

FY 16 Stock Program Employee Stock Awards Q&A

This Employee Q&A addresses questions regarding the Company's Stock Award program. It is intended only as a general guide. Please refer to your individual award agreement and the prospectuses for the plans for more specific information. Please note: the term Stock Award is used by the Company to refer to awards of restricted stock units (RSUs) or performance shares.

General Stock Award Program Information

How long is the vesting (or restriction) period?

In general, the Stock Awards will be scheduled to vest 25% per year beginning on the first day of the month immediately following the one-year anniversary of the grant date over a four year period for all employees, subject to continued employment through each scheduled vesting date.

For employees in France:

The vest schedule is different for employees in France in order to comply with the rules for maintaining a tax qualified plan and to qualify for preferential tax treatment which reduces the tax rate for both the employee and the Company.*

Stock Award Shares Scheduled to Vest

In year 1	0%
In year 2*	50% at least two years from the grant date
In year 3	25% on August 31, 2009
In year 4	25% on August 31, 2010

What happens to my Stock Award shares once they vest?

Generally, when shares vest, all restrictions will be lifted and the shares (gross or net depending on country tax requirements) will be deposited as soon as practicable into your UBS One Source account. You can then hold, sell or transfer the shares (subject to securities and other laws and to the Company's insider trading policy). We anticipate the shares will be deposited into your UBS One Source account within three business days after the scheduled vest date.

What is the value of my Stock Award shares?

The value of your Stock Award is based on the price of the Company's stock at any given time. You can calculate the value of your Stock Award shares at any time by multiplying the number of shares awarded to you by the current market price of Applied Materials' common stock. Of course, you are not able to sell any shares of a Stock Award until after they vest. Applied Materials' common stock is traded on the NASDAQ Global Select under the ticker symbol AMAT.

What is the exercise price for my Stock Award shares?

There is no exercise price and you will not be required to pay any money for the issuance of shares when your Stock Award shares vest. However, in general, ordinary income will be recognized on the vest date and may be subject to tax. More information on Stock Award taxation can be found on the UBS One Source Web site at www.ubs.com/onesource/amat. (Click on "Quick Links" in the upper left-hand corner and select "Library" from the drop-down menu. Click on "Restricted Awards/Units Library" on the left-hand side of the screen and select the appropriate file based on your location.)

When will my Stock Award shares give me rights as a stockholder, including the right to receive dividends?

Generally, during the vesting period you are not eligible to receive dividends on your Stock Award shares. After Stock Award shares vest and you receive those shares, you will then have the same rights as any other stockholder of record, including the right to vote and receive dividends and distributions on the shares in the event of a stock split.

What happens to my Stock Award shares if I leave the Company before the shares are vested?

If your employment terminates (other than as a result of your death) before your Stock Award shares have vested, any unvested portion of your award will be cancelled and you will not be entitled to receive the cancelled shares. Termination will not affect your vested shares, and it is your choice whether to hold, sell or transfer the vested shares.

What happens to my Stock Award shares in the case of my retirement, or death?

Generally, when you retire, any unvested Stock Award shares will be cancelled and you will not be eligible to receive those shares. In the event of your death while you are an Applied Materials' employee, any unvested Stock Award shares will be accelerated and the shares will be released to your estate.

What happens to my Stock Award shares if the stock splits?

If Applied Materials declares a stock split, your unvested Stock Award shares will be adjusted to reflect the split. For example, in the case of a 2-for-1 stock split, your unvested Stock Award of 100 shares would be automatically adjusted to 200 shares. Once the Stock Award shares vest and have been issued, the shares will be adjusted to reflect the split, just like shares held by any other Applied Materials' stockholder of record.

Can I view my Stock Award shares online?

Yes. The UBS One Source Web site will display complete details on approved Stock Award grants. Upon receiving notification from your manager of a Stock Award that has been granted to you, you may access the UBS One Source Web site (www.ubs.com/onesource/amat) to view and accept your grant.

How does the Company's stock compensation program compare to other companies in the industry?

Applied Materials regularly benchmarks its total compensation program with other companies in the industry and in many geographic regions in order to provide a competitive package. We believe that Applied Materials continues to provide a competitive, and in some cases more favorable, stock program as compared to our peer high technology companies.

Whom do I contact if I have more questions about the Stock Awards program?

The UBS Call Center is your first point of contact for questions about Stock Awards. The Call Center is available 12:00 a.m. to 8:00 p.m. Pacific Time), toll-free at:

Within the U.S.: 1-866-785-2628

Outside the U. S., (except in India): 1-800-1APPLIED, ext. 70000

To speak to a Customer Service Representative press "0."

If you still have questions after speaking to a UBS representative, please contact Stock Programs via the Hotline (408) 748-5552 or by email at Stock_Programs@amat.com

Tax Impact of Stock Awards

Are the Stock Awards taxable?

Yes, in general, Stock Awards are taxable. It is important for you to understand the tax consequences of Stock Awards, which can vary by country. For information on Stock Award taxation, refer to the UBS One Source Web site at www.ubs.com/onesource/amat. (Click on "Quick Links" in the upper left-hand corner and select "Library" from the drop-down menu. Click on "Restricted Awards/Units Library" on the left-hand side of the screen and select the appropriate file based on your location.) Tax consequences can be different for each employee; and therefore, you should consult a tax advisor regarding your own tax situation.

Most countries tax Stock Awards on the vest date based on the value of the stock on the vest date.

How will my taxes be paid? Is there something I will need to do?

In general, you do not have to take any action when your shares vest.

Some countries (e.g. Austria, Canada, China Non-Nationals (China Nationals are required to sell shares to cover taxes), Germany, India, Italy, Malaysia, The Netherlands, Switzerland, The United Kingdom, and the United States), require that the Company withhold applicable taxes on the vest date. In order to meet the Company's tax withholding obligation in these countries, the Company will withhold some of the shares that otherwise would be issued to you to pay the required taxes – this is called a "net share" transaction.

For countries that do not require that the Company withhold applicable taxes on the vest date (e.g. Belgium, France, Ireland, Israel, Japan, Korea, Philippines, Singapore and Taiwan), you will be responsible for paying the taxes depending on your local tax requirements. Those taxes are generally due at a future time, based on local filing requirements. You should consult a tax advisor for guidance regarding your specific situation.

Is the Company required to withhold taxes owed? How does a "net share" transaction work?

Applied Materials is required by law to withhold applicable taxes on the vest date in certain countries (e.g., Austria, Canada, China Non-Nationals (China Nationals are required to sell shares to cover taxes), Germany, India, Italy, Malaysia, The Netherlands, Switzerland, The United Kingdom, and the United States). Accordingly, the Company will withhold the number of shares necessary to satisfy its required tax withholding obligation. In the U.S. this will be the statutory minimum tax withholding obligation, which consists of federal and state taxes and Medicare. Outside the U.S., the Company's statutory minimum tax withholding may be an employee's effective income tax rate. Since the effective income tax rate may vary by individual employee, a flat rate will be withheld for each country, and the difference between the amount withheld in shares and your actual tax obligation will be adjusted through your next monthly employee paycheck. Due to certain accounting rules that the Company must follow, you will not be permitted to elect to have the Company withhold additional shares to pay for any

taxes in excess of the Company's statutory minimum withholding requirements.

For example, if you recognized income of U.S. \$425 on 25 shares (25 shares x \$17 stock price) and your country's minimum withholding rate is 40%, the amount due in tax would be U.S. \$170. The Company would withhold 10 shares (U.S. \$170 tax due/\$17 stock price) to cover the withholding taxes. The remaining 15 shares would then be issued to you.

Please note that the Company's minimum statutory withholding represents only the taxes the Company is required to withhold and remit at the time of vesting. You may have additional tax liability relating to the vesting of your Stock Awards. You should consult a tax advisor regarding your individual tax consequences from your Stock Awards.

What are the tax consequences if I sell my Stock Award shares? Will I pay tax twice?

No, when you decide to sell your shares, you will not be double taxed on the amount that was subject to taxation at the time your shares vested. You may, however, be required to pay tax on any gains you might realize when you sell the shares, depending on your local tax requirements. This gain generally is calculated as the appreciation from the fair market value on the vest date until the sale date.

For France and Israel, taxes will be due at the time you sell your Stock Award shares (and generally no taxes are due at the time the shares vest).

There are considerable differences among countries regarding the tax treatment for the sale of Stock Award shares. The information provided above is intended only as a general. You should consult a tax advisor for guidance in your specific situation. For more detailed information refer to your specific grant agreement that can be found on the UBS One Source Web site at www.ubs.com/onesource/amat.