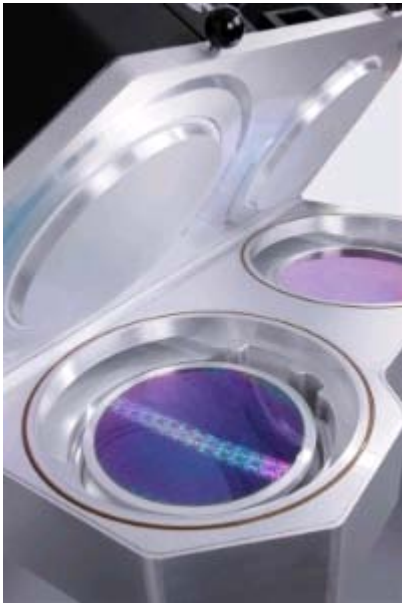




Fourth Quarter 2010 Earnings Call Highlights



Applied Producer(R) Eterna(TM) FCVD(TM) (Flowable CVD1) system, the first and only film deposition technology capable of electrically isolating the densely-packed transistors in 20nm-and-below memory and logic chip designs with a high-quality dielectric film.

Date: November 17, 2010

Safe Harbor Statement

This presentation contains forward-looking statements, including those regarding Applied's performance, opportunities, industry outlooks, and financial expectations. These statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including but not limited to: the level of demand for Applied's products, which is subject to many factors, including uncertain global economic and industry conditions, end demand for electronic products and semiconductors, government renewable energy policies and incentives, and customers' new technology and capacity requirements; Applied's ability to (i) develop, deliver and support a broad range of products and expand its markets, (ii) align its cost structure with business conditions, (iii) plan and manage its resources and production capability, (iv) implement initiatives that enhance global operations and efficiencies, and (v) attract, motivate and retain key employees; risks related to legal proceedings and claims; and other risks described in Applied's SEC filings. All forward-looking statements are based on management's estimates, projections and assumptions as of November 17, 2010, and Applied undertakes no obligation to update any forward-looking statements.

This presentation also includes financial measures not in accordance with U.S. GAAP, along with reconciliations of GAAP results to non-GAAP results.

Contents

- Q4 FY'10 highlights
- Q4 FY'10 financial summary (consolidated)
- Reporting segments
- Q1 FY'11 expectations
- GAAP to non-GAAP reconciliations and reclassifications

Q4'10 Highlights

- Fourth Quarter results exceed expectations
- Q4 orders up 11 percent over prior quarter led by solar and semiconductor equipment
 - Strongest order quarter in almost 10 years
 - China accounted for 32% of the orders, led by our crystalline silicon customers in that country
- Net sales of \$2.89 billion up 15 percent over prior quarter
 - Well above our target range
 - Stronger than expected results in our solar, display, and semiconductor equipment businesses
- Q4 EPS of \$0.35; non-GAAP EPS of \$0.36 exceeded high end of the company's outlook by \$0.04

Q4'10 Financial Summary: Income Statement

(consolidated)

- New orders: \$3.03 billion – up 11% from Q3'10 led by Silicon and EES
- Backlog: \$3.24 billion – up 4% from Q3'10
- Net sales: \$2.89 billion – up 15% from Q3'10
- Gross margin: 42.2% – up from 34.2% in Q3'10
 - Excluding acquisition costs Q4'10 gross margin would have been 42.5%*
- Operating expenses: \$518M – down 24% from Q3'10
 - Q4'10 non-GAAP = \$516M (excludes \$4M in acquisition costs and a credit of \$2M in restructuring and asset impairment charges)
 - Q3'10 non-GAAP = \$538M (excludes \$4M in acquisition costs and \$135M in restructuring and asset impairment charges)
- Operating income/margin: \$699M or 24% of net sales
 - Up from \$183M or 7% of net sales in Q3'10
- Tax rate: 33.5% – up from 30.8% in Q3'10
- GAAP net income of \$468M or \$0.35 per diluted share
- Non-GAAP net income of \$476M or \$0.36 per diluted share**

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

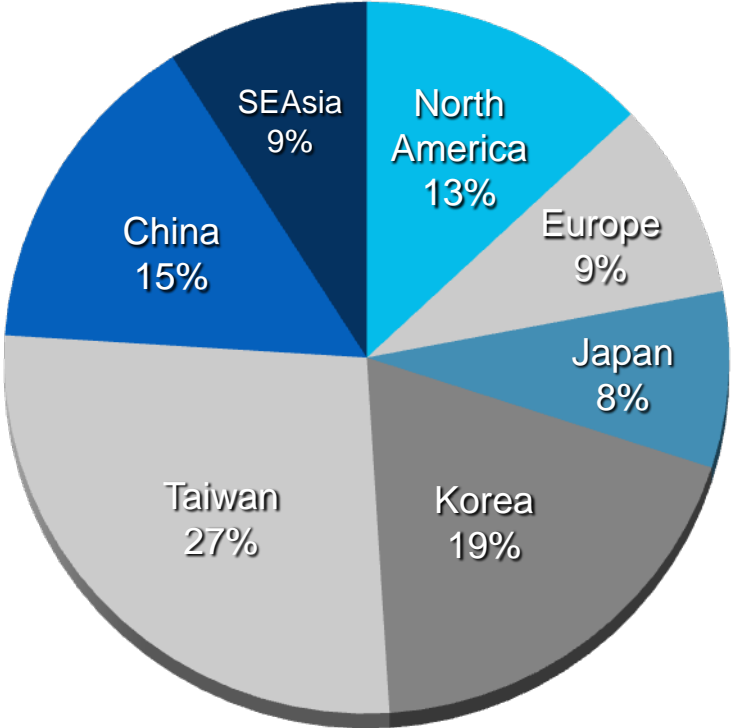
** See slide 19 for reconciliation of GAAP to non-GAAP measures

Summary Income Statement (consolidated)

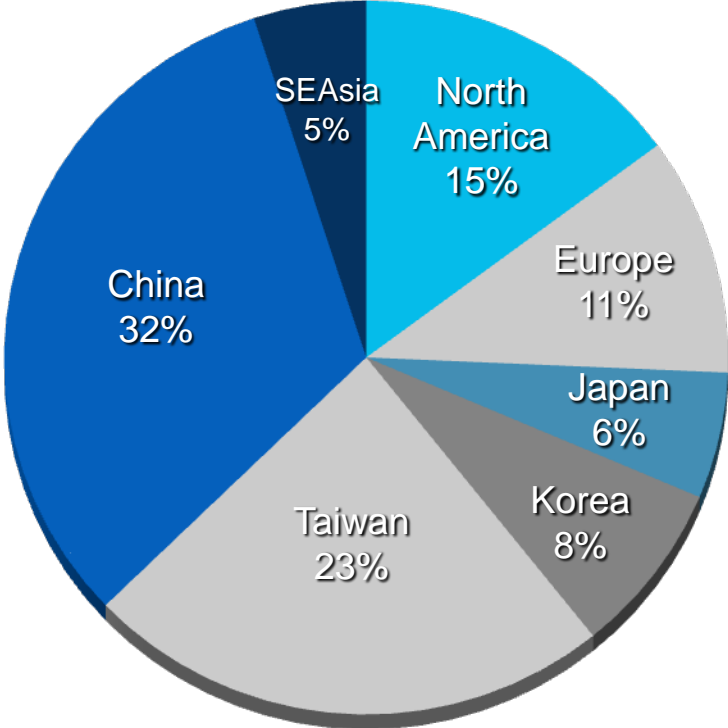
(Unaudited) (\$ Millions Except EPS)	Q4'10	Q3'10	Q4'09
New Orders	\$3,026.1	\$2,724.7	\$1,472.8
Net Sales	\$2,886.4	\$2,517.8	\$1,526.4
Gross Margin	42.2%	34.2%	36.6%
RD&E	9.6%	11.5%	15.3%
SG&A	8.4%	10.0%	10.2%
Operating Margin	24.2%	7.3%	11.3%
Net Income	\$468.0	\$123.1	\$137.9
Net Income %	16.2%	4.9%	9.0%
EPS	\$0.35	\$0.09	\$0.10

New Orders Regional Distribution

(consolidated)



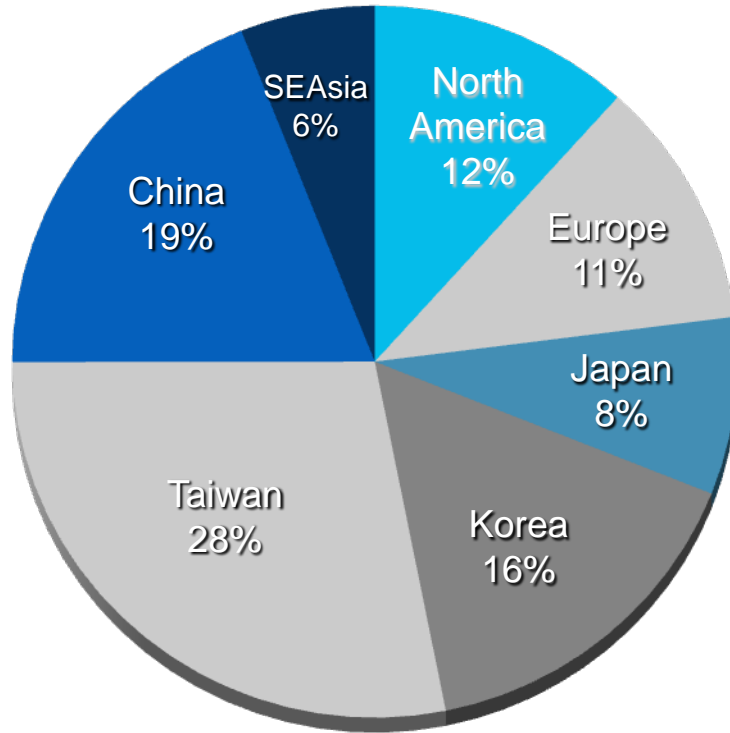
Q3 FY'10
\$2.72 Billion



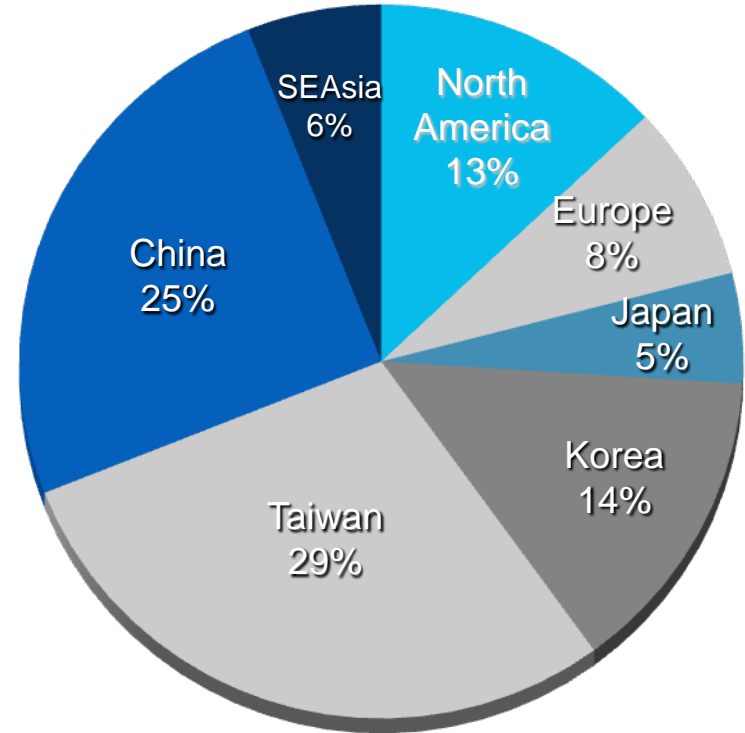
Q4 FY'10
\$3.03 Billion

Net Sales Regional Distribution

(consolidated)



Q3 FY'10
\$2.52 Billion



Q4 FY'10
\$2.89 Billion

Q4'10 Financial Summary: Balance Sheet

(consolidated)

- Cash/cash equivalents and investments increased \$264M to \$3.89B
- Operating cash flow: \$525M or 18% of revenue
- Free cash flow*: \$490M or 17% of revenue
- Inventory: \$1.55B – down \$43 million from Q3'10
- DSO**: 58 days, compared to 62 days in Q3'10
- Capital spending: \$35M
- Depreciation and amortization: \$69M
- Cash returned to stockholders
 - \$93M paid in dividends
 - \$150M in stock repurchases
 - Declared quarterly cash dividend of \$0.07 per share, payable on December 15, 2010 to stockholders of record as of November 24, 2010
- Headcount: approximately 13,000 regular employees (excluding temporary and interns)

* Defined as cash provided by operating activities, less capital expenditures. See slide 20 for reconciliation of GAAP to non-GAAP measures

** Days Sales Outstanding

Summary Balance Sheet (Consolidated)

(Unaudited) (\$ Millions)	Q4'10	Q3'10	Q4'09
Cash, Cash Equivalents and Investments	\$3,891.9	\$3,627.7	\$3,266.9
Accounts Receivable, Net	\$1,831.0	\$1,721.5	\$1,041.5
Inventories	\$1,547.4	\$1,590.1	\$1,627.5
Property, Plant & Equipment, Net	\$963.0	\$983.8	\$1,090.4
Total Assets	\$10,943.3	\$10,726.1	\$9,574.2
Long-Term Debt	\$204.3	\$204.4	\$200.7
Total Stockholders' Equity	\$7,536.1	\$7,278.1	\$7,094.6
Current Ratio	2.3	2.3	2.9
Total Debt/Capital Ratio	2.7%	2.8%	2.1%

Reporting Segments



Designs, manufactures and sells equipment used to fabricate semiconductor chips



Broad range of products¹ to maintain, service and optimize customers' semiconductor, display and solar fabs



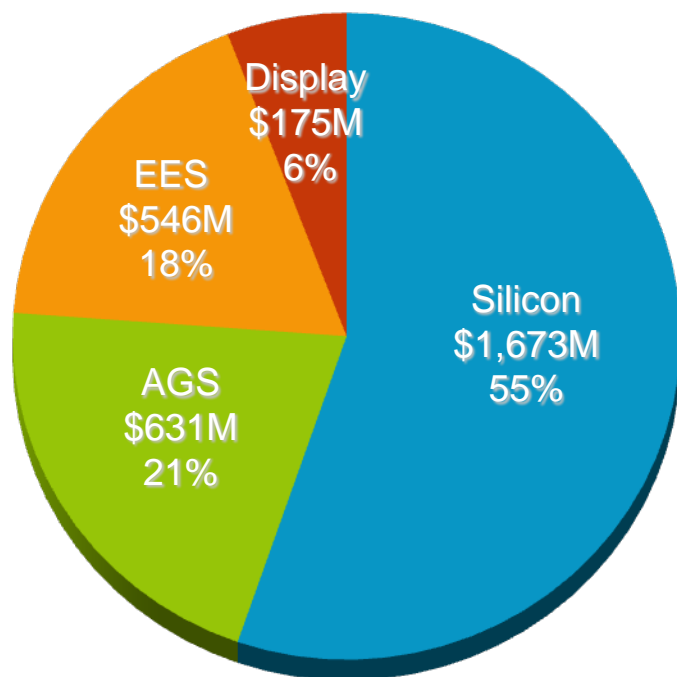
Designs, manufactures and sells equipment used to make flat panel displays



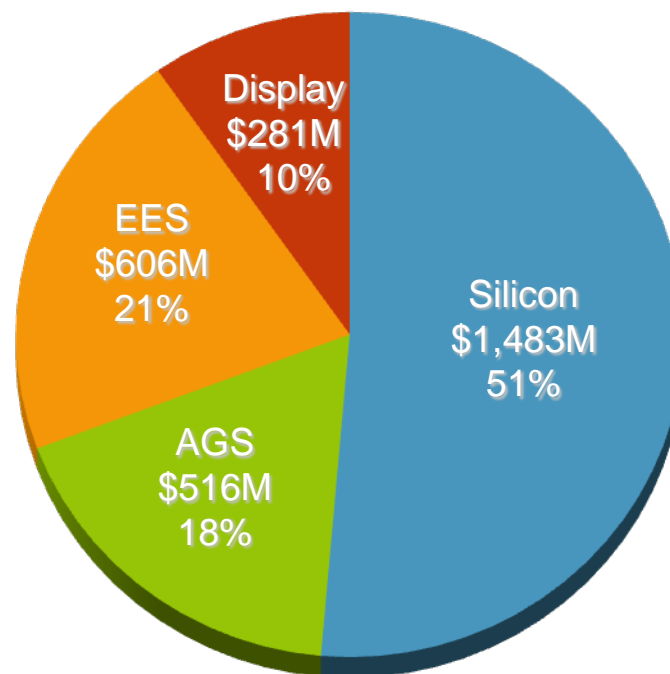
Designs, manufactures and sells equipment used to fabricate solar cells, modules and flexible electronics

¹ Include total parts management, spare parts, remanufactured equipment, maintenance agreements, total support programs and environmental and software solutions

Q4'10 New Orders and Net Sales by Segment

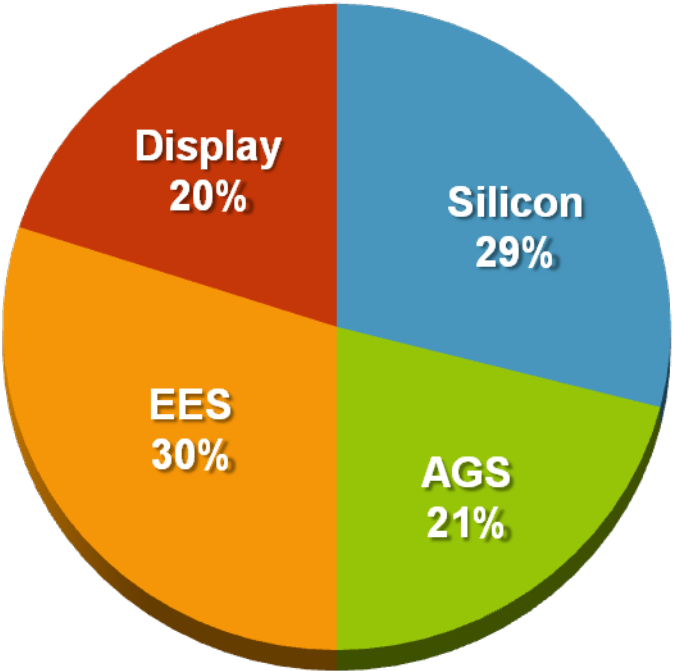


New Orders
\$3.03 Billion

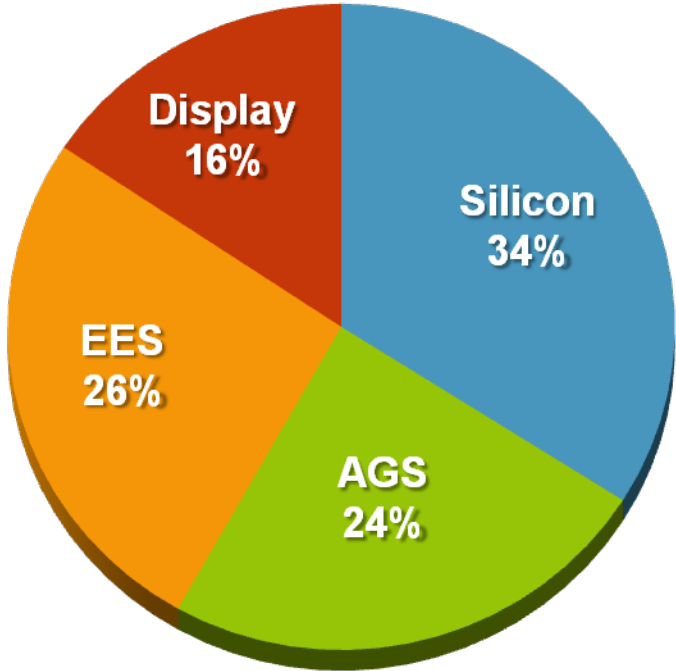


Net Sales
\$2.89 Billion

Backlog by Segment

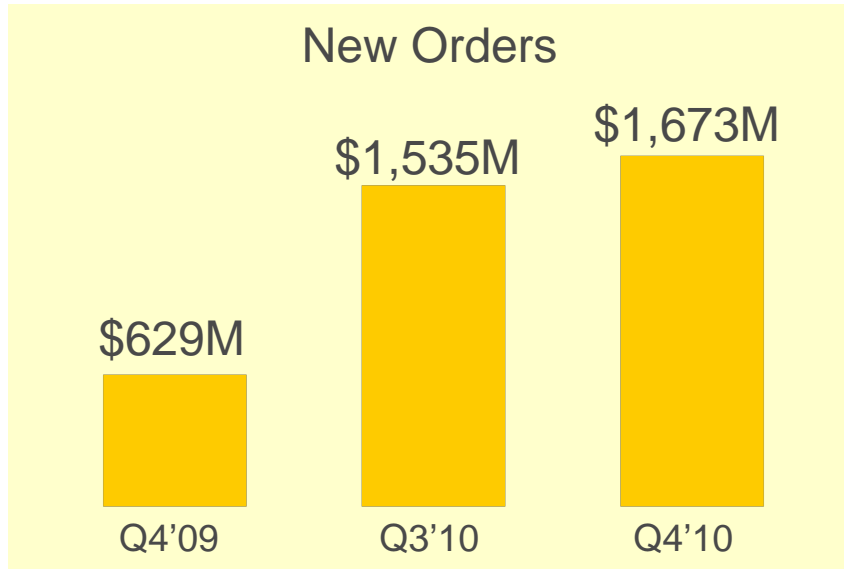


Q3 FY'10
\$3.13 Billion

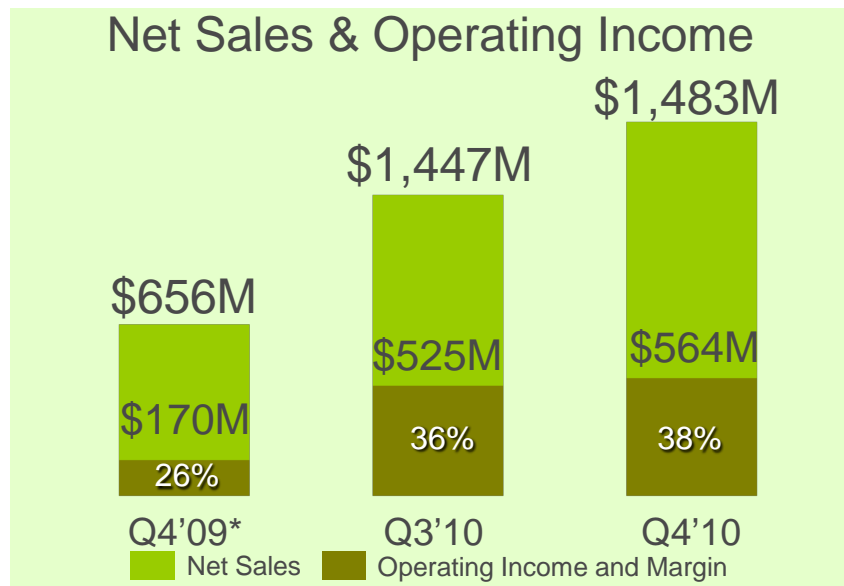


Q4 FY'10
\$3.24 Billion

Silicon Systems Group Segment Summary



- Orders up 9% QoQ
 - Led by Inspection
- Net sales up 2% QoQ
 - Strength in foundry and logic
 - Record net sales in CMP
- Operating income of \$564M or 38% of net sales
 - Increased R&D to support key technology inflections

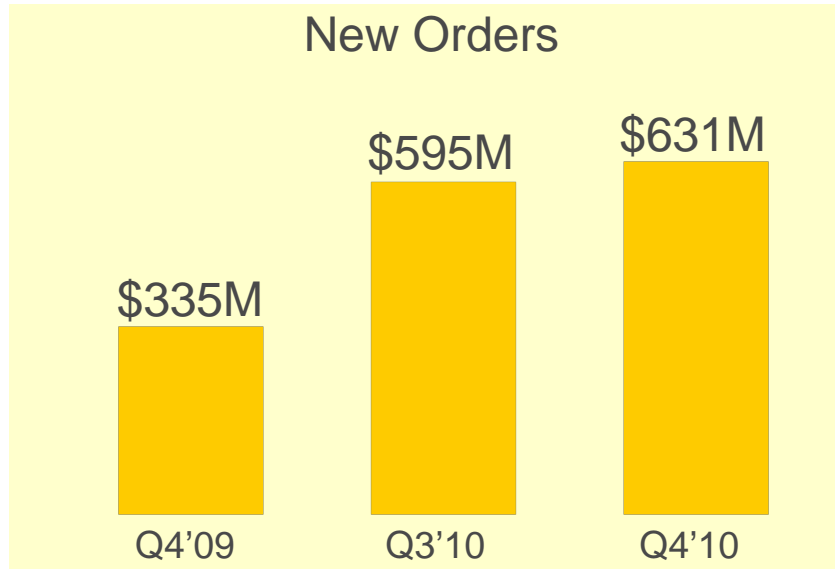


Q4'10 Orders by Customer Segment

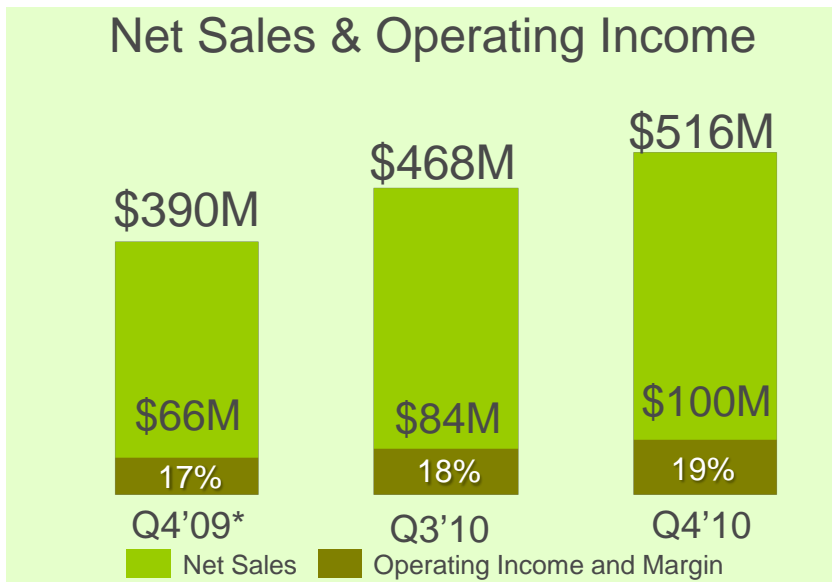
Foundry	DRAM	Flash	Logic & Others
47%	20%	9%	24%

* Applied has reclassified segment operating results, see slide 21 for adjustment data

Applied Global Services Segment Summary

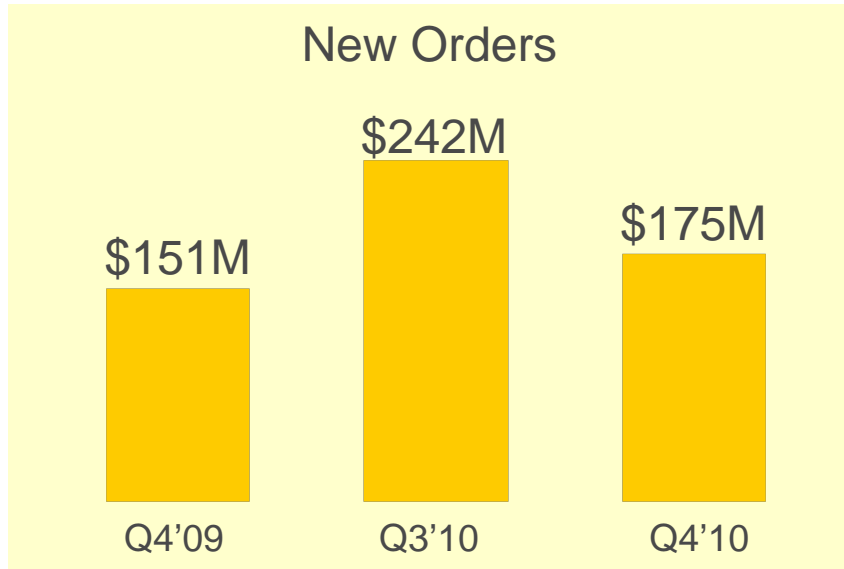


- Orders up 6% QoQ
 - Strong demand for 200mm refurbished equipment
- Net sales up 10% QoQ
- Operating income of \$100M or 19% of net sales
 - Negatively impacted by 200mm supply chain constraints

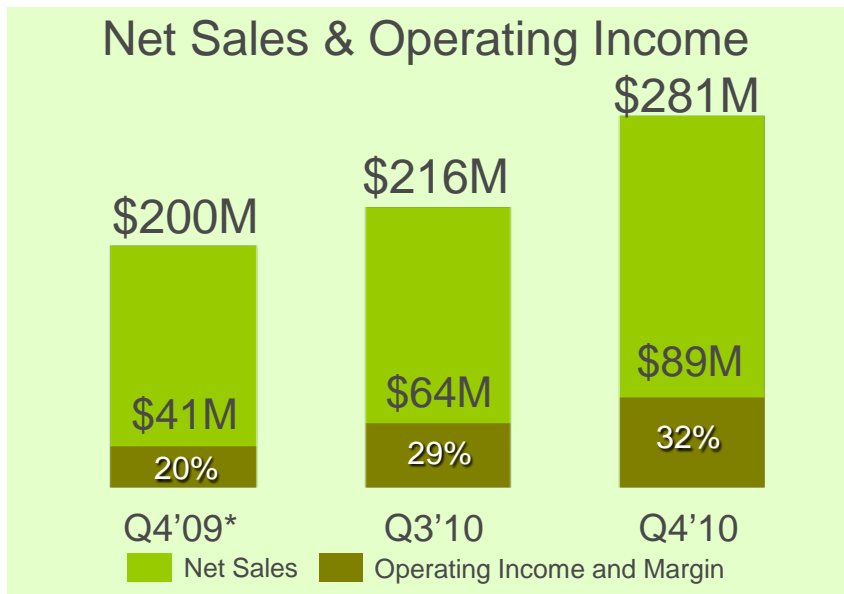


* Applied has reclassified segment operating results, see slide 21 for adjustment data

Display Segment Summary

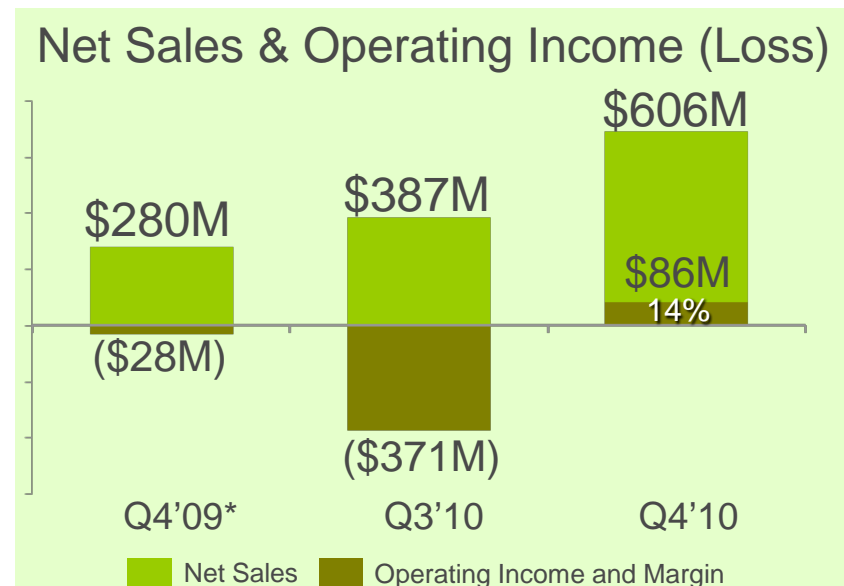
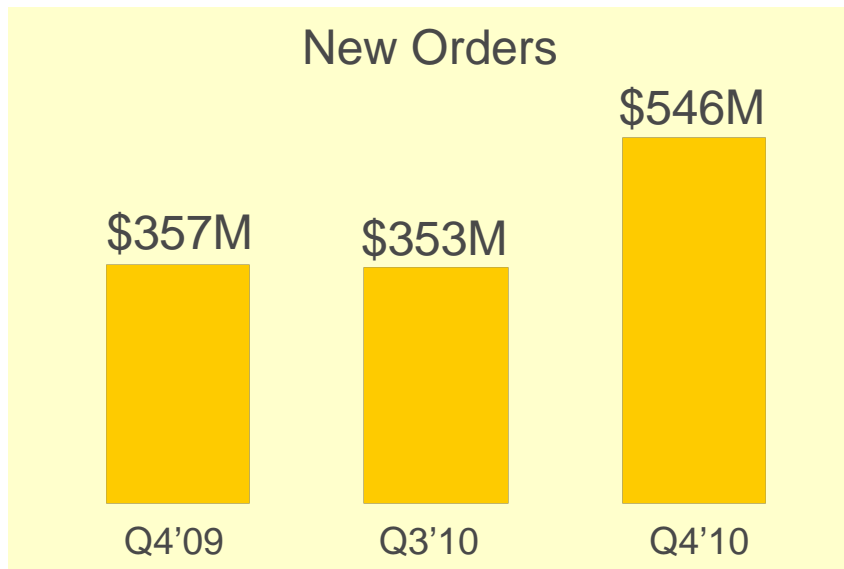


- Orders down 27% QoQ
- Net sales up 30% QoQ
 - Exceeding our expectations
- Operating income of \$89M or 32% of net sales
 - Reflects benefits of Taiwan manufacturing center



* Applied has reclassified segment operating results, see slide 21 for adjustment data

Energy & Environmental Solutions Segment



- Orders up 55% QoQ
 - Record orders, strong demand for c-Si solar equipment
- Net sales up 57% QoQ
 - record net sales of Baccini and PWS systems
 - Includes SunFab sign off of \$225M
- Operating profit of \$86M or 14% of net sales
 - EES achieved profitability

* Applied has reclassified segment operating results, see slide 21 for adjustment data

Q1'11 Expectations

(As of November 17, 2010)

Net Sales	Down 8% to 15% from Q4'10
Non-GAAP EPS*	\$0.30 to \$0.34 Assumes a tax rate of ~29%

* Excludes known charges related to completed acquisitions of approximately \$0.01 per share; outlook does not take into account other non-GAAP adjustments that may arise subsequent to Q4'10 earnings release.

Reconciliation of GAAP to Non-GAAP Results

<i>(In thousands, except per share amounts)</i>	Three Months Ended			Twelve Months Ended	
	October 31, 2010	August 1, 2010	October 25, 2009	October 31, 2010	October 25, 2009
Non-GAAP Net Income (Loss)					
Reported net income (loss) (GAAP basis)	\$ 468,015	\$ 123,096	\$ 137,862	\$ 937,866	\$ (305,327)
Certain items associated with acquisitions ¹	13,765	20,985	22,425	90,954	95,699
Semito deal cost	—	—	—	9,860	—
Restructuring charges and asset impairments ^{2,3,4}	(2,218)	135,331	(3,693)	245,925	155,788
Impairments of equity method investment and strategic investments	—	7,804	5,058	12,665	84,480
Income tax effect of non-GAAP adjustments and resolution of audits of prior years' income tax filings	(3,766)	(53,652)	(6,797)	(116,726)	(100,055)
Non-GAAP net income (loss)	\$ 475,796	\$ 233,564	\$ 154,855	\$ 1,180,544	\$ (69,415)
Non-GAAP Net Income (Loss) Per Diluted Share					
Reported net income (loss) per diluted share (GAAP basis)	\$ 0.35	\$ 0.09	\$ 0.10	\$ 0.70	\$ (0.23)
Certain items associated with acquisitions	0.01	0.01	0.01	0.05	0.05
Semito deal cost	—	—	—	0.01	—
Restructuring charges and asset impairments	—	0.07	—	0.12	0.08
Impairments of equity method investment and strategic investments	—	—	—	—	0.05
Resolution of audits of prior years' income tax filings	—	—	—	—	—
Non-GAAP net income (loss) — per diluted share	\$ 0.36	\$ 0.17	\$ 0.11	\$ 0.88	\$ (0.05)
Shares used in diluted shares calculation	1,339,881	1,348,808	1,347,691	1,348,804	1,333,091

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

2 Results for the three months ended August 1, 2010 included asset impairment charges of \$110 million and restructuring charges of \$45 million associated with the EES restructuring plan announced on July 21, 2010, offset by a \$20 million favorable adjustment to the restructuring plan announced on November 11, 2009.

3 Results for the three months ended October 31, 2010 included a \$2 million reinstatement of certain fixed assets that were previously impaired in the EES restructuring. Results for the twelve months ended October 31, 2010 included asset impairment charges of \$108 million and restructuring charges of \$45 million associated with the EES restructuring plan announced on July 21, 2010, restructuring charges of \$84 million associated with the restructuring plan announced on November 11, 2009, and asset impairment charges of \$9 million related to a facility held for sale.

4 Results for the three months ended October 25, 2009 included adjustment of restructuring reserves of \$4 million. Results for the twelve months ended October 25, 2009 included restructuring charges of \$141 million primarily associated with a restructuring program announced on November 12, 2008 and asset impairment charges of \$15 million related to wafer cleaning equipment.

Effective the first quarter of fiscal 2010, the non-GAAP results no longer exclude the impact of share-based compensation. Previously reported non-GAAP results have been restated to conform to the fiscal 2010 presentation.

Reconciliation of GAAP to Non-GAAP Measures – Free Cash Flow

(Dollars in Thousands) Free Cash Flow	Three months ended October 31, 2010	Three months ended August 01, 2010
Cash from Operations	\$525,119	\$298,901
Capital Expenditures	\$(35,037)	\$(36,170)
Free cash flow	\$490,082	\$262,731
Revenue	\$2,886,435	\$2,517,790
Free cash flow margin	17%	10%

Operating Margin Reclassification by Segment

		Results for Q4 FY'09			Results for Q3 FY'10	"Apples to Apples" Results for Q4 FY'10		
		Q4 FY'09 As Originally Reported	Q4 FY'09 with Reporting Changed	Change		Q3 FY'10 As Reported	Q4 FY'10 As Reported	Difference from Q3 FY'10 As Reported
Operating Margin (\$M)	SSG	158	170	12	525	564	39	394
	AGS	64	66	2	84	100	16	34
	DISPLAY	43	41	(2)	64	89	25	48
	EES	(30)	(28)	2	(371)	86	458	114
Operating Margin (%)	SSG	24%	26%	2%	36%	38%	2%	12%
	AGS	17%	17%	0%	18%	19%	1%	2%
	DISPLAY	21%	20%	-1%	29%	32%	2%	11%
	EES	-11%	-10%	1%	-96%	14%	110%	24%

Detail of Certain Items Associated with Acquisitions*

	Three Months Ended		
	<u>October 31, 2010</u>	<u>August 1, 2010</u> (in thousands)	<u>October 25, 2009</u>
Certain items associated with acquisitions			
Cost of products sold	\$ 10,143	\$ 16,970	\$ 18,695
Marketing and selling	3,622	4,015	3,730
Total	<u>\$ 13,765</u>	<u>\$ 20,985</u>	<u>\$ 22,425</u>

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

Reconciliation of GAAP to Non-GAAP Gross Margin

	<u>Three Months Ended</u> <u>October 31, 2010</u> (in millions)
Reported Net Sales	\$ 2,886
Reported Gross Profit (GAAP basis)	\$ 1,217
Certain items associated with acquisitions	10
Non-GAAP Gross Profit	\$ 1,227
Gross margin (GAAP basis)	42.2%
Non-GAAP gross margin	42.5%

Reconciliation of GAAP to Non-GAAP Operating Expenses

	<u>Three Months Ended</u>	
	<u>October 31, 2010</u>	<u>January 30, 2011 and May 1, 2011, respectively</u>
	Reported	Forecasted
	(in millions)	
Reported and forecasted operating expenses (GAAP basis)	\$ 518	\$503 - \$523
Certain items associated with acquisitions	(4)	(3)
Restructuring and asset impairment	2	-
Non-GAAP operating expenses	<u>\$ 516</u>	<u>\$500 - \$520</u>

The forecast does not take into account other non-GAAP adjustments that may arise subsequent to Q4'10 earnings release

Reconciliation of GAAP to Non-GAAP Forecasted FQ1'11 EPS

	Three Months Ended January 30, 2011
Forecasted EPS (GAAP basis)	Forecasted \$0.29 - \$0.33
Known charges related to completed acquisitions	\$0.01
Forecasted non-GAAP EPS three months ended January 30, 2011	<u><u>\$0.30 - \$0.34</u></u>

The forecast does not take into account other adjustments that may arise subsequent to Q4'10 earnings release



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