee currently expects not to grant any in the future.

Non-Employee Director Stock Options. Under the 1995 Equity Incentive Plan, our non-employee directors receive annual, automatic, non-discretionary grants of stock options. Non-employee directors are not eligible for any other awards under the plan.

Each new non-employee director receives a stock option for 24,000 shares on the date he or she first becomes a director. Thereafter, each non-employee director also automatically receives an option for 10,000 shares on the last business day of each full fiscal year that he or she remains on our Board.

All non-employee director options become vested (that is, exercisable) in four annual installments beginning one year after grant, assuming the director remains a member of the Board for the entire four-year period. If the director leaves the Board before the end of the four-year vesting period for a reason other than death or a qualifying retirement, the unvested shares will be forfeited, except as follows. For options granted after September 10, 1999, if the director dies, the option will become fully vested, and if the director retires, some or all of the shares will become fully vested, depending upon the director's length of service to Applied.

Options granted to non-employee directors generally expire no later than five years after grant. However, an option may terminate even sooner if a director leaves the Board before the option's normal expiration date. If the director leaves for a reason other than death, total disability or retirement, he or she has seven months following the date of termination to exercise, and if the director leaves due to retirement or total disability, he or she has one year to exercise. However, the option may not be exercised later than the original expiration date. In the event of death, an option may be exercised for up to one year from the date of death, without regard to the original expiration date of the option.

Administration, Amendment and Termination. The Compensation Committee administers the 1995 Equity Incentive Plan. Members of the committee must qualify as non-employee directors under Rule 16b-3 of the Securities Exchange Act of 1934, and as outside directors under Section 162(m) of the Internal Revenue Code (so that Applied can receive a federal tax deduction for certain compensation paid under the plan).

Subject to the terms of the plan, the committee has sole discretion to:

- . select the employees and consultants who will receive awards;
- . determine the terms and conditions of awards (for example, the exercise price and vesting schedule); and
- . interpret the provisions of the plan.

The Compensation Committee has delegated authority to Applied's Chairman to grant options to non-officer employees (but not more than 30,000 options in any year to any one person).

The Board may amend or terminate the plan at any time and for any reason. However, future amendments will be submitted for stockholder approval if necessary or appropriate to continue the plan's compliance with Section 162(m) of the Internal Revenue Code.

A total of 55,200,000 shares were previously reserved for issuance under the plan. As of January 28, 2000, 44,923,000 shares were subject to options currently outstanding under the plan and 608,396 shares remain available for new options or other awards.

If an award expires or is cancelled without having been fully exercised or vested, the unvested or cancelled shares generally will be returned to the available pool of shares. Also, if Applied experiences a stock dividend, reorganization or other change in its capital structure, the Compensation Committee has discretion to adjust the number of shares available under the plan, the formula for granting non-employee director options, the

outstanding options and other awards, and the per person limits on grants, as appropriate to reflect the stock dividend or other change. For example, Applied recently announced a 100% stock dividend. Therefore, the Compensation Committee may double the number of shares available under the plan after the stock dividend (including the proposed additional 19,100,000 shares) in order to reflect the effect of the stock dividend.

Limited Transferability of Awards. Awards granted under the 1995 Equity Incentive Plan may not be sold, transferred, pledged, or assigned other than by will or under applicable laws of descent and distribution. Applied may permit limited transfers for the benefit of immediate family members to help with estate planning concerns.

Options Granted to Certain Individuals and Groups. The number of options or other awards (if any) that an individual may receive under the 1995 Equity Incentive Plan is in the discretion of the Compensation Committee and therefore cannot be determined in advance. The following table sets forth the total number of shares of Applied's common stock subject to options granted under the plan to the listed persons and groups during fiscal 1999 and the average per share exercise price of the options.

Options Granted to Certain Individuals and Groups in Last Fiscal Year

Name of Individual or Group -----	Number of Options Granted	Average Per Share Exercise Price(1) -----
James C. Morgan.....	280,000	\$71.57
Dan Maydan.....	240,000	\$71.77
Joseph R. Bronson.....	180,000	\$71.31
Sasson Somekh.....	180,000	\$71.31
David N.K. Wang.....	180,000	\$71.31
All executive officers, as a group.....	1,060,000	\$71.48
All directors who are not executive officers, as a group(2).....	42,000	\$89.81
All employees who are not executive officers, as a group.....	11,868,898	\$66.95

- (1) All options were granted with a per share exercise price equal to 100% of the fair market value on the date of grant. On January 28, 2000, shares of Applied's common stock closed at \$129.75 on the Nasdaq National Market.
- (2) Pursuant to the 1995 Equity Incentive Plan's automatic, non-discretionary formula, each non-employee director received an option for 6,000 shares on October 29, 1999. An initial option grant of 24,000 shares of common stock was made to Mr. Miller on December 7, 1999, in conjunction with his appointment to the Board.

Federal Tax Aspects

The following is a summary of the general federal income tax consequences to U.S. taxpayers and Applied of awards granted under the 1995 Equity Incentive Plan. Tax consequences for any particular individual may be different.

Non-Qualified Stock Options and Stock Appreciation Rights. No taxable income is reportable when a non-qualified stock option or a stock appreciation right is granted. Upon exercise, the recipient will have ordinary income equal to the fair market value of the shares on the exercise date minus the exercise price. Any additional gain or loss upon the disposition of the stock will be capital gain or loss.

Incentive Stock Options. No taxable income is reportable when an incentive stock option is granted or exercised (except for purposes of the alternative minimum tax, in which case taxation is the same as for non-qualified stock options). If the recipient exercises the option and then sells the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the recipient exercises the option and sells the shares before the end of the two- or one-year holding periods, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option.

Restricted Stock, Performance Units and Performance Shares. A recipient of restricted stock, performance units or performance shares will not have taxable income upon grant unless he or she elects to be taxed at that time. Instead, he or she will have ordinary income at the time of vesting equal to the fair market value on the vesting date of the shares (or cash) received minus any amount paid for the shares.

Tax Effect for Applied. Applied generally will receive a tax deduction for any ordinary income recognized by a participant from an award under the 1995 Equity Incentive Plan (for example, the exercise of a non-qualified stock option). Special rules limit the deductibility of compensation paid to our Chief Executive Officer and to each of our four most highly compensated executive officers. Under Section 162(m) of the Internal Revenue Code, the annual compensation paid to each of these executives may not be deductible to the extent that it exceeds \$1 million. However, we are able to preserve the deductibility of compensation over \$1 million if the conditions of Section 162(m) are met. These conditions include stockholder approval of the plan, setting limits on the number of awards that any individual may receive and for awards other than options, establishing performance criteria that must be met before the award actually will vest or be paid. The plan has been designed to permit the Compensation Committee to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m). For example, the plan limits of the number of shares that may be granted to any one participant in any one year as follows:

- . 350,000 shares under options;
- . 350,000 shares under stock appreciation rights;
- . 175,000 restricted shares; and
- . 175,000 performance share awards or performance units with an initial value not greater than \$3 million.

In addition, in setting the vesting schedule of an award, the Compensation Committee may provide that the award will vest only upon the achievement of objectives for one or more of:

- . annual revenue,
- . controllable profits,
- . earnings per share,
- . net income,
- . new orders,
- . pro forma net income,
- . asset management,
- . customer satisfaction,
- . individual management by objective (MBO) goals, or
- . return on sales.

Each of these performance measures is defined in the plan. These are the same performance measures that the Compensation Committee may use under our Senior Executive Bonus Plan, which is discussed in more detail beginning on page 22.

Summary. We believe strongly that approval of the amended and restated plan is essential to our continued success. Stock option grants constitute an important incentive for key employees of Applied and help us to attract, retain and motivate people whose skills and performance are critical to our success. Our employees are our most valuable asset. We strongly believe that an increase in the number of shares authorized for issuance under the plan is essential for us to compete for talent in the very difficult labor market in which we operate.

The Board unanimously recommends a vote to approve the amended and restated 1995 Equity Incentive Plan.

ITEM 4--AMENDED AND RESTATED SENIOR EXECUTIVE BONUS PLAN

This section provides a summary of the terms of the Senior Executive Bonus Plan and the proposal to approve the amended and restated plan.

We are asking stockholders to approve the amended and restated Senior Executive Bonus Plan so that Applied can continue to receive a federal income tax deduction for compensation paid under the plan. The Senior Executive Bonus Plan is unchanged (except in insignificant ways) since our stockholders last approved the plan at the 1995 Annual Meeting of Stockholders. Our Board of Directors approved the plan subject to approval from our stockholders at the meeting. Approval of the plan requires the vote of the majority of the Applied shares that are present in person or by proxy at the meeting. Our named executive officers have an interest in this proposal.

Purpose. The purpose of the Senior Executive Bonus Plan is to motivate key executives to achieve Applied's strategic and financial goals and to perform to the best of their abilities. The plan accomplishes this by paying awards only after achievement of the specified goals.

The plan also is designed to qualify as "performance-based" compensation under Section 162(m) of the Internal Revenue Code. Under Section 162(m), Applied may not receive a federal income tax deduction for compensation paid to Applied's Chief Executive Officer or any of the four other most highly compensated executive officers to the extent that any of these persons receives more than \$1 million in any one year. However, if Applied pays compensation that is "performance-based" under Section 162(m), Applied still can receive a federal income tax deduction for the compensation even if it is more than \$1 million during a single year. The plan allows Applied to pay incentive compensation that is performance-based and therefore fully tax-deductible on Applied's federal income tax return.

Eligibility. The Compensation Committee selects the officers of Applied (and of our affiliates) who will be eligible to receive awards under the Senior Executive Bonus Plan. The actual number of officers who will be eligible to receive an award during any particular year cannot be determined in advance because the committee has discretion to select the participants. We currently expect that approximately five to eight officers will participate in the plan each year.

Target Awards and Performance Goals. Each fiscal year, the Compensation Committee assigns each participant a target award and performance goal or goals that must be achieved before an award actually will be paid to the participant. The participant's target award is expressed as a percentage of his or her base salary at the end of the fiscal year. The performance goals require the achievement of objectives for one or more of:

- . annual revenue,
- . controllable profits,
- . earnings per share,
- . net income,
- . new orders,
- . pro forma net income,
- . asset management,
- . customer satisfaction,
- . individual management by objective (MBO) goals, or
- . return on sales.

Awards for our 2000 fiscal year are based on two equally weighted performance goals: (1) growth in Applied's annual revenue, and (2) achievement of certain levels of return on sales (that is, net profit as a percentage of annual sales).

Actual Awards. After the fiscal year ends, the Compensation Committee certifies in writing the extent to which the pre-established performance goals actually were achieved or exceeded. The actual award that is payable to a participant is determined using a formula that increases or decreases the participant's target award based on the level of actual performance attained. However, the Senior Executive Bonus Plan limits actual awards to a maximum of \$3 million per person in any fiscal year, even if the formula otherwise indicates a larger award. In addition, the Compensation Committee has discretion to reduce (but not increase) the award determined by the formula.

If a participant terminates employment before the end of the fiscal year in which the bonus is to be earned, the participant will not receive an award for that year (even if the performance goals actually are achieved). The only exception is that if termination of employment is due to retirement, disability or death, the Compensation Committee has discretion to pay out part or all of the award.

Actual awards generally are paid in cash within two and one-half months after the fiscal year ends. However, the Compensation Committee instead may convert the cash payment into an equivalent amount of Applied shares that will be paid to the participant only if he or she remains employed for an additional period of time up to four years.

Administration, Amendment and Termination. The Compensation Committee administers the Senior Executive Bonus Plan. Members of the committee must qualify as outside directors under Section 162(m). Subject to the terms of the plan, the committee has sole discretion to:

- . select the officers who will receive awards;
- . determine the target award for each participant;
- . determine the performance goals that must be achieved before any actual awards are paid;
- . determine a formula to increase or decrease an award to reflect actual performance versus the predetermined performance goals; and
- . interpret the provisions of the plan.

The Board may amend or terminate the plan at any time and for any reason. An amendment also will be submitted for stockholder approval if necessary to maintain the plan's compliance with Section 162(m).

Awards Granted to Certain Officers. Awards under the Senior Executive Bonus Plan are determined based on actual performance, so future actual awards (if any) cannot now be determined. The following table sets forth the target awards that would be payable to the persons and groups shown below if the performance goals established by the Compensation Committee for our 2000 fiscal year are exactly 100% achieved. There is no assurance that the pre-established performance goals will be achieved and therefore there is no assurance that the target awards shown below (or any awards at all) will actually be paid.

Name of Individual or Group -----	Fiscal 2000 Target Awards(\$) -----
James C. Morgan.....	890,000
Dan Maydan.....	750,000
Joseph R. Bronson.....	500,000
Sasson Somekh.....	500,000
David N.K. Wang.....	500,000
All executive officers, as a group.....	3,140,000
All directors who are not executive officers, as a group.....	0(1)
All employees who are not executive officers, as a group.....	0(1)

(1) Applied's non-employee directors and employees who are not officers are not eligible to participate in the Senior Executive Bonus Plan.

The Board unanimously recommends a vote to approve the amended and restated Senior Executive Bonus Plan.

OTHER INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Applied's directors and executive officers, and holders of more than 10% of Applied's common stock, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Applied. Such officers, directors and 10% stockholders are required by SEC regulations to furnish Applied with copies of all Section 16(a) forms they file.

SEC regulations require us to identify anyone who filed a required report late during the most recent fiscal year. Based on our review of forms we received, or written representations from reporting persons stating that they were not required to file these forms, we believe that, during the fiscal year, all Section 16(a) filing requirements were satisfied on a timely basis.

Relationship with Independent Public Accountants

The firm of independent accountants recommended by the Audit and Finance Committee and selected by the Board of Directors for fiscal 2000 is PricewaterhouseCoopers LLP. The Board of Directors expects that representatives of PricewaterhouseCoopers LLP will be present at the meeting, will be given an opportunity to make a statement at such meeting if they desire to do so, and will be available to respond to appropriate questions.

No Incorporation by Reference

In Applied's filings with the SEC, information is sometimes "incorporated by reference." This means that we are referring you to information that has previously been filed with the SEC, so the information should be considered as part of the filing you are reading. Based on SEC regulations, the performance graph on page 16 of this proxy statement and the "Compensation Committee Report" on page 13 specifically are not incorporated by reference into any other filings with the SEC.

This proxy statement is sent to you as part of the proxy materials for the 2000 Annual Meeting of Stockholders. You may not consider this proxy statement as material for soliciting the purchase or sale of Applied's stock.

Stockholder Proposals--2001 Annual Meeting

Stockholders are entitled to present proposals for action at a forthcoming meeting if they comply with the requirements of the proxy rules and Applied's Bylaws. If you would like us to consider including a proposal in our proxy statement next year, you must deliver it to our offices on or before October 20, 2000. If you intend to submit a proposal at the 2001 Annual Meeting of Stockholders but do not intend to include the proposal in our proxy statement for this meeting, you must provide appropriate notice to us on or before January 4, 2001. Our Bylaws contain specific requirements regarding a stockholder's ability to nominate a director or to submit a proposal for consideration at an upcoming meeting. If you would like a copy of the requirements contained in our Bylaws, please contact: Donald A. Slichter, Corporate Secretary, Applied Materials, Inc., 2881 Scott Boulevard, M/S 2068, Santa Clara, California 95050.

Donald A. Slichter
Secretary

Santa Clara, California
February 18, 2000

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PROXY

APPLIED MATERIALS, INC.

PROXY

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS ON MARCH 21, 2000.
PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints James C. Morgan and Donald A. Slichter, or either of them, each with full power of substitution, as proxies of the undersigned, to attend the Annual Meeting of Stockholders of Applied Materials, Inc. to be held on Tuesday, March 21, 2000, at 2:00 p.m., and any adjournment or postponement thereof, and to vote the number of shares the undersigned would be entitled to vote if personally present on the items set forth on the reverse side and upon such other business as may properly come before such meeting and any adjournment or postponement thereof:

(Continued and to be signed on reverse side.)

STOCKHOLDERS ARE URGED TO MARK, DATE, SIGN AND RETURN THIS PROXY IN THE ENVELOPE PROVIDED, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

- FOLD AND DETACH HERE -

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APPLIED MATERIALS, INC.

PLEASE MARK VOTE IN OVAL IN THE FOLLOWING MANNER USING DARK INK ONLY. 0

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE LISTED PROPOSALS.

- | | | | |
|--|------------------|-----------------------|---------------------------------|
| <p>1. ELECTION OF DIRECTORS
 M. Armacost, D. Coleman, H. Dwight, P. Gerdine, T. Kawanishi, P. Low,
 D. Maydan, S. Miller, J. Morgan, S. Shih
 INSTRUCTION: To withhold authority to vote for any individual Nominee, write
 that Nominee's name in the space provided below.</p> <hr/> <hr/> | <p>For
0</p> | <p>Withheld
0</p> | <p>For All
Except
0</p> |
| <p>2. TO APPROVE AN AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO INCREASE THE
 NUMBER OF SHARES OF COMMON STOCK AUTHORIZED FOR ISSUANCE FROM 1,100,000,000
 TO 2,500,000,000</p> | <p>For
0</p> | <p>Against
0</p> | <p>Abstain
0</p> |
| <p>3. TO APPROVE THE AMENDED AND RESTATED 1995 EQUITY INCENTIVE PLAN.</p> | <p>For
0</p> | <p>Against
0</p> | <p>Abstain
0</p> |
| <p>4. TO APPROVE THE AMENDED AND RESTATED SENIOR EXECUTIVE BONUS PLAN</p> | <p>For
0</p> | <p>Against
0</p> | <p>Abstain
0</p> |

This proxy will be voted as specified, or if no choice is specified, will be voted for the ten nominees for election and for Proposals 2, 3, and 4. (Please sign exactly as your name appears. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.)

Signature(s) Date

- FOLD AND DETACH HERE -