AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 1, 1994

REGISTRATION NO. 33-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

APPLIED MATERIALS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	94-1655526
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

3050 BOWERS AVENUE, SANTA CLARA, CALIFORNIA 95054 (408) 727-5555
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

JAMES C. MORGAN
CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER
APPLIED MATERIALS, INC.
3050 BOWERS AVENUE, SANTA CLARA, CALIFORNIA 95054 (408) 727-5555
(NAME AND ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER OF AGENT FOR SERVICE)

COPIES TO:

DONALD A. SLICHTER, ESQ. DANA M. KETCHAM, ESQ. ORRICK, HERRINGTON & SUTCLIFFE 400 SANSOME STREET SAN FRANCISCO, CALIFORNIA 94111	JOHN A. FORE, ESQ. WILSON, SONSINI, GOODRICH & ROSATI, PROFESSIONAL CORPORATION TWO PALO ALTO SQUARE PALO ALTO, CALIFORNIA 94306

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:

FROM TIME TO TIME AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. /X/

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)(2)	AMOUNT OF REGISTRATION FEE
Debt Securities and Common Stock, par value, $0.01 per share(3)....	(4)	(4)	$250,000,000	$86,207

(1) Or, (i) if any Debt Securities are issued at an original issue discount, such greater principal amount as shall result in an aggregate initial offering price equal to the amount to be registered or (ii) if any Debt Securities are issued with a principal amount denominated in a foreign currency or composite currency, such principal amount as shall result in an aggregate initial offering price equivalent thereto in United States dollars at the time of initial offering.

(2) These figures are estimates made solely for the purpose of calculating the registration fee pursuant to Rule 457(o). Exclusive of accrued interest, if any on the Debt Securities.

(3) Includes Rights to purchase Common Stock which, prior to certain events, will not be exercisable or evidenced separately from the Common Stock.

(4) Not applicable pursuant to General Instruction II(D) to Form S-3 under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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INTRODUCTORY NOTE

This Registration Statement includes a Base Prospectus relating to Debt Securities or Common Stock of the Company with an initial public offering price of up to $250,000,000. This Registration Statement also contains two Prospectus Supplements, one related to $100,000,000 of Debt Securities and the other related to 2,000,000 shares of Common Stock, each of which is intended to comply with the requirements of Rule 430A. The Company may use either or both of the Prospectus Supplements either as Preliminary Prospectus Supplements prior to effectiveness, or if the Company intends to offer securities immediately upon effectiveness.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus supplement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

PROSPECTUS SUPPLEMENT (Subject to Completion, Issued March , 1994)

(To Prospectus Dated March , 1994)

$100,000,000

[LOGO] APPLIED MATERIALS

% SENIOR NOTES DUE 2004

Interest payable March 15 and September 15

THE SENIOR NOTES WILL MATURE ON MARCH , 2004. THE SENIOR NOTES WILL NOT BE REDEEMABLE PRIOR TO MATURITY AND WILL NOT BE SUBJECT TO ANY SINKING FUND. THE SENIOR NOTES WILL BE REPRESENTED BY GLOBAL SECURITIES REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") OR ITS NOMINEE. INTERESTS IN SUCH GLOBAL SECURITIES WILL BE SHOWN ON, AND TRANSFER THEREOF WILL BE EFFECTED ONLY THROUGH, RECORDS MAINTAINED BY THE DEPOSITARY AND ITS PARTICIPANTS. EXCEPT AS DESCRIBED HEREIN, SENIOR NOTES IN DEFINITIVE FORM WILL NOT BE ISSUED. SETTLEMENT FOR THE SENIOR NOTES WILL BE MADE IN IMMEDIATELY AVAILABLE FUNDS. SO LONG AS THE SENIOR NOTES ARE REGISTERED IN THE NAME OF THE DEPOSITARY OR ITS NOMINEE, THE SENIOR NOTES WILL TRADE IN THE DEPOSITARY'S SAME-DAY FUNDS SETTLEMENT SYSTEM AND SECONDARY MARKET TRADING ACTIVITY IN THE SENIOR NOTES WILL THEREFORE SETTLE IN IMMEDIATELY AVAILABLE FUNDS. SEE "DESCRIPTION OF THE SENIOR NOTES."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE % AND ACCRUED INTEREST

	PRICE TO PUBLIC(1)	UNDERWRITING DISCOUNTS AND COMMISSIONS(2)	PROCEEDS TO COMPANY(1)(3)
Per Senior Note.....	%	%	%
Total.....	$	$	$

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(1) Plus accrued interest from March , 1994.

(2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

(3) Before deducting expenses payable by the Company estimated at $317,000.

The Senior Notes are offered, subject to prior sale, when, as and if accepted by the Underwriters and subject to approval of certain legal matters by Wilson, Sonsini, Goodrich & Rosati, Professional Corporation, counsel for the Underwriters. It is expected that delivery of the Senior Notes will be made on or about March , 1994 through the book-entry facilities of the Depositary against payment therefor in immediately available funds.

MORGAN STANLEY & CO.
Incorporated

LEHMAN BROTHERS

J.P. MORGAN SECURITIES INC.

March , 1994

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SENIOR NOTES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No person is authorized by the Company or by the Underwriters or any dealer to give information or to make any representations other than those contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus and, if given or made, such information or representations must not be relied upon as having been so authorized. Neither this Prospectus Supplement nor the accompanying Prospectus constitutes an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this Prospectus Supplement or an offer to sell or the solicitation of an offer to buy such securities in any jurisdiction to any persons to whom it is unlawful to make such offer in such jurisdiction. The delivery of this Prospectus Supplement or the accompanying Prospectus or any sale made hereunder does not imply that the information contained herein or therein is correct as of any time subsequent to the date on which such information is given.

TABLE OF CONTENTS

THE COMPANY

Organized in 1967, Applied Materials, Inc. ("Applied Materials" or the "Company") develops, manufactures, markets and services semiconductor wafer fabrication equipment and related spare parts for the worldwide semiconductor industry. The Company's customers include both companies which manufacture semiconductor devices for use in their own products and companies which manufacture semiconductor devices for sale to others. The Company operates exclusively in the semiconductor wafer fabrication equipment industry. The Company is also a fifty percent stockholder in Applied Komatsu Technology, Inc., which produces thin film transistor fabrication systems for flat panel displays.

PRODUCTS

Applied Materials' products are sophisticated systems requiring state-of-the-art technology in wafer processing chemistry and physics, particulate control, automation, software and microprocessor control. Many of these technologies are complementary and can be applied across all of the Company's products. The Company's products are focused on providing enabling technology, productivity and yield enhancements to the customer. The Company's products are used in part of the process of fabricating semiconductor devices on a substrate of semiconductor material (usually silicon). A finished device consists of thin film layers which can form anywhere from one to millions of tiny electronic components that combine to perform desired electrical functions. The fabrication process must control film and feature quality to ensure proper device performance while meeting yield and process throughput goals. The Company currently manufactures equipment that addresses three major steps in wafer fabrication: deposition, etch and ion implantation.

Single-wafer, multi-chamber architecture. The trend toward more stringent process requirements and larger wafer sizes prompted Applied Materials to develop the single-wafer, multi-chamber system called the Precision 5000. The Company introduced the Precision 5000 with chemical vapor deposition (CVD) dielectric processes in 1987, etch processes in 1988 and CVD tungsten processes in 1989. A benefit of the single-wafer, multi-chamber architecture is its suitability for integrated processing. Integrated processing involves the use of several processing chambers, each of which is attached to a central handling system. This standard platform makes it possible to do many different process steps on the wafer without leaving a controlled environment. This integrated processing reduces the risk of particulate contamination during sequential manufacturing steps. The Company used its expertise in single-wafer, multi-chamber architecture to develop an evolutionary platform called the Endura 5500 PVD (physical vapor deposition) in 1990 featuring a staged, ultra-high vacuum architecture. In October 1991, the Company announced its second generation Precision 5000 system, the Precision 5000 Mark II, with numerous enhancements to the platform, process chambers and remote support equipment. The Precision 5000 Mark II addresses customers' demands in the manufacturing of advanced devices, such as 16 megabit DRAMs (dynamic random access memories) and the use of 200mm (8-inch) wafers. In September 1992, the Company announced its latest generation single-wafer, multi-chamber platform, the Centura, to target the high temperature thin films market as well as future process applications with 0.5 micron and below specifications. The Company has shipped more than 1,600 platforms and more than 4,700 process chambers. For the three months ended January 30, 1994, sales of the Company's single-wafer, multi-chamber systems accounted for approximately 86% of systems revenue.

Deposition. A fundamental step in fabricating a semiconductor device, deposition is a process in which a layer of either electrically insulating (dielectric) or electrically conductive material is deposited on the wafer. Deposition can be divided into several different categories of which Applied Materials currently participates in three: chemical vapor deposition (CVD), physical vapor deposition (PVD), and epitaxial and polysilicon deposition.

CVD. Chemical vapor deposition is a process used in semiconductor fabrication in which thin films (insulators, conductors and semiconductors) are deposited from gaseous sources. The Company produces several different types of CVD systems. In 1987, the Company introduced the Precision 5000 CVD which, with its automated multi-chamber architecture, provides the flexibility to perform a broad range of deposition processes utilizing up to four individual chambers on a single system. In 1989, the Company entered the market for metal chemical vapor deposition with the introduction of a new system for blanket

tungsten deposition, the Precision 5000 WCVD. This system is based on the single-wafer, multi-chamber Precision 5000 CVD system architecture and is designed to reduce operating costs for tungsten deposition and to produce high-quality tungsten films for interconnect applications in advanced semiconductor devices. In 1990, the Company introduced integrated tungsten plug fabrication capability by combining its blanket tungsten CVD deposition and etchback capabilities onto the same system. In 1991, the Company introduced tungsten silicide capabilities and in 1993, titanium nitride (TiN) capabilities to further extend the Precision 5000 platform offerings.

PVD. Physical vapor deposition is used to deposit metals on wafers during semiconductor fabrication. Unlike CVD, the sources of the deposited materials are solid sources called targets. Applied Materials first entered the PVD market in April 1990 with the Endura 5500 PVD system. The system offers a modular, single-wafer, multi-chamber platform which will accommodate both ultra-high vacuum processes like PVD, and conventional high vacuum processes like CVD and etch. In July of 1993, the Company introduced the Endura High Productivity (HP) PVD system, an enhanced version of its Endura PVD system.

Epitaxial and polysilicon deposition. Epitaxial and polysilicon deposition involve depositing a layer of high-quality, silicon based compounds on the surface of an existing silicon wafer to change its electrical properties and form the base on which the integrated circuit is built. In 1989, the Company introduced the Precision 7700 Epi system for advanced silicon deposition. The 7700 system extends the capabilities of radiantly-heated barrel technology and incorporates fully automated wafer handling as well as many features for particulate control. In September 1992, the Company announced the Centura Poly, a single-wafer, multi-chamber platform targeted at the high temperature thin film deposition of polysilicon on wafers up to 200mm (8 inch) in diameter. The Centura Epi system, which features deposition of epitaxial silicon, was announced in March 1993.

Etch. In etch processing, a wafer is first patterned with photo-resist during photolithography. Etching selectively removes material from areas which are not covered by the photo-resist pattern. Applied Materials entered the etch market in 1981 with the introduction of the AME 8100 etch system, which utilized a batch process technology for dry plasma etching. In 1985, the Company introduced the Precision Etch 8300, which featured improved levels of automation and particulate control. The Company continues to sell the Precision Etch 8300 product and has shipped approximately 800 systems. Applied Materials' first single-wafer, multi-chamber system for the dry etch market was the Precision 5000 Etch, introduced in 1988. In 1990, the Company introduced a metal etch system based on the Precision 5000 architecture which provides a single-wafer aluminum etch capabilities. In July of 1993, the Company introduced its next generation etch platform, the Centura HDP (high density plasma) Dielectric Etcher designed for applications requiring sub-0.5 micron design rules. This announcement was soon followed by the October 1993 introduction of the Precision 5000 Mark II Etch MxP, a new model of the Precision 5000-series etch system with several enhancements including process capability for .35 micron applications.

Ion Implantation. During ion implantation, silicon wafers are bombarded by a high velocity beam of electrically charged ions. These ions are lodged within the wafer at selected sites and change the electrical properties of the implanted area. Applied Materials entered the high-current portion of the implant market in 1985 with the Precision Implant 9000 and introduced the Precision Implant 9200 in 1988. In 1989, the Company added enhancements to the 9200 series including a new option for automated selection of implant angles, and new hardware/software options that enable customers to perform remote monitoring and diagnostics. In 1991, the Company announced an enhanced version of its high-current ion implanter and designated it the Precision Implant 9200XJ. In November 1992, the Company introduced a new high-current ion implantation system, the Precision Implant 9500, to address the production of high density semiconductor devices, such as 16 and 64 MB memory devices and advanced microprocessors.

CUSTOMER SERVICE AND SUPPORT

The demand for improved production yields of integrated circuits requires that semiconductor wafer processing equipment operate reliably, with maximum uptime and within very precise tolerances. Applied

Materials installs equipment and provides warranty service worldwide through offices located in the United States, Japan, Europe and the Asia/Pacific region (Korea, Taiwan, China and Singapore). Applied Materials maintains 44 service/sales offices worldwide, with 13 of those in Japan, 9 offices in Europe, 10 offices in the Asia/Pacific region and the remainder in the United States. The Company offers a variety of service contracts to customers for maintenance of installed equipment and provides a comprehensive training program for all customers.

MARKETING AND SALES

Because of the highly technical nature of its products, the Company markets its products worldwide through a direct sales force, with sales, service and spare parts offices in the United States, Japan, Europe and the Asia/Pacific region. For the fiscal year ended October 31, 1993, sales to customers in the United States, Japan, Europe and Asia/Pacific accounted for approximately 38%, 25%, 20% and 17%, respectively, of the Company's net sales. For the three months ended January 30, 1994, sales to customers in the United States, Japan, Europe and Asia/Pacific accounted for approximately 43%, 28%, 17% and 12%, respectively, of the Company's net sales. The Company's business is not considered to be seasonal in nature, but it is cyclical with respect to the capital equipment expenditures of major semiconductor manufacturers. These expenditure patterns are based on many factors including anticipated market demand for integrated circuits, the development of new technologies, and global economic conditions.

RESEARCH AND DEVELOPMENT

The market served by the Company is characterized by rapid technological change. The Company's research and development efforts are global in nature. Engineering organizations are located in the United States, England, Israel and Japan, with process support and customer demonstration laboratories in the United States and Japan. In 1991, the Company announced the opening of a new technology center in Narita, Japan. The Company also operates a technology center in Israel which is being used to develop controller configuration and software tools for its semiconductor processing systems. Applied Materials' research and development activities are primarily directed toward the development of new wafer processing systems and new process applications for existing products. Applied Materials works closely with its global customers to design its systems to meet its customers' planned technical and production requirements.

JOINT VENTURE

In September 1991, the Company announced its plans to develop thin film transistor (TFT) manufacturing systems for Active-Matrix Liquid Crystal Displays (AMLCDs). The AMLCD market currently includes screens for laptop, notebook and palmtop computers and instrument displays, and the Company believes in the future may include high-resolution workstations and High Definition Television (HDTV). In June 1993, the Company and Komatsu, Ltd. of Japan announced the signing of a letter of intent to form a joint venture corporation to target this equipment market. The joint venture was formed in September 1993 with the two companies sharing a 50-50 ownership of the joint venture company, Applied Komatsu Technology, Inc. (AKT), which is accounted for using the equity method. The Company's management believes that systems developed by AKT have the potential to lower the manufacturing costs of AMLCDs. The Company has granted to AKT an exclusive license to use the Company's intellectual property to develop, make, and sell products for the manufacture of flat panel displays, in exchange for royalties in respect thereof.

The Company was incorporated in California in 1967 and reincorporated in Delaware in 1987. Its principal executive offices are located at 3050 Bowers Avenue, Santa Clara, California 95054-3299 (telephone number (408) 727-5555). References to the Company or to Applied Materials shall mean Applied Materials, Inc. and its consolidated subsidiaries, unless the context requires otherwise. Applied Materials, Precision 5000, Endura and Centura are registered trademarks of Applied Materials, Inc. Endura 5500 PVD, Precision 5000 Mark II, Precision 5000 CVD, Precision 5000 WCVD, Endura HP PVD, Precision 7700 Epi, Centura Poly, Centura Epi, AME 8100, Precision Etch 8300, Centura HDP Dielectic Etch, Precision 5000 Mark II Etch MxP, Precision Implant 9000, Precision Implant 9200, Precision Implant 9200 XJ and Precision Implant 9500 are trademarks of Applied Materials, Inc. Applied Komatsu Technology is a trademark of Applied Komatsu Technology, Inc.

USE OF PROCEEDS

The net proceeds to be received by the Company from the sale of the Senior Notes will be used for general corporate purposes. Although the Company has no current specific plans for the proceeds of the sale of the Senior Notes, it believes that success in its industry requires substantial financial strength and flexibility. In addition, the Company from time to time considers acquisitions of complementary businesses, assets or technologies, and although there are no current agreements or understandings with respect to any such acquisition, the Company desires to be able to respond to opportunities as they arise. The Company is not negotiating, discussing or planning any potential acquisition at this time. Pending such uses, the Company will invest the net proceeds in investment-grade, interest-bearing securities.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below for, and as of the end of, each of the years in the five-year period ended October 31, 1993 have been derived from the consolidated financial statements of the Company, which have been audited by Price Waterhouse, independent accountants. The selected consolidated financial data presented below as of January 30, 1994 and January 31, 1993, and for each of the five fiscal quarters ended January 30, 1994 have been derived from unaudited interim consolidated financial information of the Company. In the opinion of management, the unaudited interim consolidated financial information have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth therein. The results of operations for the three months ended January 30, 1994 are not necessarily indicative of the results to be expected for the fiscal year ending October 30, 1994. This data should be read in conjunction with the more detailed information and consolidated financial statements and notes thereto incorporated by reference in the accompanying Prospectus.

	THREE MONTHS ENDED		FISCAL YEAR ENDED(1)				
	JANUARY 30, 1994	JANUARY 31, 1993	1993	1992	1991	1990	1989
	(IN THOUSANDS, EXCEPT RATIOS AND PER SHARE DATA)						
STATEMENT OF OPERATIONS DATA(2):							
Net sales	$ 340,449	$ 215,574	$1,080,047	$751,383	$638,606	$567,130	$501,846
Costs and expenses:							
Cost of products sold	184,470	123,967	604,363	443,179	370,025	302,001	257,149
Research, development and engineering	39,238	30,185	140,161	109,196	102,665	97,066	72,296
Marketing and selling	34,033	23,384	107,275	78,141	70,416	68,238	56,159
General and administrative	19,732	13,456	64,379	48,242	42,812	40,875	32,776
Other, net	655	903	2,875	4,249	3,316	3,116	2,885
Income from operations	62,321	23,679	160,994	68,376	49,372	55,834	80,581
Interest expense	3,648	3,598	14,206	15,207	13,969	6,717	2,768
Interest income	2,007	1,838	6,770	5,756	4,952	4,967	6,589
Income from consolidated companies before taxes and cumulative effect of accounting change	60,680	21,919	153,558	58,925	40,355	54,084	84,402
Provision for income taxes	21,238	7,233	50,674	19,445	14,124	20,011	32,918
Income from consolidated companies before cumulative effect of accounting change	39,442	14,686	102,884	39,480	26,231	34,073	51,484
Equity in net loss of joint venture	2,051	--	3,189	--	--	--	--
Income before cumulative effect of accounting change	37,391	14,686	99,695	39,480	26,231	34,073	51,484
Cumulative effect of a change in accounting for income taxes	7,000	--	--	--	--	--	--
Net income	$ 44,391	$ 14,686	$ 99,695	$ 39,480	$ 26,231	$ 34,073	$ 51,484
Earnings per share:							
Income before cumulative effect of accounting change	$ 0.45	$ 0.18	$ 1.21	$ 0.54	$ 0.38	$ 0.50	$ 0.77
Net income	$ 0.53	$ 0.18	$ 1.21	$ 0.54	$ 0.38	$ 0.50	$ 0.77
Average common shares and equivalents	83,245	81,592	82,294	72,680	68,900	68,144	67,028
RATIO OF EARNINGS TO FIXED CHARGES(3)	10.70x	4.83x	7.61x	3.63x	3.02x	5.89x	15.42x
BALANCE SHEET DATA (AT PERIOD END):							
Cash and short-term investments	$ 222,524	$ 199,627	$ 266,180	$222,670	$140,134	$ 72,016	$107,108
Accounts receivable, net	291,980	179,056	256,020	191,510	152,787	147,267	131,563
Inventories	177,592	122,405	154,597	110,667	101,471	102,272	77,015
Total current assets	794,340	560,160	775,916	581,797	434,199	366,894	342,944
Property, plant and equipment, net	334,296	261,756	327,704	258,521	213,231	181,494	82,127
Total assets	1,142,197	834,856	1,120,152	853,822	660,756	558,009	433,857
Short-term debt	41,493	30,918	48,662	33,947	36,704	27,413	14,302
Total current liabilities	359,004	220,038	380,528	248,207	199,988	195,238	142,852
Long-term debt	119,043	116,502	121,076	118,445	123,967	53,611	29,445
Stockholders' equity	640,755	484,903	598,762	474,111	325,454	300,308	254,399

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(1) The Company's fiscal year ends on the last Sunday of October.

(2) Share information and per share data have been restated to reflect a two-for-one stock split in the form of a 100% stock dividend effective April 6, 1992, and an additional two-for-one stock split in the form of a 100% stock dividend effective October 5, 1993.

(3) For the purpose of calculating the ratio of earnings to fixed charges, (i)

earnings consists of income before taxes and cumulative effect of accounting change plus fixed charges and (ii) fixed charges consists of interest expense incurred, amortization of debt issuance expense and the portion of rental expense under operating leases deemed by the Company to be representative of the interest factor.

SELECTED CONSOLIDATED FINANCIAL DATA -- (CONTINUED)

	THREE MONTHS ENDED(1)				
	JAN. 30, 1994	OCT. 31, 1993	AUG. 1, 1993	MAY 2, 1993	JAN. 31, 1993
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA:					
Net sales	$340,449	$327,411	$281,370	$255,692	$215,574
Costs and expenses:					
Cost of products sold	184,470	179,822	155,398	145,176	123,967
Research, development and engineering	39,238	39,089	37,058	33,829	30,185
Marketing and selling	34,033	31,623	27,056	25,212	23,384
General and administrative	19,732	19,228	16,585	15,110	13,456
Other, net	655	(568)	1,365	1,175	903
Income from operations	62,321	58,217	43,908	35,190	23,679
Interest expense	3,648	3,888	3,373	3,347	3,598
Interest income	2,007	1,935	1,514	1,483	1,838
Income from consolidated companies before taxes and cumulative effect of accounting change	60,680	56,264	42,049	33,326	21,919
Provision for income taxes	21,238	18,567	13,876	10,998	7,233
Income from consolidated companies before cumulative effect of accounting change	39,442	37,697	28,173	22,328	14,686
Equity in net loss of joint venture	2,051	3,189	--	--	--
Income before cumulative effect of accounting change	37,391	34,508	28,173	22,328	14,686
Cumulative effect of a change in accounting for income taxes	7,000	--	--	--	--
Net income	$ 44,391	$ 34,508	$ 28,173	$ 22,328	$ 14,686
Earnings per share:					
Income before cumulative effect of accounting change	$ 0.45	$ 0.42	$ 0.34	$ 0.27	$ 0.18
Net income	$ 0.53	$ 0.42	$ 0.34	$ 0.27	$ 0.18
Average common shares and equivalents	83,245	83,016	82,532	82,034	81,592

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(1) Share information and per share data have been restated to reflect a two-for-one stock split in the form of a 100% stock dividend effective October 5, 1993.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as of January 30, 1994, and as adjusted to give effect to the sale of the Senior Notes offered hereby (without giving effect to the payment of expenses) and the application of the net proceeds therefrom:

	JANUARY 30, 1994	
	ACTUAL	AS ADJUSTED(1)
	(IN THOUSANDS)	
Short-term debt:		
Notes payable to banks	$ 34,497	$ 34,497
Current portion of long-term debt	6,996	6,996
Total short-term debt	$ 41,493	$ 41,493
Long-term debt:		
Secured Japanese debt	$ 44,043	$ 44,043
Unsecured senior notes	75,000	75,000
Senior Notes offered hereby	--	100,000
Total long-term debt	119,043	219,043
Stockholders' equity:		
Preferred Stock; $0.01 par value; 1,000 shares authorized; no shares issued	--	--
Common Stock; $0.01 par value; 100,000 shares authorized(2); 80,674 shares issued and outstanding	807	807
Additional paid-in capital	256,679	256,679
Retained earnings	369,621	369,621
Cumulative translation adjustments	13,648	13,648
Total stockholders' equity	640,755	640,755
Total capitalization	$759,798	$ 859,798

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(1) The Company intends to concurrently offer to the public 2,000,000 shares (together with an underwriters' overallotment option consisting of 300,000 shares) of the Company's Common Stock. If the sale of the Common Stock is consummated and, assuming a public offering price of $47 1/2 per share and that the underwriters' overallotment option is not exercised, the Company's Common Stock, Additional paid-in capital, Total stockholders' equity and Total capitalization, each as adjusted, will increase to $827,000, $347,341,000, $731,437,000 and $950,480,000, respectively. No assurances can be given that the sale of the Common Stock will occur.

(2) Of the authorized shares, as of January 30, 1994, an aggregate of approximately 7,176,000 shares were reserved for issuance upon exercise of outstanding options and an aggregate of approximately 3,662,000 shares were available for future grants under the Company's stock option plans.

DESCRIPTION OF THE SENIOR NOTES

The following description of the particular terms of the Senior Notes offered hereby supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Debt Securities set forth in the accompanying Prospectus, to which description reference is hereby made. Capitalized terms not otherwise defined herein or in the accompanying Prospectus have the meanings given to them in the Indenture.

GENERAL

The Senior Notes will be limited to $100,000,000 aggregate principal amount and will mature on March , 2004. The Senior Notes will bear interest at the rate of % per annum, computed on the basis of a 360-day year of twelve 30-day months, from March , 1994, or from the most recent Interest Payment Date to which interest has been paid or provided for, payable semiannually on March 15 and September 15 of each year, commencing September 15, 1994, to the persons in whose names the Senior Notes (or any predecessor Senior Notes) are registered at the close of business on the March 1 or September 1, as the case may be, next preceding such Interest Payment Date. The Senior Notes will be issued only in registered form in denominations of $1,000 and any integral multiple thereof.

The Senior Notes will be senior unsecured general obligations of the Company that will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company from time to time outstanding.

The Senior Notes will not be redeemable prior to maturity and will not be entitled to any sinking fund. The defeasance and covenant defeasance provisions of the Indenture described under the caption "Description of Debt Securities -- Defeasance and Covenant Defeasance" in the accompanying Prospectus will apply to the Senior Notes.

BOOK-ENTRY SYSTEM

The Senior Notes will be issued in the form of one or more fully registered global securities (collectively, the "Global Note") which will be deposited with, or on behalf of, The Depository Trust Company, New York, New York, as Depositary, and registered in the name of the Depositary's nominee. Except as set forth below, the Global Note may be transferred, in whole and not in part, only to the Depositary or another nominee of the Depositary.

The Depositary has advised the Company and the Underwriters as follows: The Depositary is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. The Depositary holds securities that its participants ("Participants") deposit with the Depositary. The Depositary also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). The Depositary is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the Depositary system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to the Depositary and its Participants are on file with the Securities and Exchange Commission.

Purchases of interests in the Global Note under the Depositary system must be made by or through Direct Participants, which will receive a credit for such interests in the Depositary's records. The ownership interest of each actual purchaser of interests in the Global Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written

confirmation from the Depositary of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Global Note are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Global Note, except as described below.

To facilitate subsequent transfers, the Global Note deposited by Participants with the Depositary is registered in the name of the Depositary's partnership nominee, Cede & Co. The deposit of the Global Note with the Depositary and its registration in the name of Cede & Co. effects no change in beneficial ownership. The Depositary has no knowledge of the actual Beneficial Owners of the interests in the Global Note; the Depositary's records reflect only the identity of the Direct Participants to whose accounts interests in the Global Note are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by the Depositary to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither the Depositary nor Cede & Co. will consent or vote with respect to the Global Note. Under its usual procedures, the Depositary mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts interests in the Global Note are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Global Note will be made to the Depositary. The Depositary's practice is to credit Direct Participants' accounts on the payment date in accordance with their respective holdings shown on the Depositary's records unless the Depositary has reason to believe that it will not receive payment on the payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the Depositary, the Paying Agent, or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to the Depositary is the responsibility of the Company or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of the Depositary, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The Depositary may discontinue providing its services as depositary with respect to the Senior Notes at any time by giving reasonable notice to the Company or the Paying Agent. Under such circumstances, in the event that a successor depositary is not obtained, definitive Senior Note certificates are required to be printed and delivered.

The Senior Notes represented by a Global Note will be exchangeable for Senior Notes in definitive form of like tenor as such Global Note in denominations of $1,000 and in any greater amount that is an integral multiple thereof if (i) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Note or if at any time the Depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, (ii) the Company in its discretion at any time determines not to have all of the Senior Notes represented by a Global Note and notifies the Trustee thereof or (iii) an Event of Default has occurred and is continuing with respect to the Senior Notes. Any Senior Note that is exchangeable pursuant to the preceding sentence is exchangeable for Senior Notes issuable in authorized denominations and registered in such names as the Depositary shall instruct the Trustee. It is expected that such instructions may be based upon directions received by the Depositary from its participants with respect to ownership of beneficial interests in such Global Note. Subject to the foregoing, a Global Note is not exchangeable, except for a Global Note or Global Notes of the same aggregate denominations to be registered in the name of the Depositary or its nominee.

The information in this section concerning the Depositary and the Depositary's book-entry system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

SAME-DAY SETTLEMENT AND PAYMENT

Settlement for the Senior Notes will be made by the Underwriters in immediately available or same-day funds.

Secondary trading on long-term notes and debentures of corporate issuers is generally settled in clearing-house or next-day funds. In contrast, the Senior Notes will trade in the Depositary's Same-Day Funds Settlement System until maturity, and secondary market trading activity in the Senior Notes will therefore be required by the Depositary to settle in same-day funds. No assurance can be given as to the effect, if any, of settlement in same-day funds on trading activity in the Senior Notes.

UNDERWRITERS

Under the terms and subject to the conditions contained in an Underwriting Agreement, dated the date hereof, the Underwriters named below have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective principal amounts of Senior Notes set forth opposite their respective names below:

NAME	PRINCIPAL AMOUNT OF SENIOR NOTES
Morgan Stanley & Co. Incorporated.....	$
Lehman Brothers Inc.	
J.P. Morgan Securities Inc.	
Total.....	$100,000,000

The Underwriting Agreement provides that the obligation of the several Underwriters to pay for and accept delivery of the Senior Notes is subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are obligated to take and pay for all of the Senior Notes if any are taken.

The Underwriters initially propose to offer part of the Senior Notes directly to the public at the public offering price set forth on the cover page hereof and part to certain dealers at a price that represents a concession not in excess of % of the principal amount of the Senior Notes. Any Underwriter may allow, and such dealers may reallow, a concession not in excess of % of the principal amount of the Senior Notes to certain other dealers. After the initial offering of the Senior Notes, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The Company does not intend to apply for listing of the Senior Notes on a national securities exchange, but has been advised by the Underwriters that they presently intend to make a market in the Senior Notes, as permitted by applicable laws and regulations. The Underwriters are not obligated, however, to make a market in the Senior Notes and any such market-making may be discontinued at any time at the sole discretion of the Underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Senior Notes. The Underwriters do not intend to confirm sales to accounts over which they exercise discretionary authority.

From time to time, certain of the Underwriters or their affiliates have provided, and may continue to provide, investment banking and/or commercial banking services to the Company.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus supplement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, DATED MARCH , 1994

PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED MARCH , 1994)

2,000,000 SHARES

[LOGO] APPLIED MATERIALS
COMMON STOCK

All of the 2,000,000 shares of Common Stock offered hereby are being sold by Applied Materials, Inc. ("Applied Materials" or the "Company").

The Company's Common Stock is quoted on the Nasdaq National Market under the symbol "AMAT." On February 28, 1994, the last reported sale price of the Common Stock as reported on the Nasdaq National Market was $47 1/2 per share. See "Price Range of Common Stock."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)
Per Share.....	$	$	$
Total(3).....	$	$	$

(1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting."

(2) Before deducting estimated expenses of $238,000 payable by the Company.

(3) The Company has granted the Underwriters a 30-day option to purchase up to 300,000 additional shares of Common Stock on the same terms and conditions as set forth above, solely to cover over-allotments, if any. If such option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions and proceeds to Company will be $, $ and $, respectively. See "Underwriting."

The shares of Common Stock offered by this Prospectus Supplement are offered by the Underwriters subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery and acceptance by the Underwriters and to certain other conditions. It is expected that delivery of the shares will be made at the offices of Lehman Brothers Inc., New York, New York on or about March , 1994.

LEHMAN BROTHERS
MORGAN STANLEY & CO.
INCORPORATED
COWEN & COMPANY

NEEDHAM & COMPANY, INC.

ROBERTSON, STEPHENS & COMPANY

March , 1994

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN CONNECTION WITH THIS OFFERING, CERTAIN UNDERWRITERS AND SELLING GROUP MEMBERS, IF ANY, MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMMON STOCK OFFERED HEREBY ON NASDAQ IN ACCORDANCE WITH RULE 10B-6A UNDER THE SECURITIES EXCHANGE ACT OF 1934. SEE "UNDERWRITING."

THE COMPANY

Organized in 1967, Applied Materials, Inc. ("Applied Materials" or the "Company") develops, manufactures, markets and services semiconductor wafer fabrication equipment and related spare parts for the worldwide semiconductor industry. The Company's customers include both companies which manufacture semiconductor devices for use in their own products and companies which manufacture semiconductor devices for sale to others. The Company operates exclusively in the semiconductor wafer fabrication equipment industry. The Company is also a fifty percent stockholder in Applied Komatsu Technology, Inc., which produces thin film transistor fabrication systems for flat panel displays.

PRODUCTS

Applied Materials' products are sophisticated systems requiring state-of-the-art technology in wafer processing chemistry and physics, particulate control, automation, software and microprocessor control. Many of these technologies are complementary and can be applied across all of the Company's products. The Company's products are focused on providing enabling technology, productivity and yield enhancements to the customer. The Company's products are used in part of the process of fabricating semiconductor devices on a substrate of semiconductor material (usually silicon). A finished device consists of thin film layers which can form anywhere from one to millions of tiny electronic components that combine to perform desired electrical functions. The fabrication process must control film and feature quality to ensure proper device performance while meeting yield and process throughput goals. The Company currently manufactures equipment that addresses three major steps in wafer fabrication: deposition, etch and ion implantation.

Single-wafer, multi-chamber architecture. The trend toward more stringent process requirements and larger wafer sizes prompted Applied Materials to develop the single-wafer, multi-chamber system called the Precision 5000. The Company introduced the Precision 5000 with chemical vapor deposition (CVD) dielectric processes in 1987, etch processes in 1988 and CVD tungsten processes in 1989. A benefit of the single-wafer, multi-chamber architecture is its suitability for integrated processing. Integrated processing involves the use of several processing chambers, each of which is attached to a central handling system. This standard platform makes it possible to do many different process steps on the wafer without leaving a controlled environment. This integrated processing reduces the risk of particulate contamination during sequential manufacturing steps. The Company used its expertise in single-wafer, multi-chamber architecture to develop an evolutionary platform called the Endura 5500 PVD (physical vapor deposition) in 1990 featuring a staged, ultra-high vacuum architecture. In October 1991, the Company announced its second generation Precision 5000 system, the Precision 5000 Mark II, with numerous enhancements to the platform, process chambers and remote support equipment. The Precision 5000 Mark II addresses customers' demands in the manufacturing of advanced devices, such as 16 megabit DRAMs (dynamic random access memories) and the use of 200mm (8-inch) wafers. In September 1992, the Company announced its latest generation single-wafer, multi-chamber platform, the Centura, to target the high temperature thin films market as well as future process applications with 0.5 micron and below specifications. The Company has shipped more than 1,600 platforms and more than 4,700 process chambers. For the three months ended January 30, 1994, sales of the Company's single-wafer, multi-chamber systems accounted for approximately 86% of systems revenue.

Deposition. A fundamental step in fabricating a semiconductor device, deposition is a process in which a layer of either electrically insulating (dielectric) or electrically conductive material is deposited on the wafer. Deposition can be divided into several different categories of which Applied Materials currently participates in three: chemical vapor deposition (CVD), physical vapor deposition (PVD), and epitaxial and polysilicon deposition.

CVD. Chemical vapor deposition is a process used in semiconductor fabrication in which thin films (insulators, conductors and semiconductors) are deposited from gaseous sources. The Company produces several different types of CVD systems. In 1987, the Company introduced the Precision 5000 CVD which, with its automated multi-chamber architecture, provides the flexibility to perform a broad range of deposition processes utilizing up to four individual chambers on a single system. In 1989, the Company entered the market for metal chemical vapor deposition with the introduction of a new system for blanket

tungsten deposition, the Precision 5000 WCVD. This system is based on the single-wafer, multi-chamber Precision 5000 CVD system architecture and is designed to reduce operating costs for tungsten deposition and to produce high-quality tungsten films for interconnect applications in advanced semiconductor devices. In 1990, the Company introduced integrated tungsten plug fabrication capability by combining its blanket tungsten CVD deposition and etchback capabilities onto the same system. In 1991, the Company introduced tungsten silicide capabilities and in 1993, titanium nitride (TiN) capabilities to further extend the Precision 5000 platform offerings.

PVD. Physical vapor deposition is used to deposit metals on wafers during semiconductor fabrication. Unlike CVD, the sources of the deposited materials are solid sources called targets. Applied Materials first entered the PVD market in April 1990 with the Endura 5500 PVD system. The system offers a modular, single-wafer, multi-chamber platform which will accommodate both ultra-high vacuum processes like PVD, and conventional high vacuum processes like CVD and etch. In July of 1993, the Company introduced the Endura High Productivity (HP) PVD system, an enhanced version of its Endura PVD system.

Epitaxial and polysilicon deposition. Epitaxial and polysilicon deposition involve depositing a layer of high-quality, silicon based compounds on the surface of an existing silicon wafer to change its electrical properties and form the base on which the integrated circuit is built. In 1989, the Company introduced the Precision 7700 Epi system for advanced silicon deposition. The 7700 system extends the capabilities of radiantly-heated barrel technology and incorporates fully automated wafer handling as well as many features for particulate control. In September 1992, the Company announced the Centura Poly, a single-wafer, multi-chamber platform targeted at the high temperature thin film deposition of polysilicon on wafers up to 200mm (8 inch) in diameter. The Centura Epi system, which features deposition of epitaxial silicon, was announced in March 1993.

Etch. In etch processing, a wafer is first patterned with photo-resist during photolithography. Etching selectively removes material from areas which are not covered by the photo-resist pattern. Applied Materials entered the etch market in 1981 with the introduction of the AME 8100 etch system, which utilized a batch process technology for dry plasma etching. In 1985, the Company introduced the Precision Etch 8300, which featured improved levels of automation and particulate control. The Company continues to sell the Precision Etch 8300 product and has shipped approximately 800 systems. Applied Materials' first single-wafer, multi-chamber system for the dry etch market was the Precision 5000 Etch, introduced in 1988. In 1990, the Company introduced a metal etch system based on the Precision 5000 architecture which provides a single-wafer aluminum etch capabilities. In July of 1993, the Company introduced its next generation etch platform, the Centura HDP (high density plasma) Dielectric Etcher designed for applications requiring sub-0.5 micron design rules. This announcement was soon followed by the October 1993 introduction of the Precision 5000 Mark II Etch MxP, a new model of the Precision 5000-series etch system with several enhancements including process capability for .35 micron applications.

Ion Implantation. During ion implantation, silicon wafers are bombarded by a high velocity beam of electrically charged ions. These ions are lodged within the wafer at selected sites and change the electrical properties of the implanted area. Applied Materials entered the high-current portion of the implant market in 1985 with the Precision Implant 9000 and introduced the Precision Implant 9200 in 1988. In 1989, the Company added enhancements to the 9200 series including a new option for automated selection of implant angles, and new hardware/software options that enable customers to perform remote monitoring and diagnostics. In 1991, the Company announced an enhanced version of its high-current ion implanter and designated it the Precision Implant 9200XJ. In November 1992, the Company introduced a new high-current ion implantation system, the Precision Implant 9500, to address the production of high density semiconductor devices, such as 16 and 64 MB memory devices and advanced microprocessors.

CUSTOMER SERVICE AND SUPPORT

The demand for improved production yields of integrated circuits requires that semiconductor wafer processing equipment operate reliably, with maximum uptime and within very precise tolerances. Applied Materials installs equipment and provides warranty service worldwide through offices located in the United

States, Japan, Europe and the Asia/Pacific region (Korea, Taiwan, China and Singapore). Applied Materials maintains 44 service/sales offices worldwide, with 13 of those in Japan, 9 offices in Europe, 10 offices in the Asia/Pacific region and the remainder in the United States. The Company offers a variety of service contracts to customers for maintenance of installed equipment and provides a comprehensive training program for all customers.

MARKETING AND SALES

Because of the highly technical nature of its products, the Company markets its products worldwide through a direct sales force, with sales, service and spare parts offices in the United States, Japan, Europe and the Asia/Pacific region. For the fiscal year ended October 31, 1993, sales to customers in the United States, Japan, Europe and Asia/Pacific accounted for approximately 38%, 25%, 20% and 17%, respectively, of the Company's net sales. For the three months ended January 30, 1994, sales to customers in the United States, Japan, Europe and Asia/Pacific accounted for approximately 43%, 28%, 17% and 12%, respectively, of the Company's net sales. The Company's business is not considered to be seasonal in nature, but it is cyclical with respect to the capital equipment expenditures of major semiconductor manufacturers. These expenditure patterns are based on many factors including anticipated market demand for integrated circuits, the development of new technologies, and global economic conditions.

RESEARCH AND DEVELOPMENT

The market served by the Company is characterized by rapid technological change. The Company's research and development efforts are global in nature. Engineering organizations are located in the United States, England, Israel and Japan, with process support and customer demonstration laboratories in the United States and Japan. In 1991, the Company announced the opening of a new technology center in Narita, Japan. The Company also operates a technology center in Israel which is being used to develop controller configuration and software tools for its semiconductor processing systems. Applied Materials' research and development activities are primarily directed toward the development of new wafer processing systems and new process applications for existing products. Applied Materials works closely with its global customers to design its systems to meet its customers' planned technical and production requirements.

JOINT VENTURE

In September 1991, the Company announced its plans to develop thin film transistor (TFT) manufacturing systems for Active-Matrix Liquid Crystal Displays (AMLCDs). The AMLCD market currently includes screens for laptop, notebook and palmtop computers and instrument displays, and the Company believes in the future may include high-resolution workstations and High Definition Television (HDTV). In June 1993, the Company and Komatsu, Ltd. of Japan announced the signing of a letter of intent to form a joint venture corporation to target this equipment market. The joint venture was formed in September 1993 with the two companies sharing a 50-50 ownership of the joint venture company, Applied Komatsu Technology, Inc. (AKT), which is accounted for using the equity method. The Company's management believes that systems developed by AKT have the potential to lower the manufacturing costs of AMLCDs. The Company has granted to AKT an exclusive license to use the Company's intellectual property to develop, make, and sell products for the manufacture of flat panel displays, in exchange for royalties in respect thereof.

The Company was incorporated in California in 1967 and reincorporated in Delaware in 1987. Its principal executive offices are located at 3050 Bowers Avenue, Santa Clara, California 95054-3299 (telephone number (408) 727-5555). References to the Company or to Applied Materials shall mean Applied Materials, Inc. and its consolidated subsidiaries, unless the context requires otherwise. Applied Materials, Precision 5000, Endura and Centura are registered trademarks of Applied Materials, Inc. Endura 5500 PVD, Precision 5000 Mark II, Precision 5000 CVD, Precision 5000 WCVD, Endura HP PVD, Precision 7700 Epi, Centura Poly, Centura Epi, AME 8100, Precision Etch 8300, Centura HDP Dielectic Etch, Precision 5000 Mark II Etch MxP, Precision Implant 9000, Precision Implant 9200, Precision Implant 9200 XJ and Precision Implant 9500 are trademarks of Applied Materials, Inc. Applied Komatsu Technology is a trademark of Applied Komatsu Technology, Inc.

USE OF PROCEEDS

The net proceeds to be received by the Company from the sale of the 2,000,000 shares of Common Stock offered hereby are estimated to be $90,682,000 ($104,320,000 if the Underwriters' over-allotment option is exercised in full), assuming a public offering price of $47 1/2 per share and after deducting estimated underwriting discounts and commissions and expenses of the offering. The net proceeds will be used for general corporate purposes. Although the Company has no current specific plans for the proceeds of the sale of the shares of Common Stock offered hereby, it believes that success in its industry requires substantial financial strength and flexibility. In addition, the Company from time to time considers acquisitions of complementary businesses, assets or technologies, and although there are no current agreements or understandings with respect to any such acquisition, the Company desires to be able to respond to opportunities as they arise. The Company is not negotiating, discussing or planning any potential acquisition at this time. Pending such uses, the Company will invest the net proceeds in investment-grade, interest-bearing securities.

PRICE RANGE OF COMMON STOCK

The Company's Common Stock is traded on the Nasdaq National Market under the symbol AMAT. The following table sets forth, for the periods indicated, high and low closing sale prices for the Common Stock, as reported by Nasdaq. All prices have been restated to reflect a two-for-one stock split in the form of a 100% stock dividend effective April 6, 1992 and an additional two-for-one stock split in the form of a 100% stock dividend effective October 5, 1993.

FISCAL YEAR	HIGH	LOW
1992:		
First Quarter	$ 9 5/8	$ 5 3/4
Second Quarter	11 13/16	9 1/8
Third Quarter	11 1/4	8 5/8
Fourth Quarter	14 5/8	10
1993:		
First Quarter	19 3/8	14 7/16
Second Quarter	22 5/8	17 1/2
Third Quarter	33	21 1/2
Fourth Quarter	39 1/4	28 5/8
1994:		
First Quarter	43 3/4	30
Second Quarter (through February 28, 1994)	50 1/4	42 1/4

On February 28, 1994, the closing sale price for the Common Stock as reported by Nasdaq was $47 1/2 per share.

DIVIDEND POLICY

The Company has paid no cash dividends on its Common Stock since its incorporation and anticipates that for the foreseeable future it will continue to retain any earnings for use in its business. Certain of the Company's debt agreements limit the Company's ability to pay dividends on its Common Stock.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as of January 30, 1994, and as adjusted to give effect to the issuance and sale by the Company of the shares of Common Stock offered hereby (assuming a public offering price of $47 1/2 per share), and the application of the estimated net proceeds therefrom:

	JANUARY 30, 1994	
	ACTUAL	AS ADJUSTED(1)
	(IN THOUSANDS)	
Short-term debt:		
Notes payable to banks	$ 34,497	$ 34,497
Current portion of long-term debt	6,996	6,996
Total short-term debt	$ 41,493	$ 41,493
Long-term debt:		
Secured Japanese debt	$ 44,043	$ 44,043
Unsecured senior notes	75,000	75,000
Total long-term debt	119,043	119,043
Stockholders' equity:		
Preferred Stock; $0.01 par value; 1,000 shares authorized; no shares issued	--	--
Common Stock; $0.01 par value; 100,000 shares authorized(2); 80,674 shares issued and outstanding; 82,674 shares outstanding as adjusted	807	827
Additional paid-in capital	256,679	347,341
Retained earnings	369,621	369,621
Cumulative translation adjustments	13,648	13,648
Total stockholders' equity	640,755	731,437
Total capitalization	$759,798	$850,480

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(1) The Company intends to concurrently offer to the public $100,000,000 of unsecured senior notes with a ten year maturity. For a description of certain terms of the senior notes, see "Description of Debt Securities" in the accompanying Prospectus. If the sale of the senior notes is consummated, the Company's Unsecured senior notes, Total long-term debt and Total capitalization, each as adjusted, will increase to $175,000,000, $219,043,000 and $950,480,000, respectively. No assurances can be given that the sale of the senior notes will occur.

(2) Of the authorized shares, as of January 30, 1994, an aggregate of approximately 7,176,000 shares were reserved for issuance upon exercise of outstanding options and an aggregate of approximately 3,662,000 shares were available for future grants under the Company's stock option plans.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below for, and as of the end of, each of the years in the five-year period ended October 31, 1993 have been derived from the consolidated financial statements of the Company, which have been audited by Price Waterhouse, independent accountants. The selected consolidated financial data presented below as of January 30, 1994 and January 31, 1993, and for each of the five fiscal quarters ended January 30, 1994 have been derived from unaudited interim consolidated financial information of the Company. In the opinion of management, the unaudited interim consolidated financial information have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth therein. The results of operations for the three months ended January 30, 1994 are not necessarily indicative of the results to be expected for the fiscal year ending October 30, 1994. This data should be read in conjunction with the more detailed information and consolidated financial statements and notes thereto incorporated by reference in the accompanying Prospectus.

	THREE MONTHS ENDED		FISCAL YEAR ENDED(1)				
	JAN. 30, 1994	JAN. 31, 1993	1993	1992	1991	1990	1989
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
STATEMENT OF OPERATIONS DATA(2):							
Net sales	$ 340,449	$215,574	$1,080,047	$751,383	$638,606	$567,130	$501,846
Costs and expenses:							
Cost of products sold	184,470	123,967	604,363	443,179	370,025	302,001	257,149
Research, development and engineering	39,238	30,185	140,161	109,196	102,665	97,066	72,296
Marketing and selling	34,033	23,384	107,275	78,141	70,416	68,238	56,159
General and administrative	19,732	13,456	64,379	48,242	42,812	40,875	32,776
Other, net	655	903	2,875	4,249	3,316	3,116	2,885
Income from operations	62,321	23,679	160,994	68,376	49,372	55,834	80,581
Interest expense	3,648	3,598	14,206	15,207	13,969	6,717	2,768
Interest income	2,007	1,838	6,770	5,756	4,952	4,967	6,589
Income from consolidated companies before taxes and cumulative effect of accounting change	60,680	21,919	153,558	58,925	40,355	54,084	84,402
Provision for income taxes	21,238	7,233	50,674	19,445	14,124	20,011	32,918
Income from consolidated companies before cumulative effect of accounting change	39,442	14,686	102,884	39,480	26,231	34,073	51,484
Equity in net loss of joint venture	2,051	--	3,189	--	--	--	--
Income before cumulative effect of accounting change	37,391	14,686	99,695	39,480	26,231	34,073	51,484
Cumulative effect of a change in accounting for income taxes	7,000	--	--	--	--	--	--
Net income	$ 44,391	$ 14,686	$ 99,695	$ 39,480	$ 26,231	$ 34,073	$ 51,484
Earnings per share:							
Income before cumulative effect of accounting change	$ 0.45	$ 0.18	$ 1.21	$ 0.54	$ 0.38	$ 0.50	$ 0.77
Net income	$ 0.53	$ 0.18	$ 1.21	$ 0.54	$ 0.38	$ 0.50	$ 0.77
Average common shares and equivalents	83,245	81,592	82,294	72,680	68,900	68,144	67,028
BALANCE SHEET DATA (AT PERIOD END):							
Cash and short-term investments	$ 222,524	$199,627	$ 266,180	$222,670	$140,134	$ 72,016	$107,108
Accounts receivable, net	291,980	179,056	256,020	191,510	152,787	147,267	131,563
Inventories	177,592	122,405	154,597	110,667	101,471	102,272	77,015
Total current assets	794,340	560,160	775,916	581,797	434,199	366,894	342,944
Property, plant and equipment, net	334,296	261,756	327,704	258,521	213,231	181,494	82,127
Total assets	1,142,197	834,856	1,120,152	853,822	660,756	558,009	433,857
Short-term debt	41,493	30,918	48,662	33,947	36,704	27,413	14,302
Total current liabilities	359,004	220,038	380,528	248,207	199,988	195,238	142,852
Long-term debt	119,043	116,502	121,076	118,445	123,967	53,611	29,445
Stockholders' equity	640,755	484,903	598,762	474,111	325,454	300,308	254,399

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(1) The Company's fiscal year ends on the last Sunday of October.

(2) Share information and per share data have been restated to reflect a two-for-one stock split in the form of a 100% stock dividend effective April 6, 1992, and an additional two-for-one stock split in the form of a 100% stock dividend effective October 5, 1993.

SELECTED CONSOLIDATED FINANCIAL DATA -- (CONTINUED)

	THREE MONTHS ENDED(1)				
	JAN. 30, 1994	OCT. 31, 1993	AUG. 1, 1993	MAY 2, 1993	JAN. 31, 1993
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA:					
Net sales	$340,449	$327,411	$281,370	$255,692	$215,574
Costs and expenses:					
Cost of products sold	184,470	179,822	155,398	145,176	123,967
Research, development and engineering	39,238	39,089	37,058	33,829	30,185
Marketing and selling	34,033	31,623	27,056	25,212	23,384
General and administrative	19,732	19,228	16,585	15,110	13,456
Other, net	655	(568)	1,365	1,175	903
Income from operations	62,321	58,217	43,908	35,190	23,679
Interest expense	3,648	3,888	3,373	3,347	3,598
Interest income	2,007	1,935	1,514	1,483	1,838
Income from consolidated companies before taxes and cumulative effect of accounting change	60,680	56,264	42,049	33,326	21,919
Provision for income taxes	21,238	18,567	13,876	10,998	7,233
Income from consolidated companies before cumulative effect of accounting change	39,442	37,697	28,173	22,328	14,686
Equity in net loss of joint venture	2,051	3,189	--	--	--
Income before cumulative effect of accounting change	37,391	34,508	28,173	22,328	14,686
Cumulative effect of a change in accounting for income taxes	7,000	--	--	--	--
Net income	$ 44,391	$ 34,508	$ 28,173	$ 22,328	$ 14,686
Earnings per share:					
Income before cumulative effect of accounting change	$ 0.45	$ 0.42	$ 0.34	$ 0.27	$ 0.18
Net income	$ 0.53	$ 0.42	$ 0.34	$ 0.27	$ 0.18
Average common shares and equivalents	83,245	83,016	82,532	82,034	81,592

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(1) Share information and per share data have been restated to reflect a two-for-one stock split in the form of a 100% stock dividend effective October 5, 1993.

UNDERWRITING

The Underwriters named below (the "Underwriters") have severally agreed, subject to the terms and conditions of the Underwriting Agreement (the form of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part), to purchase from the Company, and the Company has agreed to sell to each Underwriter, the aggregate number of shares of Common Stock set forth opposite their respective names below:

UNDERWRITERS	NUMBER OF SHARES
Lehman Brothers Inc.	
Morgan Stanley & Co. Incorporated	
Cowen & Company	
Needham & Company, Inc.	
Robertson, Stephens & Company, L.P.	
Total	2,000,000

The Underwriting Agreement provides that the obligations of the Underwriters to purchase shares of Common Stock are subject to certain conditions, and that if any of the foregoing shares of Common Stock are purchased by the Underwriters pursuant to the Underwriting Agreement, all shares of Common Stock agreed to be purchased by the Underwriters pursuant to the Underwriting Agreement, must be so purchased.

The Company has been advised that the Underwriters propose to offer the shares of Common Stock directly to the public initially at the public offering price set forth on the cover page of this Prospectus, and to certain selected dealers (who may include the Underwriters) at such public offering price less a concession not in excess of $ per share. The Underwriters may allow and the selected dealers may reallow a concession not in excess of $ per share to certain other brokers and dealers. After the public offering, the public offering price, the concession to selected dealers and the reallowance to other dealers may be changed by the Underwriters.

The Company has granted to the Underwriters an option to purchase up to an additional 300,000 shares of Common Stock at the public offering price, less the aggregate underwriting discounts and commissions, shown on the cover page of this Prospectus Supplement, solely to cover over-allotments, if any. The option may be exercised at any time up to 30 days after the date of this Prospectus Supplement. To the extent that the Underwriters exercise such option, each of the Underwriters will be committed, subject to certain conditions, to purchase a number of option shares proportionate to such Underwriter's initial commitment.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Underwriters may be required to make in respect thereof.

The Company has agreed that without the written consent of the Underwriters, it will not offer, sell, contract to sell or otherwise dispose of any shares of Common Stock or any securities, convertible or exchangeable therefor, for a period of 90 days from the date of this Prospectus Supplement, subject to limited exceptions.

From time to time, certain of the Underwriters or their affiliates have provided, and may continue to provide, investment banking services to the Company.

Certain of the Underwriters and selling group members (if any) that currently act as market makers for the Common Stock may engage in "passive market making" in the Common Stock on Nasdaq in accordance with Rule 10b-6A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Rule 10b-6A permits, upon the satisfaction of certain conditions, underwriters and selling group members participating in a distribution that are also Nasdaq market makers in the security being distributed to engage in limited market making transactions during the period when Rule 10b-6 under the Exchange Act would otherwise prohibit such activity. Rule 10b-6A prohibits underwriters and selling group members engaged in

passive market making generally from entering a bid or effecting a purchase at a price that exceeds the highest bid for those securities displayed on Nasdaq by a market maker that is not participating in the distribution. Under Rule 10b-6A each underwriter or selling group member engaged in passive market making is subject to a daily net purchase limitation equal to 30% of such entity's average daily trading volume during the two full consecutive calendar months immediately preceding the date of the filing of the registration statement under the Securities Act pertaining to the security to be distributed.

NO DEALER, SALESPERSON, OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS, IN CONNECTION WITH THE OFFER CONTAINED HEREIN OR THEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THEREOF. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER OR COMMON STOCK SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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2,000,000 SHARES

[LOGO]

APPLIED MATERIALS

COMMON STOCK

PROSPECTUS SUPPLEMENT
MARCH , 1994

LEHMAN BROTHERS

MORGAN STANLEY & CO.
INCORPORATED

COWEN & COMPANY

NEEDHAM & COMPANY, INC.

ROBERTSON, STEPHENS & COMPANY

PROSPECTUS

[LOGO]

APPLIED MATERIALS
DEBT SECURITIES AND COMMON STOCK

Applied Materials, Inc. ("Applied Materials" or the "Company") from time to time may offer its debt securities consisting of senior debentures, notes, bonds and/or other evidences of indebtedness in one or more series ("Debt Securities") and shares of Common Stock, $.01 par value, of the Company ("Common Stock") with an aggregate initial public offering price of up to $250,000,000 or the equivalent thereof in one or more foreign currencies or composite currencies, including European Currency Units ("ECU"). The Debt Securities and the Common Shares (collectively, the "Securities") may be offered, separately or together, in separate series in amounts, at prices, and on terms to be set forth in a supplement to this Prospectus (a "Prospectus Supplement").

The Securities may be sold for U.S. Dollars, one or more foreign currencies or amounts determined by reference to an index and the principal of and any interest on the Debt Securities may likewise be payable in U.S. Dollars, one or more foreign currencies or amounts determined by reference to an index.

The Debt Securities will rank equally with all other unsubordinated and unsecured indebtedness of the Company. See "Description of Debt Securities."

The specific terms of the Securities in respect of which this Prospectus is being delivered, such as where applicable, (i) in the case of Debt Securities, the specific designation, aggregate principal amount, currency, denomination, maturity, premium, rate (or manner of calculation thereof) and time of payment of interest, terms for redemption at the option of the Company or the holder or for sinking fund payments, and the initial public offering price and (ii) in the case of Common Stock, the number of shares and the initial public offering price or method of determining the initial public offering price, will be set forth in an accompanying Prospectus Supplement. See "Description of Debt Securities" and "Description of Capital Stock."

The Securities may be sold through underwriting syndicates led by one or more managing underwriters or through one or more underwriters acting alone. The Securities may also be sold directly by the Company or through agents designated from time to time. If any underwriters or agents are involved in the sale of the Securities, their names, the principal amount of Securities to be purchased by them and any applicable fee, commission or discount arrangements with them will be set forth in the Prospectus Supplement. See "Plan of Distribution."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus may not be used to consummate sales of Securities unless accompanied by a Prospectus Supplement.

THE DATE OF THIS PROSPECTUS IS , 1994.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington D.C. 20549, and at Regional Offices of the Commission located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and at Seven World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington D.C. 20549, at prescribed rates. Such reports, proxy statements and other information may also be inspected at the offices of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington D.C. 20006.

This Prospectus does not contain all the information set forth in the Registration Statement on Form S-3 (the "Registration Statement") of which this Prospectus is a part, including exhibits relating thereto, which has been filed with the Commission in Washington, D.C. Statements made in this Prospectus as to the contents of any referenced contract, agreement or other document are not necessarily complete, and each such statement shall be deemed qualified in its entirety by reference thereto. Copies of the Registration Statement and the exhibits and schedules thereto may be obtained, upon payment of the fee prescribed by the Commission, or may be examined without charge, at the office of the Commission.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been filed with the Commission and are incorporated herein by reference:

(a) The Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1993 (which incorporates by reference portions of the Company's definitive Proxy Statement dated January 28, 1994 for the Company's Annual Meeting of Stockholders to be held on March 3, 1994 and portions of its 1993 Annual Report to Stockholders for the year ended October 31, 1993);

(b) The Company's Quarterly Report on Form 10-Q for quarter ended January 30, 1994; and

(c) The description of the Company's Common Stock contained in its Registration Statement on Form 10, dated March 14, 1973 and the description of the Common Stock Purchase Rights contained in its Registration Statement on Form 8-A, dated June 15, 1989.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering of the Securities offered hereby shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of the Registration Statement or this Prospectus to the extent that a statement contained herein, in a Prospectus Supplement or in any other document subsequently filed with the Commission which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superceded shall not be deemed, except as so modified or superseded, to constitute a part of the Registration Statement or this Prospectus.

The Company will furnish without charge to each person, including any beneficial owner, to whom this Prospectus is delivered, on the written or oral request of such person, a copy of any or all of the documents incorporated by reference, other than exhibits to such documents. Requests should be directed to Director, Investor Relations, Applied Materials, Inc., 3050 Bowers Avenue, Santa Clara, California 95054-3299; telephone number (408) 727-5555.

THE COMPANY

Applied Materials, Inc. ("Applied Materials" or the "Company") develops, manufactures, markets and services semiconductor wafer fabrication equipment and related spare parts for the worldwide semiconductor industry. The Company's customers include both companies which manufacture semiconductor devices for use in their own products and companies which manufacture semiconductor devices for sale to others. The Company operates exclusively in the semiconductor wafer fabrication equipment industry. The Company is also a fifty percent stockholder in Applied Komatsu Technology, Inc., which produces thin film transistor fabrication systems for flat panel displays.

Applied Materials' products are sophisticated systems requiring state-of-the-art technology in wafer processing chemistry and physics, particulate control, automation, software and microprocessor control. Many of these technologies are complementary and can be applied across all of the Company's products. The Company's products are focused on providing enabling technology, productivity and yield enhancements to the customer. The Company's products are used in part of the process of fabricating semiconductor devices on a substrate of semiconductor material (usually silicon). A finished device consists of thin film layers which can form anywhere from one to millions of tiny electronic components that combine to perform desired electrical functions. The fabrication process must control film and feature quality to ensure proper device performance while meeting yield and process throughput goals. The Company currently manufactures equipment that addresses three major steps in wafer fabrication: deposition, etch and ion implantation.

The Company was incorporated in California in 1967 and reincorporated in Delaware in 1987. Its principal executive offices are located at 3050 Bowers Avenue, Santa Clara, California 95054-3299 (telephone number (408) 727-5555). References to the Company or to Applied Materials shall mean Applied Materials, Inc. and its consolidated subsidiaries, unless the context requires otherwise.

USE OF PROCEEDS

The net proceeds to be received by the Company from the sale of the Securities will be used for general corporate purposes. Although the Company has no current specific plans for the proceeds of the sale of the Securities, it believes that success in its industry requires substantial financial strength and flexibility. In addition, the Company from time to time considers acquisitions of complementary businesses, assets or technologies, and although there are no current agreements or understandings with respect to any such acquisition, the Company desires to be able to respond to opportunities as they arise. The Company is not negotiating, discussing or planning any potential acquisition at this time. Pending such uses, the Company will invest the net proceeds in investment-grade, interest-bearing securities.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below for, and as of the end of, each of the years in the five-year period ended October 31, 1993 have been derived from the consolidated financial statements of the Company, which have been audited by Price Waterhouse, independent accountants. The selected consolidated financial data presented below as of and for the three-month periods ended January 30, 1994 and January 31, 1993, have been derived from unaudited interim consolidated financial information of the Company. In the opinion of management, the unaudited interim consolidated financial information have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth therein. The results of operations for the three months ended January 30, 1994 are not necessarily indicative of the results to be expected for the fiscal year ending October 30, 1994. This data should be read in conjunction with the more detailed information and consolidated financial statements and the notes thereto incorporated by reference in the accompanying Prospectus.

	THREE MONTHS ENDED		FISCAL YEAR ENDED(1)				
	JANUARY 30, 1994	JANUARY 31, 1993	1993	1992	1991	1990	1989
	(IN THOUSANDS, EXCEPT RATIOS AND PER SHARE DATA)						
STATEMENT OF OPERATIONS DATA(2):							
Net sales	$ 340,449	$215,574	$1,080,047	$751,383	$638,606	$567,130	$501,846
Costs and expenses:							
Cost of products sold	184,470	123,967	604,363	443,179	370,025	302,001	257,149
Research, development and engineering	39,238	30,185	140,161	109,196	102,665	97,066	72,296
Marketing and selling	34,033	23,384	107,275	78,141	70,416	68,238	56,159
General and administrative	19,732	13,456	64,379	48,242	42,812	40,875	32,776
Other, net	655	903	2,875	4,249	3,316	3,116	2,885
Income from operations	62,321	23,679	160,994	68,376	49,372	55,834	80,581
Interest expense	3,648	3,598	14,206	15,207	13,969	6,717	2,768
Interest income	2,007	1,838	6,770	5,756	4,952	4,967	6,589
Income from consolidated companies before taxes and cumulative effect of accounting change	60,680	21,919	153,558	58,925	40,355	54,084	84,402
Provision for income taxes	21,238	7,233	50,674	19,445	14,124	20,011	32,918
Income from consolidated companies before cumulative effect of accounting change	39,442	14,686	102,884	39,480	26,231	34,073	51,484
Equity in net loss of joint venture	2,051	--	3,189	--	--	--	--
Income before cumulative effect of accounting change	37,391	14,686	99,695	39,480	26,231	34,073	51,484
Cumulative effect of a change in accounting for income taxes	7,000	--	--	--	--	--	--
Net income	$ 44,391	$ 14,686	$ 99,695	$ 39,480	$ 26,231	$ 34,073	$ 51,484
Earnings per share:							
Income before cumulative effect of accounting change	$ 0.45	$ 0.18	$ 1.21	$ 0.54	$ 0.38	$ 0.50	$ 0.77
Net income	$ 0.53	$ 0.18	$ 1.21	$ 0.54	$ 0.38	$ 0.50	$ 0.77
Average common shares and equivalents	83,245	81,592	82,294	72,680	68,900	68,144	67,028
RATIO OF EARNINGS TO FIXED CHARGES(3)	10.70x	4.83x	7.61x	3.63x	3.02x	5.89x	15.42x
BALANCE SHEET DATA (AT PERIOD END):							
Cash and short-term investments	$ 222,524	$199,627	$ 266,180	$222,670	$140,134	$ 72,016	$107,108
Accounts receivable, net	291,980	179,056	256,020	191,510	152,787	147,267	131,563
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Total current assets	794,340	560,160	775,916	581,797	434,199	366,894	342,944
Property, plant and equipment, net	334,296	261,756	327,704	258,521	213,231	181,494	82,127
Total assets	1,142,197	834,856	1,120,152	853,822	660,756	558,009	433,857
Short-term debt	41,493	30,918	48,662	33,947	36,704	27,413	14,302
Total current liabilities	359,004	220,038	380,528	248,207	199,988	195,238	142,852
Long-term debt	119,043	116,502	121,076	118,445	123,967	53,611	29,445
Stockholders' equity	640,755	484,903	598,762	474,111	325,454	300,308	254,399

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(1) The Company's fiscal year ends on the last Sunday of October.

(2) Share information and per share data have been restated to reflect a two-for-one stock split in the form of a 100% stock dividend effective April 6, 1992, and an additional two-for-one stock split in the form of a 100% stock dividend effective October 5, 1993.

(3) For the purpose of calculating the ratio of earnings to fixed charges, (i)

earnings consists of income before taxes and cumulative effect of accounting change plus fixed charges and (ii) fixed charges consists of interest expense incurred, amortization of debt issuance expense and the portion of rental expense under operating leases deemed by the Company to be representative of the interest factor.

DESCRIPTION OF DEBT SECURITIES

The following statements with respect to the Debt Securities are summaries of, and subject to, the detailed provisions of an indenture (the "Indenture") to be entered into by the Company and Harris Trust Company of California, as trustee (the "Trustee"), a copy of which is filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indenture, including the definitions therein of certain terms. Wherever particular Sections or defined terms of the Indenture are referred to herein or in a Prospectus Supplement, such Sections or defined terms are incorporated herein or therein by reference. Section and Article references used herein are references to the Indenture.

The Debt Securities may be issued from time to time in one or more series. The particular terms of each series of Debt Securities offered by any Prospectus Supplement or Prospectus Supplements will be described in such Prospectus Supplement or Prospectus Supplements relating to such series.

GENERAL

The Indenture will not limit the aggregate amount of Debt Securities which may be issued thereunder and Debt Securities may be issued thereunder from time to time in separate series up to the aggregate amount from time to time authorized by the Company for each series. The Debt Securities will be senior unsecured obligations of the Company.

The applicable Prospectus Supplement or Prospectus Supplements will describe the following terms of the series of Debt Securities in respect of which this Prospectus is being delivered: (1) the title of the Debt Securities; (2) any limit on the aggregate principal amount of the Debt Securities; (3) the Person to whom any interest on an Debt Security shall be payable, if other than the person in whose name that Debt Security is registered on the Regular Record Date; (4) the date or dates on which the principal of the Debt Securities will be payable; (5) the rate or rates at which the Debt Securities will bear interest, if any, or the method by which such rate or rates are determined, the date or dates from which such interest will accrue, the Interest Payment Dates on which any such interest on the Debt Securities will be payable and the Regular Record Date for any interest payable on any Interest Payment Date, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months; (6) the place or places where the principal of and any premium and interest on the Debt Securities will be payable; (7) the period or periods within which, the price or prices at which, and the terms and conditions upon which the Debt Securities may be redeemed, in whole or in part, at the option of the Company; (8) the obligation of the Company, if any, to redeem or repurchase the Debt Securities pursuant to any sinking fund or analogous provisions or at the option of the Holders and the period or periods within which, the price or prices at which and the terms and conditions upon which such Debt Securities shall be redeemed or purchased, in whole or in part, pursuant to such obligation, and any provisions for the remarketing of such Debt Securities; (9) the denominations in which any Debt Securities will be issuable, if other than denominations of $1,000 and any integral multiple thereof; (10) the currency, currencies or currency units in which payment of principal of and any premium and interest on any Debt Securities shall be payable if other than United States dollars; (11) any index, formula or other method used to determine the amount of payments of principal of and any premium and interest on the Debt Securities; (12) if the principal of or any premium or interest on any Debt Securities is to be payable, at the election of the Company or the Holders, in one or more currencies or currency units other than that or those in which such Debt Securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and any premium and interest on such Debt Securities shall be payable, and the periods within which and the terms and conditions upon which such election is to be made; (13) if other than the principal amount thereof, the portion of the principal amount of the Debt Securities which will be payable upon declaration of the acceleration of the Maturity thereof; (14) the applicability of any provisions described under "Defeasance and Covenant Defeasance"; (15) whether any of the Debt Securities are to be issuable in permanent global form and, if so, the Depositary or Depositaries for such Global Security and the terms and conditions, if any, upon which interests in such Debt Securities in global form may be exchanged, in whole or in part, for the individual Debt Securities represented thereby; (16) any Events of Default, with respect to the

Debt Securities of such series, if not otherwise set forth under "Events of Default"; and (17) any other terms of the Debt Securities not inconsistent with the provisions of the Indenture. (Section 301)

Debt Securities may be issued as Original Issue Discount Securities to be sold at a substantial discount from their principal amount. (Section 301) United States Federal income tax consequences and other special considerations applicable to any such Original Issue Discount Securities will be described in the Prospectus Supplement relating thereto.

If any of the Debt Securities are sold for any foreign currency or currency unit or if principal of, premium, if any, or interest, if any, on any of the Debt Securities is payable in any foreign currency or currency unit, the restrictions, elections, tax consequences, specific terms and other information with respect to such Debt Securities and such foreign currency or currency unit will be specified in the Prospectus Supplement relating thereto.

EXCHANGE, REGISTRATION, TRANSFER AND PAYMENT

Unless otherwise indicated in the applicable Prospectus Supplement, payment of principal, premium, if any, and interest, if any, on the Debt Securities will be payable, and the exchange of and the transfer of Debt Securities will be registrable, at the office or agency of the Company maintained for such purpose and at any other office or agency maintained for such purpose. (Sections 305 and 1002) Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will be issued in denominations of $1,000 or integral multiples thereof. (Section 302) No service charge will be made for any registration of transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith. (Section 305)

All moneys paid by the Company to a Paying Agent for the payment of principal, premium, if any, or interest, if any, on any Debt Security which remain unclaimed for two years after such principal, premium, or interest has become due and payable may be repaid to the Company, and thereafter the Holder of such Debt Security may look only to the Company for payment thereof. (Section 1003)

In the event of any redemption, the Company shall not be required to (i) issue, register the transfer of or exchange Debt Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Debt Securities of that series to be redeemed and ending at the close of business on the day of such mailing or (ii) register the transfer of or exchange any Debt Security, or portion thereof, called for redemption, except the unredeemed portion of any Debt Security being redeemed in part. (Section 305)

GLOBAL SECURITIES

If any Debt Securities of a series are issuable as Global Securities, the applicable Prospectus Supplement will describe the circumstances, if any, under which beneficial owners of interests in any such Global Security may exchange such interests for Debt Securities of such series and of like tenor and principal amount of any authorized form and denomination. Principal of and any premium and interest on a Global Security will be payable in the manner described in the Prospectus Supplement relating thereto.

COVENANTS OF THE COMPANY

Except as set forth below or as otherwise provided in the applicable Prospectus Supplement with respect to any series of Debt Securities, the Company is not restricted by the Indenture from incurring, assuming or becoming liable for any type of debt or other obligations, from paying dividends or making distributions on its capital stock or purchasing or redeeming its capital stock. The Indenture does not require the maintenance of any financial ratios or specified levels of net worth or liquidity. In addition, the Indenture does not contain any provision that would require the Company to repurchase or redeem or otherwise modify the terms or any of its Debt Securities upon a change in control or other events involving the Company which may adversely affect the creditworthiness of the Debt Securities.

Unless otherwise indicated in the applicable Prospectus Supplement, certain covenants contained in the Indenture which are summarized below will be applicable (unless waived or amended) to the series of Debt Securities to which such Prospectus Supplement relates so long as any of the Debt Securities of such series are outstanding.

Limitations on Liens. The Company covenants that it will not issue, incur, create, assume or guarantee, and will not permit any Restricted Subsidiary to issue, incur, create, assume or guarantee, any debt for borrowed money secured by a mortgage, security interest, pledge, lien, charge or other encumbrance ("mortgages") upon any Principal Property of the Company or any Restricted Subsidiary or upon any shares of stock or indebtedness of any Restricted Subsidiary (whether such Principal Property, shares or indebtedness are now existing or owed or hereafter created or acquired) without in any such case effectively providing concurrently with the issuance, incurrence, creation, assumption or guaranty of any such secured debt that the Debt Securities (together with, if the Company shall so determine, any other indebtedness of or guarantee by the Company or such Restricted Subsidiary ranking equally with the Debt Securities) shall be secured equally and ratably with (or, at the option of the Company, prior to) such secured debt. The foregoing restriction, however, will not apply to: (a) mortgages on property, shares of stock or indebtedness or other assets of any corporation existing at the time such corporation becomes a Restricted Subsidiary, provided that such mortgages or liens are not incurred in anticipation of such corporation becoming a Restricted Subsidiary; (b)(i) mortgages on property, shares of stock, indebtedness or other assets existing at the time of acquisition thereof by the Company or a Restricted Subsidiary or mortgages thereon to secure the payment of all or any part of the purchase price thereof, or (ii) mortgages on property, shares of stock, indebtedness or other assets to secure any indebtedness for borrowed money incurred prior to, at the time of, or within 270 days after, the latest of the acquisition thereof, or, in the case of property, the completion of construction, the completion of improvements or the commencement of substantial commercial operation of such property for the purpose of financing all or any part of the purchase price thereof, such construction or the making of such improvements; (c) mortgages to secure indebtedness owing to the Company or to a Restricted Subsidiary; (d) mortgages existing at the date of the initial issuance of the Securities of such series; (e) mortgages on property or other assets of a corporation existing at the time such corporation is merged into or consolidated with the Company or a Restricted Subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation as an entirety or substantially as an entirety to the Company or a Restricted Subsidiary, provided that such mortgage was not incurred in anticipation of such merger or consolidation or sale, lease or other disposition; (f) mortgages in favor of the United States of America or any State, territory or possession thereof (or the District of Columbia), or any department, agency, instrumentality or political subdivision of the United States of America or any State, territory or possession thereof (or the District of Columbia), to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such mortgages; or (g) extensions, renewals or replacements of any mortgage referred to in the foregoing clauses (a) through (f); provided, however, that any mortgages permitted by any of the foregoing clauses (a) through (f) shall not extend to or cover any property of the Company or such Restricted Subsidiary, as the case may be, other than the property specified in such clauses and improvements thereto. (Section 1008)

Notwithstanding the restrictions outlined in the preceding paragraph, the Company or any Restricted Subsidiary will be permitted to issue, incur, create, assume or guarantee debt secured by a mortgage which would otherwise be subject to such restrictions, without equally and ratably securing the Debt Securities, provided that after giving effect thereto, the aggregate amount of all debt so secured by mortgages (not including mortgages permitted under clauses (a) through (g) above) does not exceed 5% of the Consolidated Net Tangible Assets of the Company. (Section 1008)

Limitations on Sale and Lease-Back Transactions. The Company covenants that it will not, nor will it permit any Restricted Subsidiary to, enter into any Sale and Lease-Back Transaction with respect to any Principal Property, other than any such transaction involving a lease for a term of not more than three years or any such transaction between the Company and a Restricted Subsidiary or between Restricted Subsidiaries, unless: (a) the Company or such Restricted Subsidiary would be entitled to incur indebtedness secured by a

mortgage on the Principal Property involved in such transaction at least equal in amount to the Attributable Debt with respect to such sale and lease-back transaction, without equally and ratably securing the Debt Securities, pursuant to the limitation in the Indenture on liens; or (b) the Company shall apply an amount equal to the greater of the net proceeds of such sale or the Attributable Debt with respect to such sale and lease-back transaction within 180 days of such sale to either (or a combination of) the retirement (other than any mandatory retirement, mandatory prepayment or sinking fund payment or by payment at maturity) of debt for borrowed money of the Company or a Restricted Subsidiary that matures more than twelve months after the creation of such indebtedness or the purchase, construction or development of other comparable property. (Section 1009)

Certain Definitions Applicable to Covenants. The term "Attributable Debt" when used in connection with a Sale and Lease-Back Transaction involving a Principal Property shall mean, at the time of determination, the lesser of: (a) the fair value of such property (as determined in good faith by the Board of Directors of the Company); or (b) the present value of the total net amount of rent required to be paid under such lease during the remaining term thereof (including any renewal term or period for which such lease has been extended), discounted at the rate of interest set forth or implicit in the terms of such lease or, if not practicable to determine such rate, the weighted average interest rate per annum borne by the Debt Securities of each series outstanding pursuant to the Indenture compounded semi-annually. For purposes of the foregoing definition, rent shall not include amounts required to be paid by the lessee, whether or not designated as rent or additional rent, on account of or contingent upon maintenance and repairs, insurance, taxes, assessments, water rates and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall be the lesser of the net amount determined assuming termination upon the first date such lease may be terminated (in which case the net amount shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated) or the net amount determined assuming no such termination.

The term "Consolidated Net Tangible Assets" shall mean, as of any particular time, the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom: (a) all current liabilities, except for (1) notes and loans payable, (2) current maturities of long-term debt and (3) current maturities of obligations under capital leases; and (b) certain intangible assets, to the extent included in said aggregate amount of assets, all as set forth on the most recent consolidated balance sheet of the Company and its consolidated subsidiaries and computed in accordance with generally accepted accounting principles.

The term "Principal Property" shall mean the land, land improvements, buildings and fixtures (to the extent they constitute real property interests) (including any leasehold interest therein) constituting the principal corporate office, any manufacturing plant or any manufacturing facility (whether now owned or hereafter acquired) and the equipment located thereon which: (a) is owned by the Company or any Subsidiary; (b) is located within any of the present 50 States of the United States of America (or the District of Columbia); (c) has not been determined in good faith by the Board of Directors of the Company not to be materially important to the total business conducted by the Company and its Subsidiaries taken as a whole; and (d) has a book value on the date as of which the determination is being made in excess of 0.75% of Consolidated Net Tangible Assets of the Company as most recently determined on or prior to such date (including for purposes of such calculation the land, land improvements, buildings and such fixtures compromising such office, plant or facilities, as the case may be).

The term "Restricted Subsidiary" shall mean any Subsidiary which owns any Principal Property; provided, however, that the term "Restricted Subsidiary" shall not include any Subsidiary which is principally engaged in financing receivables, or which is principally engaged in financing the Company's operations outside the United States of America; and provided, further, that the term "Restricted Subsidiary" shall not include any Subsidiary less than 80% of the voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries if the common stock of such Subsidiary is traded on any national securities exchange or quoted on the Nasdaq National Market or in the over-the-counter market.

The term "Sale and Lease-Back Transaction" shall mean any arrangement with any Person providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person.

The term "Subsidiary" shall mean any corporation of which at least 66 2/3% of the outstanding stock having the voting power to elect a majority of the board of directors of such corporation is at the time owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

DEFEASANCE AND COVENANT DEFEASANCE

The Indenture provides that, if such provision is made applicable to the Debt Securities of any series pursuant to the provisions of the Indenture, the Company may elect (i) to defease and be discharged from any and all obligations in respect of such Debt Securities except for certain obligations to register the transfer or exchange of such Debt Securities, to replace temporary, destroyed, stolen, lost or mutilated Debt Securities, to maintain paying agencies and to hold monies for payment in trust ("defeasance") or (ii) (A) to omit to comply with certain restrictive covenants in Sections 1005 through 1009 (including the covenants referred to above under "Covenants of the Company") and (B) to deem the occurrence of any event referred to in clauses (d) (with respect to Sections 1005 through 1009 inclusive) and (f) under "Events of Default" below not to be or result in an Event of Default if, in each case with respect to the Outstanding Debt Securities of such series as provided in Section 1303 on or after the date the conditions set forth in Section 1304 are satisfied ("covenant defeasance"), in either case upon the deposit with the Trustee (or other qualifying trustee), in trust, of money and/or U.S. Government Obligations, which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and any premium and interest on the Debt Securities of such series on the respective Stated Maturities and any mandatory sinking fund payments or analogous payments on the days payable, in accordance with the terms of the Indenture and the Debt Securities of such series. Such a trust may only be established if, among other things, the Company has delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Outstanding Debt Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit, defeasance or covenant defeasance and will be subject to Federal income tax on the same amount, and in the same manner and at the same times as would have been the case if such deposit, defeasance or covenant defeasance had not occurred. Such opinion, in the case of defeasance under clause (i) above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable Federal income tax laws occurring after the date of the Indenture. The Prospectus Supplement relating to a series may further describe the provisions, if any, permitting such defeasance or covenant defeasance with respect to the Debt Securities of a particular series. (Article Thirteen)

EVENTS OF DEFAULT

Any one of the following events will constitute an Event of Default under the Indenture with respect to Debt Securities of any series (unless such event is specifically inapplicable to a particular series as described in the Prospectus Supplement relating thereto): (a) failure to pay any interest on any Debt Security of that series when due, continued for 30 days; (b) failure to pay principal of or any premium on any Debt Security of that series when due; (c) failure to deposit any sinking fund payment, when due, in respect of any Debt Security of that series; (d) failure to perform any other covenant of the Company in the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of Debt Securities other than that series), continued for 90 days after written notice as provided in the Indenture; (e) certain events in bankruptcy, insolvency or reorganization involving the Company; (f)(i) failure of the Company to make any payment at maturity, including any applicable grace period, in respect of indebtedness, which term as used in the Indenture means obligations (other than non-recourse obligations or the Debt Securities of such series) of the Company for borrowed money or evidenced by bonds, debentures, notes or similar instruments ("Indebted-

ness") in an amount in excess of $10,000,000 and continuance of such failure or (ii) a default with respect to any Indebtedness, which default results in the acceleration of Indebtedness in an amount in excess of $10,000,000 without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled, in the case of (i) or (ii) above, for a period of 30 days after written notice thereof to the Company by the Trustee or to the Company and the Trustee by the holders of not less than 15% in principal amount of Debt Securities of such series; provided, however, that if any such failure, default or acceleration referred to in (i) or (ii) above shall cease or be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed likewise to have been thereupon cured; and (g) any other Event of Default provided with respect to Debt Securities of that series. (Section 501)

Subject to the provisions of the Indenture relating to the duties of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable indemnity. (Sections 601 and 603) Subject to such provisions for the indemnification of the Trustee, the Holders of a majority in principal amount of the Outstanding Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debt Securities of that series. (Section 512)

The Indenture provides that the Company will deliver to the Trustee, within 120 days after the end of each fiscal year, a brief certificate from the principal executive, financial or accounting officer of the Company as to his or her knowledge of the Company's compliance (without regard to any period of grace or requirement of notice) with all conditions and covenants of the Indenture. (Section 1004)

If an Event of Default with respect to Debt Securities of any series at the time Outstanding occurs and is continuing, either the Trustee or the Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series by notice as provided in the Indenture may declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Debt Securities of that series to be due and payable immediately. At any time after a declaration of acceleration with respect to Debt Securities of any series has been made, but before a judgment or decree for payment of money has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Debt Securities of that series may, under certain circumstances, rescind and annul such acceleration. (Section 502)

No Holder of any Debt Security of any series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default and unless the Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, and the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Debt Securities of that series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. (Section 507) However, such limitations generally do not apply to a suit instituted by a Holder of a Debt Security for the enforcement of payment of the principal or interest on such Debt Security on or after the respective due dates expressed in such Debt Security. (Section 508)

MEETINGS, MODIFICATION AND WAIVER

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of each series affected by such modification or amendment; provided, however that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Debt Security, (b) reduce the principal amount of, rate of interest on or any premium payable upon the redemption of any Debt Security, (c) reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the Maturity thereof, (d) change the Place of Payment where, or the coin or currency in

which, any Debt Security or any premium or interest thereon is payable, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security after the Stated Maturity, Redemption Date or Repayment Date, (f) reduce the percentage in principal amount of Outstanding Debt Securities of any series, the consent of whose Holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults, or (g) modify any of the provisions set forth in this paragraph except to increase any such percentage or to provide that certain other provisions of the Indenture may not be modified or waived without the consent of the Holder of each Outstanding Debt Security affected thereby. (Section 902)

The Holders of at least a majority in principal amount of the Outstanding Debt Securities of each series may, on behalf of the Holders of all the Debt Securities of that series, waive, insofar as that series is concerned, compliance by the Company with certain restrictive provisions of the Indenture. (Section 1010) The Holders of not less than a majority in principal amount of the Outstanding Debt Securities of each series may, on behalf of all Holders of Debt Securities of that series and any coupons appertaining thereto, waive any past default under the Indenture with respect to Debt Securities of that series, except a default (a) in the payment of principal of or any premium or interest on any Debt Security of such series or (b) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected. (Section 513)

The Indenture provides that in determining whether the Holders of the requisite principal amount of the Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of Holders of Debt Securities (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof, (ii) the principal amount of a Debt Security denominated in other than U.S. dollars shall be the U.S. dollar equivalent, determined on the date of original issuance of such Debt Security, of the principal amount of such Debt Security (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the date of original issuance of such Debt Security of the amount determined as provided in (i) above of such Debt Security) and (iii) Debt Securities owned by the Company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding. (Section 101)

CONSOLIDATION, MERGER AND SALE OF ASSETS

The Company, without the consent of the Holders of any of the Outstanding Debt Securities under the Indenture, may consolidate with or merge into, or transfer or lease its assets substantially as an entirety to, any Person which is a corporation, partnership or trust organized and validly existing under the laws of any domestic jurisdiction, provided that any successor Person expressly assumes the Company's obligations on the Debt Securities and under the Indenture and that, after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time, would become an Event of Default, shall have occurred and be continuing, and that certain other conditions are met. (Section 801)

NOTICES

Except as otherwise provided in the Indenture, notices to Holders of Debt Securities will be given by mail to the addresses of such Holders as they appear in the Debt Security Register. (Section 106)

TITLE

Prior to due presentment of a Debt Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Debt Security is registered as the owner of such Debt Security for the purpose of receiving payment of principal of and any premium and any interest (other than Defaulted Interest or as otherwise provided in the applicable Prospectus Supplement) on such Debt Security and for all other purposes whatsoever, whether or not such Debt Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary. (Section 308)

REPLACEMENT OF DEBT SECURITIES

Any mutilated Debt Security will be replaced by the Company at the expense of the Holder upon surrender of such Debt Security to the Trustee. Debt Securities that become destroyed, stolen or lost will be replaced by the Company at the expense of the Holder upon delivery to the Trustee of the Debt Security or evidence of the destruction, loss or theft thereof satisfactory to the Company and the Trustee. In the case of a destroyed, lost or stolen Debt Security, an indemnity satisfactory to the Trustee and the Company may be required at the expense of the Holder of such Debt Security before a replacement Debt Security will be issued. (Section 306)

GOVERNING LAW

The Indenture and the Debt Securities will be governed by, and construed in accordance with, the laws of the State of New York. (Section 112)

REGARDING THE TRUSTEE

The Indenture contains certain limitations on the right of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases or to realize for its own account on certain property received in respect of any such claim as security or otherwise. (Section 613) The Trustee will be permitted to engage in certain other transactions; however, if it acquires any conflicting interest and there is a default under the Debt Securities of any series for which the Trustee serves as trustee, the Trustee must eliminate such conflict or resign. (Section 608)

The Trustee currently provides certain banking and financial services to the Company in the ordinary course of business and may provide other such services in the future.

DESCRIPTION OF CAPITAL STOCK

GENERAL

The authorized capital stock of the Company consists of 1,000,000 shares of Preferred Stock, none of which has been issued, and 100,000,000 shares of Common Stock, 80,724,000 of which were issued and outstanding as of February 28, 1994. At the Company's stockholders' meeting to be held on March 3, 1994, the stockholders of the Company will vote on a proposal, which has been approved by the Company's Board of Directors, to increase the number of shares of Common Stock authorized for issuance to 200,000,000.

PREFERRED STOCK

Under the Company's Certificate of Incorporation, the Board of Directors is authorized to issue shares of Preferred Stock from time to time in one or more series and to determine the designation and number of shares of each series and the relative rights, preferences and limitations with respect to dividends, redemptions (including sinking fund provisions), liquidation, dissolution or winding up, voting rights and conversion, all in accordance with the laws of the State of Delaware. When shares of Preferred Stock are issued, certain rights of the holders thereof may materially affect the rights of the holders of the Common Stock, including voting rights and preferences in respect of dividends and liquidation.

COMMON STOCK

All issued and outstanding shares of Common Stock of the Company, including the shares offered hereby, are fully paid and nonassessable. Holders of Common Stock have no preemptive, subscription or conversion rights and are not liable for further calls or assessments. There are no redemption or sinking fund provisions in effect with respect to the Common Stock. Subject to the rights of any then outstanding Preferred Stock, holders of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor and to share ratably in the assets available for distribution upon liquidation. Except as described below, each share of Common Stock is entitled to one vote at all

meetings of stockholders. The holders of Common Stock are not entitled to cumulative voting rights in the election of directions.

The Company has paid no cash dividends on its Common Stock since its incorporation and anticipates that for the foreseeable future it will continue to retain any earnings for use in its business. The Common Stock of the Company is traded on the Nasdaq National Market under the symbol AMAT. The transfer agent and registrar for the Common Stock is Harris Trust Company of California.

The Certificate of Incorporation and the By-Laws of the Company contain provisions that could have certain anti-takeover effects. The Board of Directors has no current plans to formulate or effect additional measures that could have anti-takeover effects.

Fair Price Provisions. The Certificate of Incorporation contains a fair price provision pursuant to which, unless certain minimum price criteria and procedural requirements are satisfied, Business Combinations (as defined in the Certificate of Incorporation) with any person who is the beneficial owner of 15% or more of the Voting Stock (as defined) or with certain other persons must be approved by either the holders of two-thirds of the Company's outstanding voting stock or a majority of the Continuing Directors (as defined) of the Company. These provisions may have the effect of discouraging or deterring a third party from making an offer to the Company's stockholders to acquire a substantial amount or all of the Company's Common Stock.

No Stockholder Action by Written Consent; Special Meetings. The Certificate of Incorporation prohibits stockholder action by written consent in lieu of a meeting. The provision of the Certificate of Incorporation prohibiting stockholder action by written consent may have the effect of delaying consideration of a stockholder proposal until the next annual meeting unless a special meeting is called by the Board of Directors, the Chairman of the Board of Directors, or the President of the Company. This provision would also prevent the holders of a majority of the outstanding shares of Common Stock from using the written consent procedure to take stockholder action and from taking action by consent without giving all the stockholders of the Company entitled to vote on a proposed action the opportunity to participate in determining such proposed action.

Advance Notice Requirements for Stockholders' Proposals and Director Nominations. The By-Laws establish an advance notice procedure with regard to the nomination, other than by or at the direction of the Board of Directors or a committee thereof, of candidates for election as directors (the "Nomination Procedure") and with regard to certain matters to be brought before a meeting of stockholders of the Company (the "Business Procedure").

The Nomination Procedure provides that the notice of proposed stockholder nominations for the election of directors must be timely given in writing to the Secretary of the Company prior to the meeting at which directors are to be elected. The Business Procedure provides that only such business may be conducted at a stockholders' meeting as has been brought before the meeting by, or at the direction of, the Board of Directors or by a stockholder who has given timely prior written notice to the Secretary of the Company of such stockholder's intention to bring such business before the meeting. In the case of both the Nomination Procedure and the Business Procedure, to be timely, notice must be received not less than 60 days prior to the date of the stockholders' meeting or 10 days after the date on which notice of the meeting is first given.

Although the By-Laws do not give the Board of Directors any power to approve or disapprove stockholder nominations for the election of directors or any other business desired by stockholders to be conducted at a stockholders' meeting, the By-Laws may have the effect of precluding a nomination for the election of directors or precluding the conducting of business at a particular meeting if the proper procedures are not followed, and may discourage or deter a third party from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company, even if the conduct of such solicitation or such attempt might otherwise be desired by the Company's stockholders.

Amendment of Certain Provisions of the Certificate of Incorporation. The Certificate of Incorporation requires the affirmative vote of the holders of at least two-thirds of the total voting power of all the outstanding shares of stock entitled to vote generally in the election of directors for any amendment of the fair price

provision of the Certificate of Incorporation described above. This provision will make it more difficult for stockholders to make changes in the Certificate of Incorporation. In addition, the requirement for approval by at least a two-thirds stockholder vote will enable the holders of a minority of the voting stock of the Company to prevent the holders of a majority or more of the stock from amending such provisions of the Certificate of Incorporation.

Preferred Stock. The Certificate of Incorporation authorizes the Board of Directors to fix, with respect to any series of Preferred Stock, the powers, preferences and rights of the shares of such series. Although the Company has no intention at the present time of doing so, it could issue Preferred Stock that could, depending on its terms, either impede or facilitate the completion of a merger, tender offer or other takeover attempt. Although the Board of Directors is required to make any determination to issue such stock based on its judgment as to the best interest of the stockholders of the Company, the Board of Directors could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of the stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then market price of such stock.

RIGHTS PLAN

In June 1989, the Board of Directors of Applied Materials declared a dividend distribution of one right (a "Right" or, collectively, the "Rights") for each outstanding share of Common Stock of the Company to stockholders of record at the close of business on June 26, 1989 (the "Record Date"). Each Right entitles the registered holder to purchase from the Company a unit consisting of one-fourth of a share (a "Unit") of Common Stock, at a price of $11.25 per Unit (the "Exercise Price"), subject to adjustment (giving effect to two subsequent two-for-one stock splits). The description and terms of the Rights are set forth in a Rights Agreement dated as of June 14, 1989 (the "Rights Agreement").

Initially, the Rights are evidenced by the Common Stock certificates representing shares outstanding and no separate Rights certificates will be distributed. The Rights will be exercisable, and transferable apart from the shares of Common Stock, on the earlier to occur of (i) 10 business days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of Common Stock (the "Stock Acquisition Date"), or (ii) 10 business days following the commencement of (or a public announcement of an intention to commence) a tender offer or exchange offer if, upon consummation thereof, the person who commenced the offer would be an Acquiring Person (the earlier of such dates being called the "Distribution Date"). The foregoing time periods are subject to extension as set forth in the Rights Agreement. After the occurrence of the event set forth in clause (ii) above, the Rights would become exercisable for a Unit of Common Stock at the Exercise Price. After the occurrence of the event set forth in clause (i) above, the Rights would become exercisable as set forth below.

In the event that a person becomes the beneficial owner of 20% or more of the then outstanding shares of Common Stock (other than as a result of a tender or exchange offer for all shares of the Common Stock at a price and on terms determined by a majority of the directors who are not representatives, nominees, affiliates or associates of an Acquiring Person, after receiving advice from one or more nationally recognized investment banking firms selected by such directors, to be fair and adequate to the stockholders, and otherwise in the best interests of the Company and its stockholders (a "Permitted Offer")), the Rights Agreement provides that proper provision shall be made so that each holder of a Right will thereafter have the right to receive, for a 90-day period (the "Exercise Period"), upon exercise, Common Stock (or, under certain circumstances, cash, a reduction in the Exercise Price, other securities of the Company or any combination thereof) having a market value equal to two times the exercise price paid (i.e., at a 50% discount). Following the occurrence of this event, any Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person shall immediately become null and void. However, Rights generally are not exercisable following the occurrence of such an event until such time as the Rights are no longer redeemable by the Company as set forth below. Further, Rights generally are exercisable only after the effectiveness of a registration statement for the Common Stock issuable upon exercise of the Rights under the Securities Act of 1933.

In the event that, at any time following the Distribution Date, (i) the Company engages in a merger or other business combination transaction in which the Company is not the surviving corporation (other than following a Permitted Offer), (ii) the Company engages in a merger or other business combination transaction with another person in which the Company is the surviving corporation, but in which its Common Stock is changed or exchanged (other than following a Permitted Offer), or (iii) 50% or more of the Company's assets or earning power (on a consolidated basis) is sold or transferred, the Rights Agreement provides that proper provision shall be made so that each holder of a Right (except Rights which previously have been voided as set forth above) shall thereafter have the right to receive, upon the exercise thereof at the then current exercise price of the Right, common stock of the acquiring company having a market value equal to two times the exercise price paid (i.e., at a 50% discount). The events described in clauses (i), (ii) and (iii) of this paragraph are defined as "Triggering Events."

The Exercise Price payable, and the number of shares of Common Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Common Stock, (ii) upon the grant to holders of the Common Stock of certain rights or warrants to subscribe for preferred stock that is substantially the same as Common Stock or convertible securities at less than the current market price of the Common Stock, or (iii) upon the distribution to holders of the Common Stock of evidences of indebtedness, cash (excluding regular quarterly cash dividends), assets (other than dividends payable in Common Stock) or of subscription rights or warrants (other than those referred to above).

At any time after the date of the Rights Agreement until 10 business days (or such later date as the Board of Directors of the Company may determine) following the Stock Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of $.0025 per Right, as adjusted for stock splits, stock dividends or similar transactions (the "Redemption Price"), payable in cash, Common Stock or other consideration deemed appropriate by the Board of Directors. Thereafter, the Company's right of redemption may be reinstated if the Exercise Period has expired, no Triggering Event has occurred and an Acquiring Person reduces his beneficial ownership to 5% or less of the outstanding shares of Common Stock in a transaction or series of transactions not involving the Company and there are no other Acquiring Persons. Immediately upon the action of the Board of Directors of the Company ordering redemption of the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends. While the distribution of the Rights will not be taxable to the stockholders or the Company, the stockholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for Common Stock (or other consideration) of the Company or for common stock of the acquiring company as set forth above.

The foregoing description of the Company's Common Stock and the Rights do not purport to be a complete description of the terms of the Company's Common Stock and the Rights and is qualified in its entirety by reference to the terms of such Common Stock and Rights, which are incorporated herein by reference and are set forth in full in the Company's Certificate of Incorporation and the Rights Agreement, respectively.

SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW

The Company is subject to the provisions of Section 203 of the Delaware General Corporation Law. This statute generally prohibits, under certain circumstances, a Delaware corporation whose stock is publicly traded, from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) the corporation has elected in its certificate of incorporation or bylaws not to be governed by this Delaware law (the Company has not made such an election), (ii) prior to the time the stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the person becoming an interested stockholder, (iii) the stockholder owned at least 85% of the outstanding voting stock of the corporation (excluding shares held by directors who were also officers or held in certain

employee stock plans) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder or (iv) the business combination was approved by the board of directors and by two-thirds of the outstanding voting stock of the corporation (excluding shares held by the interested stockholder). An "interested stockholder" is a person who, together with affiliates and associates, owns (or any time within the prior three years did own) 15% or more of the corporation's outstanding voting stock. The term "business combination" is defined generally to include mergers, consolidations, stock sales, asset based transactions, and other transactions resulting in a financial benefit to the interested stockholder.

PLAN OF DISTRIBUTION

The Company may sell the Securities separately or together, (i) to one or more underwriters or dealers for public offering and sale by them and (ii) to investors directly or through agents. The distribution of the Securities may be effected from time to time in one or more transactions at a fixed price or prices (which may be changed from time to time), at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Each Prospectus Supplement will describe the method of distribution of the Securities offered thereby.

In connection with the sale of the Securities, underwriters, dealers or agents may receive compensation from the Company or from purchasers of the Securities for whom they may act as agents, in the form of discounts, concessions or commissions. The underwriters, dealers or agents which participate in the distribution of the Securities may be deemed to be underwriters under the Securities Act of 1933 and any discounts or commissions received by them and any profit on the resale of the Securities received by them may be deemed to be underwriting discounts and commissions thereunder. Any such underwriter, dealer or agent will be identified and any such compensation received from the Company will be described in the Prospectus Supplement. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

Under agreements that may be entered into with the Company, underwriters, dealers and agents may be entitled to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribution with respect to payments which the underwriters, dealers or agents may be required to make in respect thereof.

The Company may grant underwriters who participate in the distribution of Securities an option to purchase additional Securities to cover over-allotments, if any.

All Debt Securities will be new issues of securities with no established trading market. Any underwriters to whom Debt Securities are sold by the Company for public offering and sale may make a market in such securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any such securities.

Certain of the underwriters or agents and their associates may be customers of, engage in transactions with or perform services for the Company in the ordinary course of business.

LEGAL OPINIONS

The validity of the Securities is being passed upon for the Company by Orrick, Herrington & Sutcliffe, San Francisco, California. Certain matters will be passed upon for any underwriters or agents by Wilson, Sonsini, Goodrich & Rosati, Professional Corporation, Palo Alto, California.

EXPERTS

The audited consolidated financial statements incorporated in this Prospectus, and the financial statement schedules incorporated in the Registration Statement, by reference to the Annual Report on Form 10-K of Applied Materials, Inc. for the year ended October 31, 1993 have been so incorporated in reliance on the reports of Price Waterhouse, independent accountants, given on the authority of said firm as experts in auditing and accounting.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth expenses in connection with the issuance and distribution of the securities being registered, other than the underwriting discount and commissions.

Registration fee	$ 86,207
Trustee's fees and expenses	20,000*
Accountants' fees and expenses	115,000*
Printing and engraving expenses	100,000*
Blue sky and legal investment fees and expenses	15,000*
Rating agencies' fees	60,000*
Legal fees and expenses	150,000*
Miscellaneous	8,793*
Total	$555,000

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* Estimated

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law (the "Delaware Law") authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act"). The Registrant's Certificate of Incorporation and Bylaws provide for indemnification of the Registrant's directors, officers, employees and other agents to the maximum extent permitted by the Delaware Law. In addition, the Registrant has entered into indemnification agreements with its officers and directors.

Reference is made to Section 6 of the Underwriting Agreement included herein as an exhibit to the Registration Statement for provisions regarding indemnification of the Company, officers, directors and controlling persons against certain liabilities.

ITEM 16. EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
1.1	Form of Underwriting Agreement
4.1	Form of Indenture dated as of March , 1994 between the Registrant and Harris Trust Company of California, as Trustee
4.2	Form of Debt Security (included in Exhibit 4.1)
5.1	Opinion of Orrick, Herrington & Sutcliffe as to the validity of the Debt Securities and Common Stock
12.1	Computation of Ratio of Earnings to Fixed Charges
23.1	Consent of Price Waterhouse
23.2	The consent of Orrick, Herrington & Sutcliffe is contained in its opinion filed as Exhibit 5.1 to this Registration Statement
24.1	Powers of Attorney
25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Harris Trust Company of California (bound separately)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant, Applied Materials, Inc., a corporation organized and existing under the laws of Delaware, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City and County of Santa Clara, State of California, on the 1st day of March, 1994.

APPLIED MATERIALS, INC.

By /s/ JAMES C. MORGAN
James C. Morgan
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE	CAPACITY	DATE
(1) Principal Executive Officer and Director:		
/s/ JAMES C. MORGAN (James C. Morgan)	Chairman of the Board, Chief Executive Officer and Director	March 1, 1994
(2) Principal Financial and Accounting Officer:		
/s/ GERALD F. TAYLOR (Gerald F. Taylor)	Senior Vice President and Chief Financial Officer	March 1, 1994
(3) Directors:		
/s/ JAMES W. BAGLEY* (James W. Bagley)	Director	March 1, 1994
/s/ HERBERT M. DWIGHT, JR.* (Herbert M. Dwight, Jr.)	Director	March 1, 1994
/s/ GEORGE B. FARNSWORTH* (George B. Farnsworth)	Director	March 1, 1994
/s/ PHILIP V. GERDINE* (Philip V. Gerdine)	Director	March 1, 1994

SIGNATURE	CAPACITY	DATE
/s/ PAUL R. LOW* (Paul R. Low)	Director	March 1, 1994
/s/ DAN MAYDAN* (Dan Maydan)	Director	March 1, 1994
(Alfred J. Stein)	Director	March 1, 1994
(Hiroo Toyoda)	Director	March 1, 1994

*By: /s/ JAMES C. MORGAN
(James C. Morgan)
Attorney-in-Fact
A majority of the members of the Board of Directors

INDEX TO EXHIBITS

EXHIBIT 1.1

APPLIED MATERIALS, INC.

UNDERWRITING AGREEMENT

[For Debt Securities -
STANDARD PROVISIONS
(Debt Securities)]

March , 1994

[For Debt Securities Use - From time to time, Applied Materials, Inc., a Delaware corporation (the "Company"), may enter into one or more underwriting agreements that provide for the sale of designated securities to the several underwriters named therein. The standard provisions set forth herein may be incorporated by reference in any such underwriting agreement (an "Underwriting Agreement"). The Underwriting Agreement, including the provisions incorporated therein by reference, is herein sometimes referred to as this Agreement. Unless otherwise defined herein, terms defined in the Underwriting Agreement are used herein as therein defined.]

[For Common Stock Use -
As Manager for the several
Underwriters named in Schedule I hereto,
c/o

Ladies and Gentlemen:

Applied Materials, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the "Underwriters"), for whom and are acting as manager (the "Manager") an aggregate of shares (the "Firm Securities") of Common Stock, $0.01 par value (the "Common Stock"), of the Company. In addition, for the sole purpose of covering over-allotments in connection with the sale of the Firm Securities, the Company proposes to grant to the Underwriters an option to purchase up to an additional shares (the "Additional Securities") of Common Stock. The Firm Securities and any Additional Securities purchased pursuant to this Underwriting Agreement are herein called the "Offered Securities." This is to confirm the agreement concerning the purchase of the Offered Securities from the Company by the Underwriters.]

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement, including a prospectus, relating to the Offered Securities and has filed with, or transmitted for filing to, or shall promptly hereafter file with or transmit for filing to, the Commission a prospectus supplement (the "Prospectus Supplement") specifically relating to the Offered Securities pursuant to Rule 424 or Rule 430A under the Securities Act of 1933, as amended (the "Securities Act"). The term "Registration Statement" means the registration statement, including the exhibits thereto, as amended to the date of this Agreement. The term "Basic Prospectus" means the prospectus included in the Registration Statement. The term "Prospectus" means the Basic Prospectus together with the Prospectus Supplement. The term "preliminary prospectus" means a preliminary prospectus supplement specifically relating to the Offered Securities, together with the Basic Prospectus. As used herein, the terms "Registration Statement," "Basic Prospectus," "Prospectus" and "preliminary prospectus" shall include in each case the documents, if any, incorporated by reference therein. The terms "supplement," "amendment" and "amend" as used herein shall include all documents deemed to be incorporated by reference in the Prospectus that are filed subsequent to the date of the Basic Prospectus by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

1. Representations and Warranties. The Company represents and warrants to and agrees with each of the Underwriters that:

(a) The Company meets the requirements for the use of Form S-3 under the Securities Act. The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) (i) Each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Prospectus complied or will comply when so filed in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (ii) each part of the Registration Statement, when such part became effective, did not contain, and each such part, as amended or supplemented, if applicable, when such part is filed, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply, and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (iv) the Prospectus as of its issue date does not contain and, as amended or supplemented, if applicable, as of the date of any such amendment and at the Closing Date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this Section 1(b) do not apply (A) to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Manager expressly for use therein [For Debt Securities add - or (B) to that part of the Registration Statement that constitutes the Statement of Eligibility (Form T-1) under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), of the Trustee.]

(c) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(d) Each subsidiary of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and as currently being conducted and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(e) This Agreement has been duly authorized, executed and delivered by the Company.

[For Debt Securities - (f) The Indenture pursuant to which the Offered Securities are to be issued has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or the effect of general principles of equity, including the possible unavailability of specific performance or injunctive relief, whether considered in a proceeding in equity or at law.]

[For Debt Securities - (g) The Offered Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company enforceable in accordance with their

terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws relating to or affecting creditors' rights generally or the effect of general principles of equity, including the possible unavailability of specific performance or injunctive relief, whether considered in a proceeding in equity or at law.]

[For Common Stock - (h) The Offered Securities have been duly authorized and, when issued in accordance with the terms of this Agreement, and duly countersigned by the Company's Transfer Agent and Registrar, will be validly issued, fully paid and nonassessable and will not be subject to any preemptive rights or similar rights to subscribe for or to purchase securities of the Company pursuant to the Company's Certificate of Incorporation or bylaws or any agreement to which the Company or any of its subsidiaries is a party or by which it may be bound.]

(i) The authorized capital stock of the Company conforms as to legal matters to the description thereof contained in the Prospectus.

(j) The shares of Common Stock of the Company outstanding prior to the issuance of the Offered Securities have been duly authorized and are validly issued, fully paid and nonassessable.

(k) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, [For Debt Securities add -- the Indenture and the Offered Securities] will not contravene, or give rise to any additional rights or remedies under, any provision of applicable law or the certificate of incorporation or bylaws of the Company or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, [For Debt Securities add -- the Indenture or the Offered Securities], except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Offered Securities.

(l) There has not occurred any material adverse change, or any development which could be reasonably expected to result in a prospective material adverse change, in the condition, financial or otherwise, or in the business or operations of the Company and its subsidiaries, taken as a whole, from that described in the Prospectus.

(m) There are no legal or governmental proceedings pending or threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not so described in all material respects (other than proceedings that would not have a material adverse effect on the Company and its subsidiaries taken as a whole, or on the power or ability of the Company to perform its obligations under this Agreement, [For Debt Securities add -- the Indenture or the Offered Securities] or to consummate the transactions contemplated by the Prospectus), or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed or incorporated by reference as exhibits to the Registration Statement that are not described, filed or incorporated as required.

(n) The Company is not an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

(o) To the best knowledge of the Company after due inquiry, the Company and its subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws which are necessary to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such

permits, licenses or approvals would not reasonably be expected to, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(p) The Company has a process of conducting periodic internal reviews relating to compliance by the Company and its subsidiaries with Environmental Laws. On the basis of such reviews, except as set forth in the Prospectus, nothing has come to the attention of the Company which would lead it to believe that costs associated with compliance with Environmental Laws or liabilities arising due to noncompliance with Environmental Laws (including, without limitation, any capital or operating expenses required for cleanup, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) would have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(q) Each of the Company and its subsidiaries owns or possesses adequate and sufficient licenses or other rights to use all patents, copyrights, trademarks, service marks, trade names, technology and know-how necessary (in any material respect) to conduct its business in the manner described in the Prospectus, except such as are not material to the business of the Company and its subsidiaries taken as a whole and except as disclosed in the Prospectus. Except as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has received any notice of infringement or conflict with (and knows of no infringement or conflict with) asserted rights of others with respect to any patents, copyrights, trademarks, service marks, trade names or know-how which would reasonably be expected to result in any material adverse effect upon the Company and its subsidiaries taken as a whole.

(r) The Company has complied with all provisions of Section 517.075, Florida Statutes (Chapter 92-198, Laws of Florida).

[For Debt Securities Use - 2. Public Offering. The Company is advised by the Manager that the Underwriters propose to make a public offering of their respective portions of the Offered Securities as soon after this Agreement has been entered into as in the Manager's judgment is advisable. The terms of the public offering of the Offered Securities are set forth in the Prospectus.]

[For Debt Securities Use - 3. Purchase and Delivery. Payment for the Offered Securities shall be made by certified or official bank check or checks payable to the order of the Company in funds as are set forth in, and at the time and place set forth in, the Underwriting Agreement, upon delivery to the Manager for the respective accounts of the several Underwriters of the Offered Securities, registered in such names and in such denominations as the Manager shall request in writing not less than two full business days prior to the date of delivery, with any transfer taxes payable in connection with the transfer of the Offered Securities to the Underwriters duly paid.]

[For Common Stock Use - 2. Purchase and Delivery.

(a) Subject to the terms and conditions hereof and upon the basis of the representations and warranties herein set forth, the Company agrees to sell to the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase at a price of $ per share, the aggregate number of Firm Securities set forth opposite such Underwriter's name in Schedule I hereto. The Underwriters agree to offer the Firm Securities to the public on the terms as set forth in the Prospectus.

(b) The Company hereby grants to the Underwriters an option to purchase from the Company, solely for the purpose of covering over-allotments in the sale of Firm Securities, all or any portion of the Additional Securities for a period of thirty (30) days from the date hereof at the purchase price per share set forth above. Additional Securities shall be purchased from the Company, severally and not jointly, for the accounts of the several Underwriters in proportion to the number of Firm Securities set forth opposite such Underwriter's name in Schedule I hereto, except that the respective purchase obligations of each Underwriter shall be adjusted by the Manager so that no Underwriter shall be obligated to purchase Additional Securities other than in 100-share quantities.

(c) Delivery of certificates for the Firm Securities, and certificates for the Additional Securities, if the option to purchase the same is exercised on or before the third Business Day (as defined in Section 16 hereof)

prior to the First Closing Date, shall be made at the offices of Lehman Brothers Inc., 388 Greenwich Street, New York, New York 10013 (Cashier's Window) (or such other place as mutually may be agreed upon), at 10:00 A.M., New York City time, on the fifth full Business Day following the date of this Agreement or on such later date as shall be determined by you and the Company (the "Firm Closing Date"). Payment of the purchase price for the Firm Securities and, if the option to purchase the Additional Securities is exercised on or before the third Business Day prior to the Firm Closing Date, the Additional Securities, shall be made by the Underwriters to the Company at the offices of Wilson, Sonsini, Goodrich & Rosati, P.C., Two Palo Alto Square, Palo Alto, California 94306 (or such other place as mutually agreed upon), at 10:00 A.M., New York City time, on the Firm Closing Date.

(d) The option to purchase Additional Securities granted in Section 3(b) hereof may be exercised during the term thereof by written notice to the Company from the Manager. Such notice shall set forth the aggregate number of Additional Securities as to which the option is being exercised and the time and date, not earlier than either the Firm Closing Date or the second Business Day after the date on which the option shall have been exercised nor later than the fifth Business Day after the date of such exercise, as determined by the Manager, when the Additional Securities are to be delivered (the "Option Closing Date"). Delivery and payment for such Additional Securities shall be made at the offices set forth above for delivery and payment of the Firm Securities. (The Firm Closing Date and the Option Closing Date are herein individually referred to as the "Closing Date" and collectively referred to as the "Closing Dates.")

(e) Delivery of certificates for the Offered Securities shall be made by or on behalf of the Company to you, for the respective accounts of the Underwriters, against payment of the respective purchase prices therefor by certified or official bank check payable in New York Clearing House funds to the order of the Company. The certificates for the Offered Securities shall be registered in such names and denominations as you shall have requested at least two full Business Days prior to the applicable Closing Date, and shall be made available for checking and packaging in New York, New York or such other location as may be designated by you at least one full Business Day prior to such Closing Date. Time shall be of the essence, and delivery of certificates for the Offered Securities at the time and place specified in this Agreement is a further condition to the obligations of each Underwriter.]

4. Conditions to Closing. The several obligations of the Underwriters hereunder are subject to the following conditions:

(a) Subsequent to the execution and delivery of the Underwriting Agreement and prior to the Closing Date,

(i) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act; and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the business or operations, of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus that, in the judgment of the Manager, is material and adverse and that makes it, in the judgment of the Manager, impracticable to market the Offered Securities on the terms and in the manner contemplated in the Prospectus.

(b) The Manager shall have received on the Closing Date a certificate, dated the Closing Date and signed by the chief executive officer and chief financial officer of the Company, to the effect set forth in clause (a)(i) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied on or before the Closing Date.

The officers signing and delivering such certificate may rely upon the best of their knowledge as to proceedings threatened.

(c) The Manager shall have received on the Closing Date an opinion of Orrick, Herrington & Sutcliffe, counsel for the Company, dated the Closing Date, substantially to the effect set forth in Exhibit A. The opinion of Orrick, Herrington & Sutcliffe shall be rendered to the Manager at the request of the Company and shall so state therein.

(d) The Manager shall have received on the Closing Date an opinion of James J. DeLong, Director of Legal Affairs of the Company, dated the Closing Date, substantially to the effect set forth in Exhibit B.

(e) The Manager shall have received on the Closing Date an opinion of Wilson, Sonsini, Goodrich & Rosati, Professional Corporation, special counsel for the Underwriters, dated the Closing Date, covering the matters referred to in subparagraphs (ii), (iii), (iv), (vi), (x) (but only as to the statements in the Prospectus under "Description of Debt Securities" and "Plan of Distribution"), (xii) and (xiv) of Exhibit A hereto.

(f) The Manager shall have received on each of the date hereof and the Closing Date a letter, dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Manager, from Price Waterhouse, the Company's independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Prospectus.

5. Covenants of the Company. In further consideration of the agreements of the Underwriters herein contained, the Company covenants as follows:

(a) To furnish the Manager, without charge, a signed copy of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and, during the period mentioned in paragraph (c) below, as many copies of the Prospectus, any documents incorporated by reference therein and any supplements and amendments thereto or to the Registration Statement as the Manager may reasonably request.

(b) Before amending or supplementing the Registration Statement or the Prospectus with respect to the Offered Securities, to furnish to the Manager a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which the Manager reasonably objects.

(c) If, during such period after the first date of the public offering of the Offered Securities as in the opinion of counsel for the Underwriters the Prospectus is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters, and to the dealers (whose names and addresses the Manager will furnish to the Company) to which Offered Securities may have been sold by the Manager on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with law.

(d) To endeavor to qualify the Offered Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Manager shall reasonably request and to maintain such qualification for as long as the Manager shall reasonably request.

(e) To make generally available to its security holders and to the Manager as soon as practicable an earnings statement covering a twelve month period beginning on the first day of the first full fiscal quarter after the date of this Agreement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder. If such fiscal quarter is

the last fiscal quarter of the Company's fiscal year, such earnings statement shall be made available not later than 90 days after the close of the period covered thereby and in all other cases shall be made available not later than 45 days after the close of the period covered thereby.

(f) During the period beginning on the date of this Underwriting Agreement and continuing for a period [For Debt Securities add -- through the Closing Date] [For Common Stock add -- of 90 days after the first date of the public offering of the Offered Securities], not to offer, sell, contract to sell or otherwise dispose of any [For Debt Securities add -- debt securities which are substantially similar to the Offered Securities] [For Common Stock add -- shares of its common stock or any securities convertible into or exercisable or exchangeable for its common stock,] other than [For Debt Securities add -- the Offered Securities] [For Common Stock add -- (i) the Offered Securities, (ii) options to purchase common stock, stock purchase rights or shares of common stock issued upon exercise of such options or rights, granted under the Company's existing stock option and benefit plans, (iii) shares of common stock pursuant to Rights (as defined in the Prospectus) and (iv) shares of common stock issued upon exercise of warrants and options outstanding as of the date hereof, without the prior written consent of the Manager.]

(g) Whether or not any sale of Offered Securities is consummated, to pay all expenses incident to the performance of its obligations under this Agreement, including: (i) the preparation and filing of the Registration Statement and the Prospectus and all amendments and supplements thereto, (ii) the preparation, issuance and delivery of the Offered Securities, (iii) the fees and disbursements of the Company's counsel and accountants [For Debt Securities add - and of the Trustee and its counsel,] (iv) the qualification of the Offered Securities under securities or Blue Sky laws in accordance with the provisions of Section 5(d), including filing fees and the fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of any Blue Sky [For Debt Securities add - or Legal Investment] Memoranda, (v) the printing and delivery to the Underwriters in quantities as hereinabove stated of copies of the Registration Statement and all amendments thereto and of the Prospectus and any amendments or supplements thereto, (vi) [For Debt Securities add -- any fees charged by rating agencies for the rating of the Offered Securities], and (vii) the fees and expenses, if any, incurred with respect to any filing with the National Association of Securities Dealers, Inc.

6. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls such Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by any Underwriter or any such controlling person in connection with investigating or defending any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Manager expressly for use therein, [For Debt Securities add - or the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustees;] provided, however, that the indemnity agreement contained in this paragraph (a) with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) from whom the person asserting any such loss, claim, damage or liability purchased the Offered Securities, if a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Offered Securities to such person, and the Prospectus (as so amended or supplemented) would have corrected the defect giving rise to such loss, claim, damage or liability.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company

within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Manager expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto. The information set forth on the cover page of, and under the caption "Underwriters" or "Plan of Distribution" in the Prospectus, insofar as it relates to the distribution by the Underwriters of the Offered Securities, constitutes the only written information furnished by the Underwriters to the Company for use in the Prospectus.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or (b) above, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Manager, in the case of parties indemnified pursuant to paragraph (a) above, and by the Company, in the case of parties indemnified pursuant to paragraph (b) above. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there shall be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into in good faith more than 45 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in paragraph (a) or (b) of this Section 6 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Offered Securities shall be

deemed to be in the same respective proportions as the net proceeds from the offering of such Offered Securities (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus Supplement, bear to the aggregate public offering price of the Offered Securities. The relative fault of the Company on the one hand and of the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 6 are several in proportion to the respective [For Debt Securities - principal amounts] [For Common Stock -- number of shares] of Offered Securities they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

7. Termination. This Agreement shall be subject to termination, by notice given by the Manager to the Company, if (a) after the execution and delivery of the Underwriting Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., or any other over-the-counter market, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in the judgment of the Manager, is material and adverse and (b) in the case of any of the events specified in clauses (a)(i) through (iv), such event, singly or together with other such event, makes it, in the judgement of the Manager, impracticable to market the Offered Securities on the terms and in the manner contemplated in the Prospectus.

8. Defaulting Underwriters. If, on the Closing Date, any one or more of the Underwriters shall fail or refuse to purchase the Offered Securities that it has or they have agreed to purchase hereunder on such date, and the aggregate amount of Offered Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate amount of the Offered Securities to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the amount of Offered Securities set forth opposite their respective names in the Underwriting Agreement bears to the aggregate amount of Offered Securities set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Manager may specify, to purchase the Offered Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; provided that in no event shall the amount of Offered Securities that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 8 by an amount in excess of one-ninth of such amount of Offered Securities without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Offered Securities and the aggregate amount of Offered Securities with respect to which such default occurs is more than one-tenth of the aggregate

amount of Offered Securities to be purchased on such date, and arrangements satisfactory to the Manager and the Company for the purchase of such Offered Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either the Manager or the Company shall have the right to postpone the Closing Date but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering of the Offered Securities.

9. Representations and Indemnities to Survive. The respective indemnity and contribution agreements and the representations, warranties and other statements of the Company, its officers and the Underwriters set forth in this Agreement will remain in full force and effect, regardless of any termination of this Agreement, any investigation made by or on behalf of any Underwriter or the Company or any of the officers, directors or controlling persons referred to in Section 6 and delivery of and payment for the Offered Securities.

[For Common Stock Add - 10. Definition of "Business Day." For purposes of this Agreement, "Business Day" means any day on which the New York Stock Exchange, Inc. is open for trading.]

10. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, directors and controlling persons referred to in Section 6, and no other person will have any right or obligation hereunder.

11. Counterparts. The Underwriting Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

12. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

13. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

[FOR COMMON STOCK ONLY ADD:]

Please confirm, by signing and returning to us two counterparts of this Agreement, that you are acting on behalf of yourselves and the several Underwriters and that the foregoing correctly sets forth the Agreement between the Company and the several Underwriters.

Very truly yours,

APPLIED MATERIALS, INC.
By:
Authorized Signatory

Confirmed and accepted as of
the date first above mentioned

[MANAGERS]

For themselves and as Manager for the
several
Underwriters named in Schedule I
hereto

By: [LEAD]
By:
Authorized Representative

[FOR COMMON STOCK ONLY]

SCHEDULE I

UNDERWRITING AGREEMENT DATED , 1994

UNDERWRITER	NUMBER OF FIRM SECURITIES TO BE PURCHASED

[FOR DEBT SECURITIES ONLY]

UNDERWRITING AGREEMENT

, 1994

APPLIED MATERIALS, INC.
3050 Bowers Avenue
Santa Clara, California 95054

Ladies and Gentlemen:

We (the "Manager") are acting on behalf of the underwriter or underwriters (including ourselves) named below (such underwriter or underwriters being herein called the "Underwriters"), and we understand that Applied Materials, Inc., a Delaware corporation (the "Company"), proposes to issue and sell [Currency and Principal Amount] aggregate initial offering price of [Full title of Debt Securities] (the "Debt Securities"). The Debt Securities are also referred to herein as the "Offered Securities". The Debt Securities will be issued pursuant to the provisions of an Indenture dated as of , 1994 (the "Indenture") between the Company and , as Trustee (the "Trustee").

Subject to the terms and conditions set forth or incorporated by reference herein, the Company hereby agrees to sell and the Underwriters agree to purchase, severally and not jointly, the respective principal amounts of Debt Securities set forth below opposite their names at a purchase price of % of the principal amount of Debt Securities, plus accrued interest, if any, from [Date of Offered Securities] to the date of payment and delivery:

NAME	PRINCIPAL AMOUNT OF DEBT SECURITIES
Total.....	

The Underwriters will pay for the Offered Securities upon delivery thereof at the offices of Wilson, Sonsini, Goodrich & Rosati, Two Palo Alto Square, Palo Alto, California at 10:00 a.m. New York time on , 1994, or at such other time, not later than 5:00 p.m. (New York time) on , 1994, as shall be designated by the Manager. The time and date of such payment and delivery are hereinafter referred to as the Closing Date. Payment for the Offered Securities shall be made in funds.

The Offered Securities shall have the terms set forth in the Prospectus dated , 1994, and the Prospectus Supplement dated , 1994, including the following:

TERMS OF DEBT SECURITIES

Maturity Date:

Interest Rate:

Redemption Provisions:

Interest Payment Dates: , 19 and , 19 commencing , 19 (Interest accrues from , 19)

Form and Denomination:

[Other Terms:]

All provisions contained in the document entitled Applied Materials, Inc. Underwriting Agreement Standard Provisions (Debt Securities) dated , 1994, a copy of which is attached hereto, are herein incorporated by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions had been set forth in full herein, except that (i) if any term defined in such document is otherwise defined herein, the definition set forth herein shall control, (ii) all references in such document to a type of security that is not an Offered Security shall not be deemed to be a part of this Agreement, and (iii) all references in such document to a type of agreement that has not been entered into in connection with the transactions contemplated hereby shall not be deemed to be a part of this Agreement.

Please confirm your agreement by having an authorized officer sign a copy of this Agreement in the space set forth below.

Very truly yours,

Acting severally on behalf of
themselves and the several
Underwriters named herein

By: [ ]
By:
Name:
Title:

Accepted, , 1994

APPLIED MATERIALS, INC.
By:
Name:
Title:

EXHIBIT A

Pursuant to Section 4(c) of the Underwriting Agreement, the Company's legal counsel, Orrick, Herrington & Sutcliffe shall furnish their opinion to the Underwriters, dated the Closing Date, to the effect that:

(i) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the full corporate power and corporate authority to own, lease and operate its properties and conduct its business as described in the Prospectus.

(ii) The Underwriting Agreement has been duly authorized by all necessary corporate action on the part of the Company and has been duly executed and delivered by the Company.

(iii) [For Offered Debt Securities insert - The Offered Securities have been duly authorized by all necessary corporate action on the part of the Company and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for in accordance with the terms of the Underwriting Agreement will be (x) entitled to the benefits of the Indenture and (y) valid and binding agreements of the Company enforceable against the Company in accordance with their terms except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and (b) the enforceability thereof may be limited by general principles of equity and the unavailability of specific performance or injunctive relief.]

(iv) [Common Stock insert - The Offered Securities are duly authorized and will be, when duly countersigned by the Company's Transfer Agent and Registrar and upon issuance and delivery against payment therefor in accordance with the terms of the Underwriting Agreement, validly issued, fully paid and nonassessable.]

(v) There are no preemptive or, to our knowledge, other rights to subscribe for or to purchase any securities of the Company pursuant to the Company's Certificate of Incorporation, Bylaws, Credit Agreement, dated as of August 1, 1991, among Applied Materials, Inc., the bank's signatory thereto and The Chase Manhattan Bank, N.A., as agent (the "Bank Agreement"), or any agreement set forth as an exhibit to any of the documents incorporated by reference in the Prospectus.

(vi) [For Offered Debt Securities insert - The Indenture has been duly authorized by all necessary corporate action on the part of the Company and has been executed and delivered by the Company. The Indenture is a valid and binding agreement of the Company enforceable against the Company in accordance with its terms except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and (b) the enforceability thereof may be limited by general principles of equity and the unavailability of specific performance or injunctive relief. The Indenture is qualified under the Trust Indenture Act.]

(vii) The execution, delivery and performance by the Company of the Underwriting Agreement, [For Offered Debt Securities insert - The Indenture and the Offered Securities] (1) do not conflict with or violate the Company's Certificate of Incorporation or Bylaws, (2) to our knowledge, do not conflict with or violate or constitute a breach of, or constitute a default under, the Bank Agreement or any agreement set forth as an exhibit to any of the documents incorporated by reference in the Prospectus, (3) to our knowledge, do not result in the creation or imposition of any lien, charge, claim or encumbrance upon any property or asset of the Company in any manner that would have a material adverse effect on the condition (financial or other), results of operations, business or business prospects of the Company and its subsidiaries taken as a whole, and (4) do not violate applicable law.

(viii) No permit, authorization, consent, approval of or qualification with any U.S. federal or state governmental authority is required for the execution, delivery or performance by the Company of the Underwriting Agreement, [For Offered Debt Securities insert - the Indenture or the Offered Securities], except such as have been obtained under the Securities Act [and the Trust Indenture Act] and such as may be required under state or other blue sky laws (on which we express no opinion) in connection with the purchase and distribution of the Offered Securities.

(ix) To our knowledge, except as set forth in the Prospectus, there is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or overtly threatened in writing against or affecting the Company which would require disclosure in the Registration Statement or the Prospectus.

(x) The terms and provisions of the Offered Securities conform in all material respects to the description thereof contained in the Prospectus. The statements in the Prospectus under the caption "Description of Debt Securities", "Description of Capital Stock", and "Plan of Distribution," and in the Registration Statement under Item 15, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein.

(xi) The Registration Statement is effective under the Securities Act and, to the best of our knowledge, no proceedings for a stop order have been instituted or are pending or threatened under the Securities Act and any required filings pursuant to Rule 424(b) have been made in accordance therewith.

(xii) The Registration Statement, the Prospectus and each amendment thereof or supplement thereto (except the financial statements, schedules and other financial and statistical information contained or incorporated by reference therein and the Form T-1, as to which we express no opinion), as of their respective effective or issue dates, complied as to form in all material respects with the requirements of the Securities Act [and the Trust Indenture Act] and the rules and regulations of the Commission thereunder.

(xiii) Each document filed pursuant to the Securities Exchange Act of 1934 and incorporated by reference in the Prospectus (it being understood that we have not been requested to and do not give any opinion or make any comment with respect to the financial statements, schedules and other financial and statistical information contained or incorporated by reference therein) complied when it was filed as to form in all material respects with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the Commission thereunder.

(xiv) Nothing has come to such counsel's attention to cause it to believe that (1) (except for financial statements, schedules and other financial and statistical information contained therein as to which such counsel need not express any belief and except for that part of the Registration Statement that constitutes the Form T-1) the Registration Statement, at the time it became effective contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (2) (except for financial statements, schedules and other financial and statistical information contained therein as to which such counsel need not express any belief) the Prospectus as of its issue date and as of the date such opinion is delivered contained or contains, respectively, any untrue statement of a material fact or omitted or omits, respectively, to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading.

(xv) The Company is not an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

With respect to subparagraph (xiv) above such counsel may state that their belief is based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and documents incorporated therein by reference and review and discussion of the contents thereof, but are without independent check or verification, except as specified.

EXHIBIT B

Pursuant to Section 4(d) of the Underwriting Agreement, the Company's Director of Legal Affairs shall furnish an opinion to the Underwriters, dated the Closing Date, to the effect that:

(i) Each of the Company's Significant Subsidiaries (as such term is defined in Rule 405 under the Securities Act) and each other subsidiary listed on Exhibit 21 to the Company's Annual Report on Form 10-K for the year ended October 31, 1993 (each, a "Subsidiary" and collectively, the "Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with full power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and as presently being conducted, and the Company and each Subsidiary is duly qualified to do business and is in good standing in each jurisdiction in which the character of the business conducted by it or the location of the properties owned or leased by it makes such qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the condition (financial or other), results of operations, business or business prospects of the Company and its subsidiaries taken as a whole.

(ii) To such counsel's knowledge, there are no rights to subscribe for or to purchase any securities of the Company pursuant to any agreement to which the Company or any of the Subsidiaries is a party or by which it or any of its properties is bound. To such counsel's knowledge, no holders of shares of Common Stock of the Company have registration rights with respect to such securities.

(iii) The execution and delivery by the Company of the Underwriting Agreement, [For Debt Securities, insert - the Indenture or the Offered Securities] and the consummation by the Company of the transactions contemplated thereby (i) do not conflict with or violate the charter documents of any Subsidiary, (ii) to such counsel's knowledge, do not result in the material breach or violation of any of the terms or provisions of, or constitute a material default under, any agreement to which the Company or any of the Subsidiaries is a party or by which it is or any of its properties is bound, and (iii) do not violate any applicable law or any judgment, order or decree of any court or any governmental agency or body having jurisdiction over the Company or any of the Subsidiaries, in each case in any manner that would have a material adverse effect on the condition (financial or other), results of operations, business or business prospects of the Company and its subsidiaries taken as a whole or that would affect the power or ability of the Company in any manner to perform its obligations under the Underwriting Agreement, [For Offered Debt Securities, insert - the Indenture or the Offered Securities] or to consummate the transactions contemplated by the Prospectus.

(iv) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or, to such counsel's knowledge, threatened against or affecting the Company or any Subsidiary or any of their respective properties, other than (i) proceedings fairly summarized in all material respects in the Prospectus, and (ii) proceedings which are not likely to have a material adverse effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under the Underwriting Agreement, [For Offered Debt Securities, insert - the Indenture or the Offered Securities] or to consummate the transactions contemplated thereby.

(v) The statements in Item 3 - Legal Proceedings of the Company's most recent Annual Report on Form 10-K and in Part II, Item 1 - Legal Proceedings of the Company's Quarterly Report for the quarter ended January 30, 1994, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents or proceedings and fairly summarize in all material respects the matters referred to therein.

(vi) To such counsel's knowledge, the Company and its subsidiaries are in compliance with all applicable Environmental Laws, have received all permits, licenses or other approvals required of them under all applicable Environmental Laws to conduct their respective businesses and are in compliance

with all terms and conditions of such permits, licenses or approvals, in each case (i) except as described in or contemplated by the Prospectus and (ii) except where such noncompliance with such Environmental Laws, failure to receive such required permits, licenses or approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not reasonably be expected to, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(vii) To such counsel's knowledge and except as described in or contemplated by the Prospectus (i) each of the Company and its subsidiaries owns or possesses adequate and sufficient licenses or other rights to use, all patents, copyrights, trademarks, service marks, trade names, technology and know-how necessary in any material respect to conduct its business as described in the Prospectus and (ii) neither the Company nor any of its subsidiaries has received any notice of infringement or conflict with (and knows of no infringement or conflict with) asserted rights of others with respect to any patents, copyrights trademarks, service marks, trade names or know-how which would reasonably be expected to result in any material adverse effect upon the Company and its subsidiaries, taken as a whole.

(viii) Such counsel does not know of any statutes, regulations, contracts, indentures, mortgages, loan agreements, leases or other documents of a character required to be described in the Registration Statement or the Prospectus, or to be filed or incorporated by reference as exhibits to the Registration Statement that are not described, filed or incorporated by reference as required by the Securities Act and the rules and regulations of the Commission thereunder.

EXHIBIT 4.1

APPLIED MATERIALS, INC.

TO

HARRIS TRUST COMPANY OF CALIFORNIA

TRUSTEE

INDENTURE

DATED AS OF MARCH , 1994

DEBT SECURITIES

APPLIED MATERIALS, INC.

CERTAIN SECTIONS OF THIS INDENTURE RELATING TO
SECTIONS 310 THROUGH 318, INCLUSIVE,
OF THE TRUST INDENTURE ACT OF 1939:

TRUST INDENTURE ACT SECTION		INDENTURE SECTION
sec. (1)	.....	609
310(a)		
(a) (2)	.....	609
(a) (3)	.....	Not Applicable
(a) (4)	.....	Not Applicable
(b)	.....	608 610
sec.	.....	613
311(a)		
(b)	.....	613
sec.	.....	701
312(a)		702(a)
(b)	.....	702(b)
(c)	.....	702(c)
sec.	.....	703(a)
313(a)		
(b)	.....	703(a)
(c)	.....	703(a)
(d)	.....	703(b)
sec.	.....	704
314(a)		
(a) (4)	.....	101 1004
(b)	.....	Not Applicable
(c) (1)	.....	102
(c) (2)	.....	102
(c) (3)	.....	Not Applicable
(d)	.....	Not Applicable
(e)	.....	102

TRUST INDENTURE ACT SECTION		INDENTURE SECTION
sec.		601
315(a)		
(b)		602
(c)		601
(d)		601
(e)		514
sec.		101
316(a)		
(a) (1)(A)		502 512
(a) (1)(B)		513
(a) (2)		Not Applicable
(b)		508
(c)		104(c)
sec. (1)		503
317(a)		
(a) (2)		504
(b)		1003
sec.318(a)		107

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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INDENTURE, dated as of March , 1994, between APPLIED MATERIALS, INC., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal office at 3050 Bowers Avenue, Santa Clara, California 95054-3299, and HARRIS TRUST COMPANY OF CALIFORNIA, a national banking association, duly organized and existing under the laws of California, as Trustee hereunder (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the "Securities"), unlimited as to principal amount, to bear such rates of interest, to mature at such time or times, to be issued in one or more series and to have such other provisions as shall be fixed as hereinafter provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States of America, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Attributable Debt" has the meaning specified in Section 1009.

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 614 to act on behalf of the Trustee to authenticate Securities of one or more series.

"Board of Directors" means either the board of directors of the Company or any committee of that board duly authorized to act for it in respect thereof.

"Board Resolution" means a copy of one or more resolutions certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day

on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close, except as may otherwise be provided in the form of Securities of any particular series pursuant to the provisions of this Indenture.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Consolidated Net Tangible Assets" means, as of any particular time, the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom: (a) all current liabilities except for (1) notes and loans payable, (2) current maturities of long-term debt and (3) current maturities of obligations under capital leases; and (b) to the extent included in said aggregate amount of assets, all goodwill, trade names, trademarks, patents, organization expenses, unamortized debt discount and expenses (other than capitalized unamortized product development costs, such as, without limitation, capitalized hardware and software development costs), to the extent included in said aggregate amount of assets, all as set forth on the most recent consolidated balance sheet of the Company and computed in accordance with generally accepted accounting principles.

"Corporate Trust Office" means the principal office of the Trustee at which at any particular time its corporate trust business shall be conducted, which office, at the date of execution of this Indenture, is located at 707 Wilshire Boulevard, Suite 4840, Los Angeles, California 90017.

"Corporation" means a corporation, association, company, joint-stock company or business trust.

"Covenant Defeasance" has the meaning specified in Section 1303.

"Debt" has the meaning specified in Section 1008.

"Defaulted Interest" has the meaning specified in Section 307.

"Defeasance" has the meaning specified in Section 1302.

"Depositary" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Exchange Act that is designated to act as Depositary for such Securities as contemplated by Section 301.

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exempted Secured Debt" has the meaning specified in Section 1008.

"Global Security" means a Security that evidences all or part of the Securities of any series and is authenticated and delivered to, and registered in the name of, the Depositary for such Securities or a nominee thereof.

"Holder" means a Person in whose name a Security is registered in the Security Register.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term "Indenture" shall also include the terms of the particular series of Securities established as contemplated by Section 301; provided, however, that if at any time more than one person is acting as Trustee under this Indenture due to the appointment of one or more separate Trustees for any one or more separate series of Securities, "Indenture" shall mean, with respect to such series of Securities for which any such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities for which such person is Trustee established as contemplated by Section 301, exclusive, however, of any provisions or terms

which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such person had become such Trustee, but to which such person, as such Trustee, was not a party; provided further that in the event that this indenture is supplemented or amended by one or more indentures supplemental hereto which are only applicable to certain series of Securities, the term "Indenture" for a particular series of Securities shall only include the supplemental indentures applicable thereto.

"Interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption, exercise of option for repayment or otherwise.

"Mortgage" and "mortgages" have the respective meanings specified in Section 1008.

"Notice of Default" means a written notice of the kind specified in Sections 501(4), 501(5) and (501)(6).

"Officers' Certificate" means a certificate signed by the Chairman of the Board, a Vice Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company (and who may be an employee of the Company), or other counsel acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(1) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Securities as to which Defeasance has been effected pursuant to Section 1302; and

(4) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of Holders for quorum purposes, (a) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof pursuant to Section 502, (b) the principal amount of a Security denominated in one or more foreign currencies or currency units shall be the U.S. dollar equivalent, determined in the manner provided as contemplated by Section 301 on the date of original issuance of such Security, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the date of original issuance of such Security of the amount determined as provided in (a) above) of such Security, and (c) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be

Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of or any premium or interest on any Securities on behalf of the Company.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 301.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Principal Property" means the land, land improvements, buildings and fixtures (to the extent they constitute real property interests) (including any leasehold interest therein) constituting the principal corporate office, any manufacturing plant or any manufacturing facility, whether owned at the date of this Indenture or thereafter acquired, and any equipment located thereon, which (a) is owned by the Company or any Subsidiary, (b) is located within any of the present 50 states of the United States of America (or the District of Columbia), (c) has not been determined in good faith by the Board of Directors not to be of material importance to the business conducted by the Company and its Subsidiaries taken as a whole, and (d) has a book value on the date as of which the determination is being made of in excess of 0.75% of Consolidated Net Tangible Assets of the Company as most recently deter-

mined on or prior to such date (including for purposes of such calculation the land, land improvements, buildings and such fixtures comprising such office, plant or facility, as the case may be).

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

"Repayment Date", when used with respect to any Security to be repaid upon exercise of option for repayment by the Holders, means the date fixed for such repayment by or pursuant to this Indenture.

"Repayment Price", when used with respect to any Security to be repaid upon exercise of option for repayment by the Holder, means the price at which it is to be repaid pursuant to this Indenture.

"Responsible Officer", when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Subsidiary" means any Subsidiary which owns any Principal Property; provided, however, that the term "Restricted Subsidiary" shall not include any Subsidiary which is principally engaged in financing receivables, or which is principally engaged in financing the Company's operations outside the United States of America; provided, further, that the term "Restricted Subsidiary" shall not include any Subsidiary less than 80% of the voting stock of which is owned, directly or indirectly, by the Company or by one or more other

Subsidiaries, or by the Company and one or more other Subsidiaries if the common stock of such Subsidiary is traded on any national securities exchange or quoted on the NASDAQ National Market System or over the counter. For purposes of this definition, "voting stock" has the meaning specified in the definition of "Subsidiary," below.

"Sale and Lease-Back" has the meaning specified in Section 1009.

"Security" or "Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Security or Securities authenticated and delivered under this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

"Subsidiary" means any corporation more than 66 2/3% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 905; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939, as so amended.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the

Securities of any series shall mean the Trustee with respect to Securities of that series.

"U.S. Government Obligations" means securities that are (a) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under clauses (a) or (b) are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

"Vice President", when used with respect to the Company, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by an officer of the Company, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than those provided for in Section 1004) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein related thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders; Record Dates.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgements of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) The Company may, in the circumstances permitted by the Trust Indenture Act, fix any day as the record date for the purpose of determining the Holders of Securities of any series entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders of Securities of such series. If not set by the Company prior to the first solicitation of a Holder of Securities of such series made by any Person in respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of Holders required to be provided pursuant to Section 701) prior to such first solicitation or vote, as the case may be. With regard to any record date for action to be taken by the Holders of one or more series of Securities, only the Holders of Securities of such series on such date (or their duly designated proxies) shall be entitled to give or take, or vote on, the relevant action. With regard to any record date set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date (or their duly appointed agents), and only such Persons, shall be entitled to give or take the relevant action, whether or not such Holders remain Holders after such record date. With regard to any action that may be given or taken hereunder only by Holders of a requisite principal amount of Outstanding Securities of any series (or their duly appointed agents) and for which a record date is set pursuant to this paragraph, the Company may, at its option, set an expiration date after which no such action purported to be given or taken by any Holder shall be effective hereunder unless given or taken on or prior to such expiration date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date (or their duly appointed agents). On or prior to any expiration date set pursuant to this paragraph, the Company may, on one or more occasions at its option, extend such date to any later date. Nothing in this paragraph shall prevent any Holder (or any duly appointed agent thereof) from giving or taking, after any expiration date, any action identical to, or, at any time, contrary to or different from, any action given or taken, or purported to have been given or taken, hereunder by a Holder on or prior to such date, in which event the Company may set a record date in respect thereof pursuant to this paragraph.

(f) Without limiting the foregoing, a Holder entitled hereunder to give or take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any different part of such principal amount.

SECTION 105. Notices, Etc., to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company; provided, however, that such notice shall not be deemed to be given until received by the Company.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any Authenticating Agent, Paying Agent, Security Registrar and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Repayment Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this

Indenture or the Securities (other than a provision of the Securities of any series which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, Repayment Date or at the Stated Maturity, provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, Repayment Date or Stated Maturity, as the case may be.

ARTICLE TWO

SECURITY FORMS

SECTION 201. Forms Generally.

The Securities of each series shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 202. Form of Face of Security.

[INSERT ANY LEGEND REQUIRED BY THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER.]

- ---

No. $

APPLIED MATERIALS, INC., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to , or registered assigns, the principal sum of Dollars on [IF THE SECURITY IS TO BEAR INTEREST PRIOR TO MATURITY, INSERT --, and to pay interest thereon from or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on and in each year, commencing , at the rate of % per annum, until the principal hereof is paid or made available for payment [IF APPLICABLE, INSERT --, and (to the extent that the payment of such interest shall be legally enforceable) at the rate of % per annum on any overdue principal and premium and on any overdue installment of interest]. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the or (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided is said Indenture.]

[IF THE SECURITY IS NOT TO BEAR INTEREST PRIOR TO MATURITY, INSERT -- The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption, upon repayment or at Stated Maturity and in such case the overdue principal of this Security

shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such default in payment to the date payment of such principal has been made or duly provided for. Interest on any overdue principal shall be payable on demand. Any such interest on any overdue principal that is not so paid on demand shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), which shall accrue from the date of such demand for payment to the date payment of such interest has been made or duly provided for, and such interest shall also be payable on demand.]

Payment of principal of (and premium, if any) and [IF APPLICABLE, INSERT -- any such] interest on this Security will be made at the office or agency of the Company maintained for that purpose in , in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. In the event the Global Security representing the Securities becomes exchangeable for definitive Securities pursuant to the terms of the Indenture, at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

[IF APPLICABLE, INSERT -- So long as all of the Securities of this series are represented by Global Securities, the principal of, premium, if any, and interest, if any, on this Global Security shall be paid in same day funds to the Depositary, or to such name or entity as is requested by an authorized representative of the Depositary. If at any time the Securities of this series are no longer represented by the Global Securities and are issued in definitive form ("Certificated Securities"), then the principal of, premium, if any, and interest, if any, on each Certificated Security at Maturity shall be paid in same day funds to the Holder upon surrender of such Certificated Security at the Corporate Trust Office of the Trustee, or at such other place or places as may be designated in or pursuant to the Indenture, provided that such Certificated Security is surrendered to the Trustee, acting as Paying Agent, in time for the Paying Agent to make such payments in such funds in accordance with its normal procedures. Payments of interest with respect to Certificated Securities other than at Maturity may, at the option of the Company, be made by check mailed to the address of the Person entitled thereto as it appears on the Security Register on the relevant Regular or Special Record Date or by wire transfer in same day funds to such account as may have been appropriately

designated to the Paying Agent by such Person in writing not later than such relevant Regular or Special Record Date.]

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereof has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

APPLIED MATERIALS, INC.
By

Attest:

SECTION 203. Form of Reverse of Security.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of March , 1994 (herein called the "Indenture"), between the Company and Harris Trust Company of California, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof [, limited in aggregate amount to $].

[IF APPLICABLE, INSERT -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [IF APPLICABLE, INSERT -- (1) on in any year commencing with the year and ending with the year through operation of the sinking fund for

this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any time [on or after , 19], as a whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [on or before , %, and if redeemed] during the 12 month period beginning of the years indicated,

YEAR	REDEMPTION PRICE	YEAR	REDEMPTION PRICE

and thereafter at a Redemption Price equal to % of the principal amount, together in the case of any such redemption [IF APPLICABLE, INSERT -- (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[IF APPLICABLE, INSERT -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, (1) on in any year commencing with the year and ending with the year through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time [on or after], as a whole or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: If redeemed

during the 12-month period beginning of the years indicated,

YEAR	REDEMPTION PRICE FOR REDEMPTION THROUGH OPERATION OF THE SINKING	REDEMPTION PRICE FOR REDEMPTION OTHERWISE THAN THROUGH OPERATION OF THE SINKING FUND

and thereafter at a Redemption price equal to % of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[Notwithstanding the foregoing, the Company may not, prior to , redeem any Securities of this series as contemplated by [Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted financial practice) of less than % per annum.]

[The sinking fund for this series provides for the redemption on in each year beginning with the year and ending with the year of [not less than $ ("mandatory sinking fund") and not more than] $ aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [mandatory] sinking fund payments may be credited against subsequent [mandatory] sinking fund payments otherwise required to be made [in the inverse order in which they become due].]

[IF THE SECURITY IS TO BE SUBJECT TO REPAYMENT AT THE OPTION OF THE HOLDER, INSERT -- To be repaid at the option of the Holder, the Company must receive this Security, with the form of "Option to Elect Repayment" hereon duly

completed, at an office or agency of the Company maintained for that purpose in (or at such other place of which the Company shall from time to time notify the Holder of this Security) not less than nor more than days prior to the Repayment Date. The exercise of the repayment option by the Holder shall be irrevocable.]

[IF THE SECURITY IS SUBJECT TO REDEMPTION, INSERT -- In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[IF THE SECURITY IS NOT AN ORIGINAL ISSUE DISCOUNT SECURITY, INSERT -- If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[IF THE SECURITY IS AN ORIGINAL ISSUE DISCOUNT SECURITY, INSERT -- If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to -- INSERT FORMULA FOR DETERMINING THE AMOUNT. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration

of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

[IF APPLICABLE, INSERT -- Each of the defeasance and covenant defeasance provisions of Article Thirteen of the Indenture shall apply to this Security.]

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of $ and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

This Security shall for all purposes be governed by and construed in accordance with the laws of the State of New York.

The terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

[FORM OF OPTION TO ELECT REPAYMENT.]

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably requests and instructs the Company to repay the within Security (or portion thereof specified below) pursuant to its terms at a price equal to the principal amount thereof, together with interest to the Repayment Date, to the undersigned, at

- ---

- ---

(Please Print or Typewrite Name and Address of the Undersigned)

For this Security to be repaid, the Company must receive this Security, with this "Option to Elect Repayment" form duly completed, at an office or agency of the Company maintained for that purpose in , or at such other place of which the Company shall from time to time notify the Holder, no less than days nor more than days prior to [, . . . or] [the or (commencing on)].

If less than the entire principal amount of the within Security is to be repaid, specify the portion thereof (which shall be $, or an integral multiple of $) which the Holder elects to have repaid: $.

Dated:

Note: The signature must correspond with the name as written upon the face of the Security in every particular without alteration or enlargement

SECTION 204. Form of Legend for Global Securities.

Any Global Security authenticated and delivered hereunder may bear any legend required to comply with the requirements of any Depositary.

SECTION 205. Form of Trustee's Certificate of Authentication.

The Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

HARRIS TRUST COMPANY OF CALIFORNIA
As Trustee

By
Authorized Officer

ARTICLE THREE

THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued from time to time in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 303, set forth, or determined in a manner provided, in an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906, 1107 or 1404 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(3) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(4) the date or dates on which the principal of the Securities of the series is payable;

(5) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates are determined, the date or dates from which such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable on any Securities and the Regular Record Date for any interest payable on any Interest Payment Date, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

(6) the place or places where the principal of and any premium and interest on Securities of the series shall be payable and where the Securities of any series may be surrendered for registration of transfer;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed or repaid, as the case may be, in whole or in part, at the option of the Holders;

(8) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation, and any provisions for the remarketing of such Securities;

(9) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;

(10) the currency, currencies or currency units in which payment of the principal of and any premium and interest on any Securities of the series shall be payable if other than the currency of the United States of America and the manner of determining the equivalent thereof in the currency of the United States of America for purposes of the definition of "Outstanding" in Section 101;

(11) if the amount of payments of principal of or any premium or interest on any Securities of the series may be determined with reference to an index, formula or other method, the manner in which such amounts shall be determined;

(12) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Company or a Holder thereof, in one or more currencies or currency units other than that or those in which the Securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and any premium and interest on Securities of such series as to which such election is made shall be payable, and the periods within which and the terms and conditions upon which such election is to be made;

(13) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(14) if applicable, that the Securities of such series shall be defeasible as provided in Article Thirteen;

(15) if and as applicable, that the Securities of such series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the Depositary or Depositaries for such Global Security or Global Securities and any circumstances other than those set forth in Section 305 in which any such Global Security may be transferred to, and registered and exchanged for Securities registered in the name of, a Person other than the Depositary for such Global Security or a nominee thereof and in which such transfer may be registered;

(16) the Person who shall be the Security Registrar, if other than the Trustee, and the Person who will be the Paying Agent;

(17) if applicable, any Events of Default with respect to Securities of such series, to the extent that such Events of Default are in addition to the Events of Default herein contained;

(18) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 901(5)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to 303) set forth, or determined in the manner provided, in the Officer's Certificate referred to above or in any such indenture supplemental hereto. All Securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series.

If any of the terms of the Securities of any series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officer's Certificate setting forth the terms of the series.

SECTION 302. Denominations.

The Securities of each series shall be issuable in registered form without coupons in such denominations as shall be specified as contemplated by Section 301. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President, one of its Vice Presidents or its Treasurer, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order (which may provide that Securities that are the subject thereof will be authenticated and delivered by the Trustee from

time to time upon the telephonic or written order of Persons designated in said Company Order and that such Persons are authorized to determine such terms and conditions of said Securities as are specified in the Company Order) shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established in or pursuant to one or more Board Resolutions as permitted by Sections 201 and 301, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating,

(1) if the form such Securities has been established by or pursuant to a Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of such Securities have been established by or pursuant to a Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture; and

(3) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and to such other matters as counsel may specify.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 301 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the time authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of

such series to be issued and contemplate issuance of all Securities of such series.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 309, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 304. -- Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company maintained pursuant to Section 1002 in a Place of Payment for that series for the purpose of exchanges of Securities of such series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. Until so exchanged the temporary

Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

SECTION 305. -- Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at an office or agency to be maintained by the Company in accordance with Section 1002 a register (being the combined register of the Security Registrar and all transfer agents designated pursuant to Section 1002 for the purpose of registration of transfer of Securities and sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of any series at the office or agency maintained pursuant to Section 1002 for such purpose in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906, 1107 or 1404 not involving any transfer.

The Company shall not be required (a) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (b) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except in the case of any Security to be redeemed in part, the portion thereof not to be redeemed.

Notwithstanding any other provision in this Indenture, any Global Security shall be exchangeable pursuant to this Section 305 for Securities registered in the names of Persons other than the Depositary for such Global Security or its nominee only when (a) such Depositary notifies the Company and the Trustee in writing that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a clearing agency registered under the Exchange Act, and a successor Depositary is not appointed by the Company within 90 days, (b) the Company in its sole discretion determines that Securities shall no longer be represented by a Global Security and executes and delivers to the Trustee a Company Order that such Global Security shall be so exchangeable, (c) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default with respect to the Securities represented by such Global Security or (d) there shall exist such other circumstances, if any, as shall be specified for this purpose as contemplated by Section 301. Any Global Security that is exchangeable pursuant to clause (a), (b), (c) or (d) above, shall be surrendered by the Depositary, or such other depositary as shall be specified in the Company Order with respect thereto, to the Trustee, as the agent for such purpose, to be exchanged, in whole or in part, for definitive Securities without charge, and the Trustee shall authenticate and deliver, in exchange for each portion of such permanent Global Security, an equal aggregate principal amount of definitive Securities, executed by the Company, of the same series of authorized denominations and

of like tenor as the portion of such Global Security to be exchanged, which shall be in the form of registered Securities as provided in the Company Order.

Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security other than pursuant to clauses (a), (b), (c) or (d) in the preceding paragraph, whether pursuant to this Section, Sections 304, 306, 906, 1107 or 1404 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security.

SECTION 306. -- Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (a) evidence to their satisfaction of the destruction, loss or theft of any Security and (b) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Except as otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

In the case of Securities represented by a Global Security registered in the name of or held by a Depositary or its nominee, unless otherwise specified by Section 301, payment of principal, premium, if any, and interest, if any, will be made to the Depositary or its nominee, as the case may be, as the registered owner or Holder of such Global Security. None of the Company, the Trustee, any Paying Agent, any Authenticating Agent nor the Security Registrar for such Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interest in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements

satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice is given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

At the option of the Company, interest on Securities of any series that bear interest may be paid by mailing a check to the address of the Person entitled thereto as such address shall appear in the Security Register, except as otherwise provided pursuant to Section 301.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (except as otherwise specified as contemplated by Section 301(3) and subject to Section 307) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

In the case of a Global Security, so long as the Depositary for such Global Security, or its nominee, is the registered owner of such Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or Holder of the Securities represented by such Global Security for all purposes under this Indenture. Except as provided in Section 305, owners of beneficial interests in a Global Security will not be entitled to have Securities that are represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of such Securities in definitive form and will not be considered the owners or Holders thereof under this Indenture.

Notwithstanding the foregoing, with respect to any Global Security, nothing herein shall (a) prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by a Depositary or (b) impair, as between a Depositary and holders of beneficial interests in any Global Security, the operation of customary practices governing the exercise of the rights of the Depositary as Holder of such Global Security.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security issued in global form or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee

and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary practices and the Trustee shall from time to time, or upon request by the Company, deliver to the Company certificates of destruction with respect thereto.

SECTION 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year and are not repayable at the option of the Holder prior thereto, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company and are not repayable at the option of the Holder prior thereto,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose, lawful money of the United States or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide lawful money not later than the due dates of principal (and premium, if any) or interest, or any combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

In the event there are Securities of two or more series hereunder, the Trustee shall be required to execute an instrument acknowledging satisfaction and discharge of this Indenture only if requested to do so with respect to the Securities of all series to which it is Trustee and if the other conditions thereto are met. In the event there are two or more Trustees hereunder, then the effectiveness of any such instrument shall be conditioned upon receipt of such instruments from all Trustees hereunder.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it (without liability, in the case of monies, for the payment of interest thereon or the investment thereof, except as otherwise agreed to by the Company and the Trustee for the exclusive benefit of the Company), in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee.

ARTICLE FIVE

REMEDIES

SECTION 501. Events of Default.

"Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), except to the extent such event is specifically deleted or modified as contemplated by Section 301 for the Securities of that series:

(1) default in the payment of any interest upon any Security of that series when it become due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of any Security of that series; or

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is specifically dealt with elsewhere in this Section or which has expressly been included in this Indenture solely for the benefit of a series of Securities other than that series or which has been included in this Indenture but not made applicable to the Securities of such series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 15% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) failure by the Company to make any payment at maturity, including any applicable grace period, in respect of indebtedness, which term as used herein means obligations (other than the Securities of such series or non-recourse obligations) of the Company for borrowed money or evidenced by bonds, debentures, notes or other similar instruments ("Indebtedness") in an amount in excess of $10,000,000 or the equivalent thereof in any other currency or composite currency and such failure shall have continued for thirty (30) days after written notice thereof shall have been given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 15% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(6) a default with respect to any Indebtedness, which default results in the acceleration of Indebtedness in an amount in excess of $10,000,000 or the equivalent thereof in any other currency or composite currency without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled for a period of thirty (30) days after written notice thereof shall have been given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 15% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(7) the entry by a court having jurisdiction in the premises of (a) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its properties, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(8) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its properties, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(9) any other Event of Default established as contemplated by Section 301 with respect to Securities of that series.

provided that if any such failure, default or acceleration referred to in clauses (5) or (6) above shall cease or be cured, waived, rescinded or annulled, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon cured.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if any of the Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made, but before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities, to the extent that payment of such interest is lawful,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series

which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof, or

(3) default is made in the payment of any sinking or purchase fund or analogous obligation when the same becomes due by the terms of the Securities of any series, and any such default continues for any period of grace provided with respect to the Securities of such series.

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holder of any such Security (or the Holders of any such series in the case of clause (3) above), the whole amount then due and payable on any such Security (or on the Securities of any such series in the case of clause (3) above) for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor by the terms of any such Security (or of Securities of any such series in the case of clause (3) above); and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts owing the Trustee under Section 607.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceedings to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Securities of such series and collect the money adjudged or decreed to be payable in the manner

provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the

Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively; and

THIRD: The balance, if any, to the Company or any other Person or Persons entitled thereto.

In any case where Securities are outstanding which are denominated in more than one currency, or in a composite currency and at least one other currency, and the Trustee is directed to make ratable payments under this Section to Holders of Securities, the Trustee shall calculate the amount of such payments as follows: (i) as of the day the Trustee collects an amount under this Article, the Trustee shall, as to each Holder of a Security to whom an amount is due and payable under this Section which is denominated in a foreign currency or a composite currency, determine that amount of U.S. Dollars that would be obtained for the amount owing such Holder, using the rate of exchange at which in accordance with normal banking procedures the Trustee could purchase in The City of New York U.S. Dollars with such amount owing, (ii) calculate the sum of all U.S. Dollar amounts determined under (i) and add thereto any amounts due and payable in U.S. Dollars; and

(iii) using the individual amounts determined in (i) or any individual amounts due and payable in U.S. Dollars, as the case may be, as a numerator and the sum calculated in (ii) as a denominator, calculate as to each Holder of a Security to whom an amount is owed under this Section the fraction of the amount collected under this Article payable to such Holder. Any expenses incurred by the Trustee in actually converting amounts owing Holders of Securities denominated in a currency or composite currency other than that in which any amount is collected under this Article shall be likewise (in accordance with this paragraph) borne ratably by all Holders of Securities to whom amounts are payable under this Section.

To the fullest extent allowed under applicable law, if for the purpose of obtaining judgment against the Company in any court it is necessary to convert the sum due in respect of the principal of, or any premium or interest on the Securities of any series (the "Required Currency") into a currency in which judgment will be rendered (the "Judgment Currency"), the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Trustee could purchase in The City of New York the Required Currency with the Judgment Currency on the New York Business Day preceding that on which final judgment is given. The Company shall not be liable for any shortfall nor shall it benefit from any windfall in payments to Holders of Securities under this Section caused by a change in exchange rates between the time the amount of a judgment against it is calculated as above and the time the Trustee converts the Judgment Currency into the Required Currency to make payments under this Section to Holders of Securities, but payment of such judgment shall discharge all amounts owed by the Company on the claim or claims underlying such judgment.

SECTION 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision of this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (except as specified as contemplated by Section 301(3) and subject to Section 307) any interest on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee shall not determine (it being understood that the Trustee shall have no obligation to make such determination) that the action so directed would be unjustly prejudicial to Holders of Securities of that series, or any other series, not taking part in such direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of or any premium or interest on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company.

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Certain Duties and Responsibilities.

The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act. Notwithstanding the foregoing (but subject to Section 107), no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. Notice of Defaults.

If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default known to the Trustee as and to the extent provided by the Trust Indenture Act and in the manner provided in Section 106; provided, however, that in the case of any default of the character specified in Sections 501(4), 501(5) and 501(6) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(1) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and

any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(4) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture (including, without limitation, under Section 512), unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney; and

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company,

and the Trustee or any Authenticating Agent assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee or any Authenticating Agent shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for investment of or interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except to the extent any such expense, disbursement or advance may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder or the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or perform-

ance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith.

As security for the performance of the obligations of the Company under this Section the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for payment of principal of (and premium, if any) or interest, if any, on particular Securities.

"Trustee", for purposes of this Section 607, includes any predecessor Trustee, provided that the negligence or bad faith of any Trustee shall not affect the rights under this Section 607 of any other Trustee.

SECTION 608. Disqualification; Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture, and the Company shall take prompt action to have a successor Trustee appointed in the manner provided herein. For purposes of Section 301(b)(1) of the Trust Indenture Act, no Trustee hereunder will be deemed to have a conflicting interest solely by reason of being Trustee in respect of more than one series of Securities.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder with respect to the Securities of each series, which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least $5,000,000, be subject to supervision or examination by Federal or State authority. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then, for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

(d) If at any time:

(A) the Trustee shall fail to comply with Section 608 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(B) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(C) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee with respect to all Securities, or (ii) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 611. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the

request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (i) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (iii) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and

confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities. In the event any Securities shall not have been authenticated by such predecessor Trustee, any such successor Trustee may authenticate and deliver such Securities, in either its own name or that of its predecessor Trustee, with the full force and effect which this Indenture provides for the certificate of authentication of the Trustee.

SECTION 613. Preferential Collection of Claims Against Company.

Reference is made to Section 311 of the Trust Indenture Act. For purposes of Sections 311(b)(4) and 311(b)(6) of the Trust Indenture Act, the following terms shall have the following meanings:

"cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers acceptances and payable upon demand.

"self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by

documents evidencing title to, possession of or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

SECTION 614. Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $5,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then, for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an

Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 607.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

HARRIS TRUST COMPANY OF CALIFORNIA,
AS TRUSTEE

By: ,
As Authenticating Agent

By: ,
Authorized Officer

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(1) semiannually, not later than 15 days after the Regular Record Date for each series of Securities, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities as of such Regular Record Date (unless the Trustee has such information), or if there is no Regular Record Date for interest for such series of Securities, semi-annually, upon such dates as are set forth in the Board Resolution or indenture supplemental hereto authorizing such series, and

(2) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that so long as the Trustee is the Security Registrar, no such list shall be required to be furnished.

SECTION 702. Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders of Securities (i) contained in the most recent list furnished to the Trustee for each series as provided in Section 701 and (ii) received by the Trustee for each series in the capacity as Security Registrar if the Trustee is acting in such capacity. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any

disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 703. Reports by Trustee.

(a) The Trustee shall transmit to Holders of Securities, as their names and addresses appear in the Security Register, such reports, if any, concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. Any such reports required pursuant to Section 313(a) of the Trust Indenture Act shall be transmitted on or about July 15, 1994 and on or about each July 15 thereafter and shall be dated not more than 60 days before such July 15.

(b) A copy of such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

SECTION 704. Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, if any, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(1) in case the Company shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation, partnership or trust, shall be organized and validly existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest on all the Securities and the performance or observance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 802. Successor Substituted.

Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default; or

(4) to add or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(5) to add, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, provided that any such addition, change or elimination (i) shall not apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision or (ii) shall become effective only when there is no such Security Outstanding; or

(6) to secure the Securities pursuant to the requirements of Section 1008 or otherwise; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or

more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611(b); or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided that such action pursuant to this clause (9) shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

SECTION 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment, on or after the Redemption Date or Repayment Date, as the case may be), or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required

for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 513 or Section 1010, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby, provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 1010, or the deletion of this proviso, in accordance with the requirements of Sections 611(b) and 901(8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder

of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust

Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (a) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (b) during the continuance of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

SECTION 1004. Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, a brief certificate from the principal executive, financial or accounting officer of the Company as to his or her knowledge of the Company's compliance (without regard to any period of grace or requirement of notice provided hereunder) with all conditions and covenants hereof.

SECTION 1005. Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any such right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1006. Maintenance of Properties.

The Company will cause all material properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as (and to the extent) in the judgment of the Company may be necessary or appropriate in connection with its business; provided, however, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Holders.

SECTION 1007. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, within 30 days after the Company shall have received notice that the same has become delinquent (1) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a material lien upon the property of the Company or any Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings; provided, further, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim unless the failure to pay or discharge such tax, assessment, charge or claim would, individually or in the aggregate with all such failures, have a material adverse effect on the Company and its Subsidiaries taken as a whole.

SECTION 1008. Limitations on Liens.

(a) So long as any Securities of such series remain Outstanding, the Company will not, nor will it permit any Restricted Subsidiary to, issue, incur, create, assume or guarantee any debt for borrowed money (hereinafter in this Article 10 referred to as "Debt"), secured by a mortgage, security interest, pledge, lien, charge or other encumbrance (mortgages, security interests, pledges, liens, charges and other encumbrances being hereinafter in this Article

10, referred to as "mortgage" or "mortgages") upon any Principal Property of the Company or any Restricted Subsidiary or upon any shares of stock or indebtedness of any Restricted Subsidiary (whether such Principal Property, shares of stock or indebtedness are now existing or owed or hereafter created or acquired) without in any such case effectively providing concurrently with the issuance, incurrence, creation, assumption or guaranty of any such Debt that the Securities of such series Outstanding (together with, if the Company shall so determine, any other indebtedness of or guarantee by the Company or such Restricted Subsidiary ranking equally with the Securities of such series Outstanding and then existing or thereafter created) shall be secured equally and ratably with (or, at the Company's option, prior to) such Debt; provided, however, that the foregoing restrictions shall not apply to Debt secured by:

(1) mortgages on property, shares of stock or indebtedness or other assets of any corporation existing at the time such corporation becomes a Restricted Subsidiary; provided that such mortgages are not incurred in anticipation of such corporation becoming a Restricted Subsidiary;

(2) (A) mortgages on property, capital stock, indebtedness or other assets existing at the time of acquisition thereof by the Company or a Restricted Subsidiary (which may include property previously leased by the Company and leasehold interests thereon, provided that the lease terminates prior to the acquisition) or mortgages thereon to secure the payment of all or any part of the purchase price thereof, (B) or mortgages on property, capital stock, indebtedness or other assets to secure any Debt incurred prior to, at the time of, or within 270 days after, the latest of the acquisition thereof, or, in the case of property, the completion of construction, the completion of improvements or the commencement of substantial commercial operation of such property for the purpose of financing all or any part of the purchase price thereof, such construction or the making of such improvements;

(3) mortgages securing Debt owing to the Company or to a Restricted Subsidiary;

(4) mortgages existing on the date of initial issuance of the Securities of such series;

(5) mortgages on property or other assets of a corporation existing at the time such corporation is merged into or consolidated with the Company or a Restricted Subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation as an entirety or substantially

as an entirety to the Company or a Restricted Subsidiary; provided that such mortgage was not incurred in anticipation of such merger or consolidation or sale, lease or other disposition;

(6) mortgages on or other conveyances of property or other assets owned by the Company or a Restricted Subsidiary in favor of the United States of America or any State, territory or possession thereof (or the District of Columbia), or any department, agency, instrumentality or political subdivision of the United States of America or any State, territory or possession thereof (or the District of Columbia), to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt incurred for the purpose of financing all or any part of the purchase price or the cost of construction or improvement of the property subject to such mortgages;

(7) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any mortgage referred to in the foregoing clauses (1) to (6), inclusive, without increase of the principal of the Debt secured thereby; provided, however, that such extension, renewal or replacement shall be limited to all or a part of the property which secured the mortgage so extended, renewed or replaced (plus improvements on such property); and provided, further, that any mortgage permitted by any of the foregoing clauses (1), (2), (3), (4), (5), and (6) of this Section 1008 shall not extend to or cover any property of the Company or such Restricted Subsidiary, as the case may be, other than the property specified in such clauses and improvements thereto.

(b) Notwithstanding the foregoing provisions of this Section 1008, the Company and any one or more Restricted Subsidiaries may issue, incur, create, assume or guarantee Debt secured by mortgages which would otherwise be subject to the foregoing restrictions ("Exempted Secured Debt") in an aggregate amount which, together with all other outstanding Debt of the Company and its Restricted Subsidiaries which (if originally issued, incurred, created, assumed or guaranteed at such time) would otherwise be subject to the foregoing restrictions (including Attributable Debt in respect of Sale and Lease-Backs as provided in Section 1009, but not including Debt permitted to be secured under any of clauses (1) through (7) above or Attributable Debt with respect to a Sale and Lease-Back if Debt at least equal in amount to the Attributable Debt in respect of such Sale and Lease-Back could have been issued, incurred, created, assumed or guaranteed by the Company or one or more Restricted Subsidiaries under any of clauses (1) through (7) above),

does not at the time exceed 5% of Consolidated Net Tangible Assets of the Company.

SECTION 1009. Limitations on Sale and Lease-Back Transactions.

(a) So long as any Securities of such series remain Outstanding, the Company will not, nor will it permit any Restricted Subsidiary to, enter into any direct or indirect arrangement with any person that provides for the leasing to the Company or any Restricted Subsidiary of any Principal Property (except for leases for a term of not more than three years and except for leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries), which Principal Property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such person (such arrangement herein in this Section 1009 referred to as a "Sale and Lease-Back"), unless:

(1) the Company or such Restricted Subsidiary would be entitled, pursuant to the provisions of Section 1008, to issue, incur, create, assume or guarantee Debt secured by a mortgage upon such property at least equal in amount to the Attributable Debt in respect of such Sale and Lease-Back without equally and ratably securing the Securities of such series Outstanding; provided, however, that from and after the date on which such Sale and Lease-Back becomes effective the Attributable Debt in respect of such Sale and Lease-Back shall be deemed for all purposes under Section 1008 and this Section 1009 to be Debt subject to the provisions of Section 1008 (including, to the extent relying on the provisions of Section 1008(b), for purposes of calculating Exempted Secured Debt as provided in Section 1008(b)); or

(2) within 180 days of the effective date of such Sale and Lease-Back, the Company shall apply an amount in cash equal to the greater of the net proceeds of the sale involved in such Sale and Lease-Back or the Attributable Debt in respect of such Sale and Lease-Back either (or a combination of) (i) to the retirement (other than any mandatory retirement, mandatory prepayment or sinking fund payment or by way of payment at maturity), of Debt of the Company or any Restricted Subsidiary (other than Debt owed by the Company or any Restricted Subsidiary to the Company or any Restricted Subsidiary or Debt which is subordinate to Securities of such series Outstanding) which by its terms matures at or is extendible or renewable at the option of the obligor to a date more than twelve months after the date of the creation of such Debt, or (ii) to the purchase, construction or development (or any combination thereof) of other comparable property.

(b) For the purposes of this Section 1009, the term "Attributable Debt" with respect to a Sale and Lease-Back means, at the time of determination, the lesser of:

(1) the fair market value of the property which is the subject of such Sale and Lease-Back (as determined in good faith by the Board of Directors) or;

(2) the then present value of the total net amount of rent required to be paid under the lease in respect of such Sale and Lease-Back during the remaining term thereof (including any renewal term or period for which such lease has been extended) computed by discounting from the respective due dates to such date such total net amount of rent at the actual interest factor included in such rent or implicit in the terms of the applicable Sale and Lease-Back, or, if not practicable to determine such rate, the rate per annum equal to the weighted average interest rate per annum borne by the Securities of each series outstanding pursuant to this Indenture compounded semi-annually, in either case as determined in good faith by the principal financial or accounting officer of the Company, which computation shall be binding for purposes of this Indenture absent manifest error; provided, however, that the net amount of rent required to be paid for any such period shall be the aggregate amount of the rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of or contingent upon maintenance and repairs, insurance, taxes, assessments, water rates and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall be the lesser of (i) the net amount determined assuming termination upon the first date such lease may be terminated (in which case the net amount shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated) or (ii) the net amount determined assuming no such termination.

SECTION 1010. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in Sections 1008 and 1009 with respect to the Securities of any series if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition,

but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Securities of any series of the same tenor, the Company shall, at least 60 days (45 days in the case of redemption of all Securities of any series or of any series with the same (i) Stated Maturity, (ii) period or periods within which, price or prices at which and terms and conditions upon which such Securities may or shall be redeemed or purchased, in whole or in part, at the option of the Company or pursuant to any sinking fund or analogous provision or repayable at the option of the Holder and (iii) rate or rates at which the Securities bear interest, if any, or formula pursuant to which such rate or rates accrue (collectively, the "Equivalent Principal Terms")) prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

SECTION 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities with Equivalent Principal Terms of any series are to be redeemed (unless all of the Securities of such series and of a specified tenor are to be redeemed), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series with Equivalent Principal Terms or any integral multiple thereof) of the principal amount of Securities of such series with Equivalent Principal Terms of a denomination larger than the minimum authorized denomination for Securities of that series. Unless otherwise provided in the terms of a particular series of Securities, the portions of the principal of Securities so selected for partial redemption shall be equal to the minimum authorized denomination of the Securities of such series, or an integral multiple thereof, and the principal amount which remains outstanding shall not be less than the minimum authorized denomination for Securities of such series.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 1104. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, unless a shorter period is specified in the Securities to be redeemed, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

Any notice that is mailed to the Holder of any Securities in the manner herein provided shall be conclusively presumed to have been duly given, whether or not such Holder receives the notice.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price and the amount of accrued interest, if any, to be paid,

(3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption of any Securities, the principal amounts) of the particular Securities to be redeemed,

(4) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the Holder of such Security will receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed,

(5) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(6) the place or places where such Securities are to be surrendered for payment of the Redemption Price, and

(7) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company and shall be irrevocable.

SECTION 1105. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the

Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 301, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking

fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". The cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company (a) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (b) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such Series; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering the crediting Securities of that series pursuant to Section 1202 and will also deliver to the Trustee any Securities to be so delivered. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

ARTICLE THIRTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1301. Company's Option to Effect Defeasance or Covenant Defeasance.

Section 1302 and/or Section 1303 shall apply to the Outstanding Securities of any series to the extent specified as contemplated by Section 301 for Securities of such series.

SECTION 1302. Defeasance and Discharge.

The Company shall be deemed to have been discharged from its obligations with respect to the Outstanding Securities of such series as provided in this Section on and after the date the conditions set forth in Section 1304 are satisfied (hereinafter called "Defeasance"). For this purpose, such Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Securities of such series and to have satisfied all of its other obligations under the Securities of such series and this Indenture insofar as the Securities of such series are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Securities of such series to receive, solely from the trust fund described in Section 1304 and as more fully set forth in such Section, payments in respect of the principal of and any premium and interest on such Securities of such series when payments are due, (b) the Company's obligations with respect to the Securities of such series under Sections 304, 305, 306, 1002 and 1003, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (d) this Article Thirteen. Subject to compliance with this Article Thirteen, the Company may defease the Outstanding Securities of any series pursuant to this Section 1302 notwithstanding the prior Defeasance of the Outstanding Securities of such series pursuant to Section 1303.

SECTION 1303. Covenant Defeasance.

The Company shall be released from its obligations under Sections 1005 through 1009, inclusive, and the occurrence of any event specified in Sections 501(4) (with respect to any of Sections 1005 through 1009 inclusive) and 501(9) shall be deemed not to be or result in an Event of Default, in each case with respect to Outstanding Securities of any series as provided in this Section on and after the date the conditions set forth in Section 1304 are satisfied

(hereinafter called "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of Section 501(4)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and the Securities of such series shall be unaffected thereby.

SECTION 1304. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to Defeasance pursuant to Section 1302 or Covenant Defeasance pursuant to Section 1303 of the Outstanding Securities of any series:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee that satisfies the requirements contemplated by Section 609 and agrees to comply with the provisions of this Article Thirteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of Outstanding Securities of such series, (A) money in an amount, or (B) U.S. Government Obligations that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than the due date of any payment, money in an amount, or (C) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal (including mandatory sinking fund payments and amounts that may be payable at the option of the Holder on any Repayment Date) of, and premium (not relating to optional redemption), if any, and interest on, the Outstanding Securities of such series on the dates such installments of principal of, and premium (not relating to optional redemption), if any, or interest are due.

(2) In the case of Defeasance under Section 1302, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date first set forth hereinabove, there has been a change in the applicable Federal income tax law, in either case (A) or (B) to the effect that, and based thereon such

opinion shall confirm that, the Holders of the Outstanding Securities of such series will not recognize gain or loss for Federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to the Securities of such series and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

(3) In the case of Covenant Defeasance under Section 1303, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Outstanding Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to the Securities of such series and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

(4) The Company shall have delivered to the Trustee an Officer's Certificate to the effect that the Securities of such series, if then listed on any securities exchange, will not be delisted as a result of such deposit.

(5) No Event of Default or event that (after notice or lapse of time or both) would become an Event of Default shall have occurred and be continuing at the time of such deposit or, with regard to any Event of Default or any such event specified in Sections 501(7) and (8), at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(6) Such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all Securities are in default within the meaning of the such Act).

(7) Such Defeasance or Covenant Defeasance (including the deposit pursuant to such Defeasance or Covenant Defeasance) shall not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company is a party or by which it is bound.

(8) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions

precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

(9) Such Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless such trust shall be qualified under such Act or exempt from regulation thereunder.

SECTION 1305. Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 1306, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 1304 in respect of the Securities of any series shall be held in trust and applied by the Trustee, in accordance with the provisions of the Securities of such series and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of Securities of such series, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 1304 or the principal and interest received in respect thereof other than any such tax, fee or other charge that by law is for the account of the Holders of Outstanding Securities.

Anything in this Article Thirteen to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 1304 with respect to Securities of any series that, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Defeasance or Covenant Defeasance with respect to the Securities of such series.

SECTION 1306. Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article Thirteen with respect to the Securities of any series by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities of such series shall be revived and reinstated as though no deposit had occurred pursuant to this Article Thirteen with respect to Securities of such series until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 1305 with respect to Securities of such series in accordance with this Article Thirteen; provided, however, that if the Company makes any payment of principal of or any premium or interest on any Security of such series following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of Securities of such series to receive such payment from the money so held in trust.

ARTICLE FOURTEEN

REPAYMENT AT OPTION OF SECURITY HOLDERS

SECTION 1401. Applicability of Article.

Securities of any series which are repayable at the option of the Holders thereof before their Stated Maturity shall be repaid in accordance with their terms and (except as otherwise contemplated by Section 301 for Securities of such series) in accordance with this Article.

SECTION 1402. Repayment of Securities.

Each Security which is subject to repayment in whole or in part at the option of the Holder thereof on a Repayment Date shall be repaid at the applicable Repayment Price together with interest accrued to such Repayment Date as specified pursuant to Section 301.

SECTION 1403. Exercise of Option; Notice.

Each Holder desiring to exercise his option for repayment shall, as conditions to such repayment, surrender the Security to be repaid together with all coupons, if any, appertaining thereto maturing after the Repayment Date and with written notice of the exercise of such option at any office or agency of the Company in a Place of Payment, not less than 15 nor more than 30 days

prior to the Repayment Date. Such notice, which shall be irrevocable, shall identify the Security to be repaid and shall specify the principal amount of such Security to be repaid, which shall be not less than the minimum authorized denomination for such Security or an integral multiple thereof and, in the case of a partial repayment of the Security, the denomination or denominations of the Security or Securities with Equivalent Principal Terms to be issued to the Holder for the portion of the principal of the Security surrendered which is not to be repaid.

Any Security which is to be repaid only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities with Equivalent Principal Terms, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the repayment of Securities shall relate, in the case of any Security repaid or to be repaid only in part, to the portion of the principal of such Security which has been or is to be repaid.

SECTION 1404. Securities Payable on the Repayment Date.

Notice of exercise of the option of repayment having been given and the Securities so to be repaid having been surrendered as aforesaid, such Securities shall, on the Repayment Date, become due and payable at the Repayment Price therein specified and from and after such date (unless the Company shall default in the payment of Repayment Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for repayment in accordance with Section 1403, such Security shall be paid by the Company at the Repayment Price, together with accrued interest to the Repayment Date; provided, however, that, installments of interest on Securities whose Stated Maturity is on or prior to the Repayment Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security duly surrendered for repayment shall not be so paid, the principal and any premium shall, until paid, bear interest from the Repayment Date at the rate prescribed therefor in the Security.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

APPLIED MATERIALS, INC.
By:
Name:
Title:

[SEAL]
Attest:

- ----------

HARRIS TRUST COMPANY OF CALIFORNIA
By:
Name:
Title:

[SEAL]
Attest:

- ----------

EXHIBIT 5.1

EXHIBIT 5.1

March 1, 1994

Applied Materials, Inc.
3050 Bowers Avenue
Santa Clara, California 95054

Re: Applied Materials, Inc.
Registration Statement on Form S-3

Ladies and Gentlemen:

At your request, we have examined the Registration Statement on Form S-3 (the "Registration Statement"), in the form to be filed by Applied Materials, Inc. (the "Company") with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1933, as amended (the "Act"), of the Company's senior debt securities (the "Senior Debt Securities") and the Company's Common Stock (the "Common Stock"), with an aggregate offering price of up to $250,000,000 or the equivalent thereof in one or more foreign currencies or composite currencies. The Senior Debt Securities are to be issued under an Indenture, a form of which has been filed as an exhibit to the Registration Statement (the "Indenture") between the Company and Harris Trust Company of California, as Trustee (the "Trustee"). The Common Stock and the Senior Debt Securities are to be issued pursuant to an Underwriting Agreement (the "Underwriting Agreement"), in the form filed as an exhibit to the Registration Statement. The Senior Debt Securities are to be issued in the form filed as an exhibit to the Registration Statement. The Senior Debt Securities and the Common Stock are to be sold from time to time as set forth in the Registration Statement, the Prospectus contained therein (the "Prospectus") and the supplements to the Prospectus (the "Prospectus Supplements").

We have examined instruments, documents and records which we deemed relevant and necessary for the basis of our opinion hereinafter expressed. In such examination, we have assumed the following: (a) the authenticity of original documents and the genuineness of all signatures; (b) the conformity to the originals of all documents submitted to us as copies; and (c) the truth, accuracy, and completeness of the information, representations and warranties contained in the records, documents, instruments and certificates we have reviewed.

Based on such examination, we are of the opinion that:

1. When the issuance of Senior Debt Securities has been duly authorized by appropriate corporate action and the Senior Debt Securities, in the form filed as an exhibit to the Registration Statement, have been duly completed, executed, authenticated and delivered in accordance with the Indenture and sold pursuant to the Underwriting Agreement and as described in the Registration Statement, any amendment thereto, the Prospectus and any Prospectus Supplement relating thereto, the Senior Debt Securities will be legal, valid and binding obligations of the Company, entitled to the benefits of such Indenture.

2. When the issuance of the Common Stock has been duly authorized by appropriate corporate action and the Common Stock has been duly issued, sold and delivered in accordance with the Underwriting Agreement and as described in the Registration Statement, any amendment thereto, the Prospectus and the Prospectus Supplement relating thereto, the Common Stock will be legally issued, fully paid, and nonassessable.

Our opinion that any document is legal, valid and binding is qualified as to:

(a) limitations imposed by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting the rights of creditors generally; and

(b) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether such enforceability is considered in a proceeding in equity or at law.

We hereby consent to the filing of this opinion as an exhibit to the above-referenced Registration Statement and to the use of our name wherever it appears in the Registration Statement, the Prospectus, the Prospectus Supplement, and in any amendment or supplement thereto. In giving such consent, we do not believe that we are "experts" within the meaning of such term as used in the Act or the rules and regulations of the Securities and Exchange Commission issued thereunder with respect to any part of the Registration Statement, including this opinion as an exhibit or otherwise.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE

EXHIBIT 12.1

EXHIBIT 12.1

APPLIED MATERIALS, INC.

RATIO OF EARNINGS TO FIXED CHARGES

	THREE MONTHS ENDED		FISCAL YEAR ENDED(1)				
	JANUARY 30, 1994	JANUARY 31, 1993	1993	1992	1991	1990	1989
	(IN THOUSANDS, EXCEPT RATIOS)						
Income from consolidated companies before provision for income taxes and cumulative effect of accounting change	$60,680	$21,919	$153,558	$58,925	$40,355	$54,084	$84,402
Fixed charges:							
Interest expense	3,648	3,598	14,206	15,207	13,969	6,717	2,768
Interest component of rent expense(1)	2,607	2,124	9,021	7,197	5,968	4,344	3,085
Total fixed charges	6,255	5,722	23,227	22,404	19,937	11,061	5,853
Income from consolidated companies before income taxes and cumulative effect of accounting change plus fixed charges	$66,935	$27,641	$176,785	$81,329	$60,292	$65,145	$90,255
Ratio of earnings to fixed charges	10.70x	4.83x	7.61x	3.63x	3.02x	5.89x	15.42x

- ---

(1) For leases where the interest factor can be specificially identified, the actual interest factor was used. For all other leases, the interest factor is estimated at one-third of total rent expense for the applicable period, which management believes represents a reasonable approximation of the interest factor. Amounts exclude the Company's proportional share of the earnings and fixed charges of the joint venture, which are insignificant.

EXHIBIT 23.1

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to incorporation by reference in the Prospectus constituting part of this Registration Statement on Form S-3 of our report dated November 24, 1993, which appears on page 35 of the Annual Report to Stockholders of Applied Materials, Inc. for the year ended October 31, 1993, which is incorporated by reference in Applied Materials Inc.'s Annual Report on Form 10-K for the year ended October 31, 1993. We also consent to the incorporation by reference of our report on the Financial Statement Schedules which appears on page 19 of such Annual Report on Form 10-K. We also consent to the references to us under the headings "Experts" and "Selected Consolidated Financial Data" in such Prospectus. However, it should be noted that Price Waterhouse has not prepared or certified such "Selected Consolidated Financial Data."

PRICE WATERHOUSE

February 28, 1994
San Jose, California

EXHIBIT 24.1

EXHIBIT 24.1

POWER OF ATTORNEY

The undersigned directors and officers of Applied Materials, Inc., a Delaware corporation (the "Company") constitute and appoint James C. Morgan and Gerald F. Taylor, and each one of them with full power to act without the other, such person's true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to execute in the name and on behalf of the undersigned as such director or officer a Registration Statement on Form S-3 or other appropriate form, under the Securities Act of 1933, as amended, with respect to shares of Common Stock and Debt Securities of the Company, and any and all amendments (including post-effective amendments) to such Registration Statement, and to file such Registration Statement and any and all amendments thereto, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in and about the premises, as fully to all intents and purposes, as he might or could do in person, thereby ratifying and confirming all that said attorneys-in-fact, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of March, 1994.

JAMES C. MORGAN
James C. Morgan,
Chairman, Chief Executive Officer and Director

DAN MAYDAN
Dan Maydan,
Director

PAUL L. LOW
Paul R. Low,
Director

GEORGE B. FARNSWORTH
George B. Farnsworth,
Director

PHILIP GERDINE
Philip V. Gerdine,
Director

GERALD F. TAYLOR
Gerald F. Taylor,
Senior Vice President,
Chief Financial Officer and
Principal Accounting Officer

JAMES W. BAGLEY
James W. Bagley,
Director

HERBERT M. DWIGHT, JR.
Herbert M. Dwight, Jr.,
Director

Alfred J. Stein,
Director

Dr. Hiroo Toyoda,
Director

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1
STATEMENT OF ELIGIBILITY AND QUALIFICATION
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

HARRIS TRUST COMPANY
OF CALIFORNIA
(EXACT NAME OF TRUSTEE AS SPECIFIED IN ITS CHARTER)

CALIFORNIA	94-0304530
(STATE OF INCORPORATION IF NOT A NATIONAL BANK)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

601 SOUTH FIGUEROA STREET, 49TH FLOOR
LOS ANGELES, CALIFORNIA 90017
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

ESTHER CERVANTES, HARRIS TRUST COMPANY OF CALIFORNIA
601 SOUTH FIGUEROA STREET, 49TH FLOOR
LOS ANGELES, CALIFORNIA 90017
(213) 239-0675
(NAME, ADDRESS AND TELEPHONE NUMBER OF AGENT FOR SERVICE)

APPLIED MATERIALS, INC.
(EXACT NAME OF OBLIGOR AS SPECIFIED IN ITS CHARTER)

DELAWARE	94-1655526
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	(I.R.S. EMPLOYER IDENTIFICATION NO.)

3050 BOWERS AVENUE
SANTA CLARA, CALIFORNIA 95054
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

SENIOR DEBT SECURITIES
(TITLE OF THE INDENTURE SECURITIES)

GENERAL

ITEM 1. GENERAL INFORMATION

Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervisory authority to which it is subject.

State Banking Department
111 Pine Street
Suite 1100
San Francisco, California 94104

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

ITEM 2. AFFILIATIONS WITH OBLIGOR

If the obligor is an affiliate of the Trustee, describe each affiliation.

None.

ITEM 3. VOTING SECURITIES OF THE TRUSTEE

Furnish the following information as to each class of voting securities of the Trustee:

AS OF FEBRUARY 25, 1994

COL. A	COL. B
TITLE OF STOCK	AMOUNT OUTSTANDING
Common Stock	2,500 Shares

ITEM 4. TRUSTEESHIP UNDER OTHER INDENTURES

If the Trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

None

(b) A brief statement of the facts relied upon as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Act arises as a result of the trusteeship under any such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

Not applicable

ITEM 5. INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH THE OBLIGOR OR UNDERWRITERS

If the Trustee or any of the directors or executive officers of the Trustee is a director, officer, partner, employee, appointee, or representative of the obligor or of any underwriter for the obligor, identify each such person having any such connection and state the nature of each such connection.

None

ITEM 6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS

Furnish the following information as to the voting securities of the Trustee owned beneficially by the obligor and each director, partner, and executive officer of the obligor.

AS OF FEBRUARY 25, 1994

COLUMN A	COLUMN B	COLUMN C	COLUMN D
NAME OF OWNER	TITLE OF CLASS	AMOUNT OWNED BENEFICIALLY	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COLUMN C
None			

ITEM 7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS

Furnish the following information as to the voting securities of the Trustee owned beneficially by each underwriter for the obligor and each director, partner, and executive officer of each such underwriter.

AS OF FEBRUARY 25, 1994

COLUMN A	COLUMN B	COLUMN C	COLUMN D
NAME OF OWNER	TITLE OF CLASS	AMOUNT OWNED BENEFICIALLY	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COLUMN C
None			

ITEM 8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE

Furnish the following information as to securities of the obligor owned beneficially or held as collateral security for obligations in default by the Trustee.

AS OF FEBRUARY 25, 1994

COLUMN A	COLUMN B	COLUMN C	COLUMN D
TITLE OF CLASS	WHETHER THE SECURITIES ARE VOTING OR NON-VOTING SECURITIES	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT	PERCENTAGE OF CLASS REPRESENTED BY AMOUNT GIVEN IN COLUMN C
None			

ITEM 9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE

If the Trustee owns beneficially or holds as collateral security for obligations in default any securities of an underwriter for the obligor, furnish the following information as to each class of securities of such underwriter of which are so owned or held by the Trustee.

AS OF FEBRUARY 25, 1994

COLUMN A	COLUMN B	COLUMN C	COLUMN D
TITLE OF CLASS	WHETHER THE SECURITIES ARE VOTING OR NON-VOTING SECURITIES	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT	PERCENTAGE OF CLASS REPRESENTED BY AMOUNT GIVEN IN COLUMN C
None			

ITEM 10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR

If the Trustee owns beneficially or holds as collateral security for obligations in default voting securities of a person who, to the knowledge of the Trustee (1) owns 10 percent or more of the voting securities of the obligor or (2) is an affiliate, other than a subsidiary, of the obligor, furnish the following information as to the voting securities of such person.

AS OF FEBRUARY 25, 1994

COLUMN A	COLUMN B	COLUMN C	COLUMN D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENTAGE OF CLASS REPRESENTED BY AMOUNT GIVEN IN COLUMN C
None			

ITEM 11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

If the Trustee owns beneficially or holds as collateral security for obligations in default any securities of a person who, to the knowledge of the Trustee, owns 50 percent or more of the voting securities of the obligor, furnish the following information as to each class of securities of such person any of which are so owned or held by the Trustee.

AS OF FEBRUARY 25, 1994

COLUMN A	COLUMN B	COLUMN C	COLUMN D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENTAGE OF CLASS REPRESENTED BY AMOUNT GIVEN IN COLUMN C
None			

ITEM 12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

If the obligor is indebted to the trustee, furnish the following information:

AS OF FEBRUARY 25, 1994

COLUMN A NATURE OF INDEBTEDNESS	COLUMN B AMOUNT OUTSTANDING	COLUMN C DATE DUE
None		

ITEM 13. DEFAULT BY THE OBLIGOR

(a) State whether there is or has been a default with respect to the securities under this indenture. Explain the nature of any such default.

None

(b) If the trustee is a trustee under another indenture under which any other securities or certificates of interest or participation in any other securities, of the obligor are outstanding, or if the trustee for more than one outstanding series of securities under the indenture, state whether there has been a default under any such indenture or series, identify the indenture or series affected, and explain the nature of any such default.

None

ITEM 14. AFFILIATION WITH THE UNDERWRITERS

If any underwriter is an affiliate of the Trustee, describe such affiliation.

None.

ITEM 15. FOREIGN TRUSTEE.

Identify the order or rule pursuant to which the foreign trustee is authorized to act as sole trustee under indentures qualified or to be qualified under the Act.

Not applicable.

ITEM 16. LIST OF EXHIBITS.

Exhibit T-1A.	A copy of the articles of association of Trustee as presently in effect: Restated Articles of Incorporation and Amendment of February 9, 1994.
Exhibit T-1B.	A copy of the certificate of authority of the Trustee to commence business, if not contained in the articles of association: Certificate of authority to commence business. Exhibits T-1B is incorporated herein by reference to S.E.C. File No. 33-69382 of the Registration Statement of Pacific Gulf Properties, Inc. Exhibit T-1B.
Exhibit T-1C.	A copy of the authorization of the Trustee to exercise corporate trust powers, if such authorization is not contained in the documents specified in paragraph (1) and (2) above. Exhibits T-1C is incorporated herein by reference to S.E.C. File No. 33-69382 of the Registration Statement of Pacific Gulf Properties, Inc. Exhibit T-1C.
Exhibit T-1D.	Copy of the existing bylaws of the Trustee or instruments corresponding thereto: By-Laws of Harris Trust Company of California as of March 30, 1988, as presently in effect. Exhibits T-1D is incorporated herein by reference to S.E.C. File No. 33-69382 of the Registration Statement of Pacific Gulf Properties, Inc. Exhibit T-1D.
Exhibit T-1E.	A copy of each indenture referred to in Item 4, if obligor is in default. Not Applicable.
Exhibit T-1F.	The consents of United States institutional trustees required by Section 321 of the Act. Exhibits T-1F is incorporated herein by reference to S.E.C. File No. 33-69382 of the Registration Statement of Pacific Gulf Properties, Inc. Exhibit T-1F.
Exhibit T-1G.	A copy of the latest report of condition of the Trustee published pursuant to law or the requirement of its supervising or examining authority: Consolidated Report of Condition of Harris Trust Company of California Form 500P as of close of business on 31st day of December 1993.
Exhibit T-1H.	A copy of any order pursuant to which the foreign trustee is authorized to act as sole trustee under the indentures qualified or to be qualified under the Act. Not Applicable.
Exhibit T-1I.	Foreign trustees are required to file a consent to service of process on Forms F-X. Not Applicable.

SIGNATURES

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, Harris Trust Company of California, a corporation organized and existing under the laws of California, has duly caused this Statement of Eligibility and Qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Los Angeles, State of California, on February 25, 1994.

HARRIS TRUST COMPANY OF CALIFORNIA

By FREDERICK A. SCHAAL
Frederick A. Schaal
Vice President

March 1, 1994

(415) 773-5520

VIA EDGAR

Securities and Exchange Commission
Filing Desk
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Applied Materials, Inc.

Ladies and Gentlemen:

On behalf of Applied Materials, Inc. (the "Company"), for the purpose of registering up to $250,000,000 of debt securities and common stock, par value $.01 per share, under the Securities Act of 1933, as amended (the "Act"), we transmit for filing one signed copy of the Registration Statement on Form S-3, together with exhibits thereto. The Company has previously fed-wired $86,207 in payment of the requisite filing fee to the Commission's account at Mellon Bank.

Please be advised that the Company is filing the registration statement as a shelf registration statement but is also including two Prospectus Supplements, one relating to $100 million of debt securities and the other relating to 2,000,000 shares of Common Stock (together with an underwriters' over-allotment option). The Prospectus Supplements are intended to meet the requirements of Rule 430A because, depending on market conditions existing at the time of effectiveness, the Company may desire to commence the sale of either or both of the Common Stock and the debt securities, immediately upon effectiveness pursuant to the Commission's Rule 430A and 424 Interpretive Memorandum No. 2 dated July 27 - August 21, 1987. The Company will, in its acceleration request, indicate what portion of the offering it intends at that time to make on a delayed or continuous basis.

Please direct notice of the availability of effectiveness, or any comments or questions regarding this filing, to me at the number indicated above or to Duke Slichter of this office at (415) 773-5402.

Very truly yours,

Dana M. Ketcham

Enclosures
cc: Nancy H. Handel
John A. Fore
Donald A. Slichter

A442404 EXHIBIT T-1A

State of California

OFFICE OF THE SECRETARY OF STATE

CORPORATION DIVISION

I, MARCH FONG EU, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

FEB - 9 1994

MARCH FONG EU
Secretary of State

A442404

ENDORSED
APPROVED
DEC 29 1993
JAMES E. GILLERAN
Superintendent of Banks
State of California
By DIANA H. NISHIURA
Diana H. Nishiura
Counsel

ENDORSED
FILED
In the office of the
Secretary of State
of the State of California
FEB - 9 1994
MARCH FONG EU,
Secretary of State

CERTIFICATE OF AMENDMENT AND RESTATEMENT

RESTATED ARTICLES OF INCORPORATION OF
HARRIS TRUST COMPANY OF CALIFORNIA

Steven R. Rothbloom and Blanche O. Hurt certify:

1. That they are the President and Secretary, respectively, of Harris Trust Company of California, a California corporation.

2. That at a special meeting of the board of directors of the corporation duly held by conference telephone on October 28, 1993, the board duly approved and adopted amendments to the Articles of Incorporation. The Articles of Incorporation of this corporation are amended and restated in full to read as follows:

FIRST: The name of this corporation is: Harris Trust Company of California

SECOND: The purpose of this corporation is to engage in trust business and any other lawful activities which are not, by applicable laws or regulations, prohibited to a trust company.

THIRD: This corporation is authorized to issue only one class of shares of stock which shall be designated "common" stock. The total number of shares which the corporation is authorized to issue is 25,000.
The common shares of this corporation shall be subject to assessment by the Board of Directors upon order of the Superintendent of Banks of the State of California for the purpose of restoring an impairment or reduction of capital in the manner and to the extent provided by the Financial Code of the State of California.

FOURTH: This corporation elects to be governed by
(a) all of the provisions of the General Corporation Law of California not otherwise applicable to it under Chapter 23 thereof, and
(b) all of the provisions of the Revised Banking Law effective January 1, 1979 not otherwise applicable to it under Chapter 1.5 thereof, to the extent applicable to trust companies.

3. The foregoing amendment and restatement of the Articles of Incorporation have been duly adopted and approved by written consent of the sole shareholder.

In witness whereof, the undersigned have executed this Certificate of Amendment on October 28, 1993.

STEVEN R. ROTHBLOOM
Steven R. Rothbloom, President

BLANCH O. HURT
Blanch O. Hurt, Secretary

AFFIDAVIT

I, Steven R. Rothbloom, being duly sworn, do hereby swear under penalty of perjury and affirm that the information set forth in the certificate above is true and accurate of my own personal knowledge.

FURTHER AFFIANT SAYETH NOT.

STEVEN R. ROTHBLOOM

SUBSCRIBED AND SWORN TO before me
this 4th day of February, 1994 at
Chicago, Illinois

KIMBERELY LANGE

AFFIDAVIT

I, Blanche O. Hurt, being duly sworn, do hereby swear under penalty of perjury and affirm that the information set forth in the certificate above is true and accurate of my own personal knowledge.

FURTHER AFFIANT SAYETH NOT.

BLANCHE O. HURT

SUBSCRIBED AND SWORN TO before me
this 4th day of February, 1994 at
Chicago, Illinois

KIMBERELY LANGE

EXHIBIT T-1G

Consolidated Report on Condition of Harris Trust Company of California of Los Angeles, at the close of business on December 31, 1993.

State Bank No. 642

		DOLLAR AMOUNTS IN THOUSANDS
	ASSETS	
1.	Cash and due from banks	$ 76
2.	Investment securities (Market value $6,123)	6,129
5.	Federal funds sold and securities purchased under agreements to resell in domestic offices	500
7.	Bank premises, F.F. & E. etc. (including $.00 capital lease)	34
11.	Other assets (including $683 intangibles)	1,195
12.	TOTAL ASSETS (sum of items 1 thru 11)	$7,934
	LIABILITIES	
18.	Other liabilities	$ 387
19.	TOTAL LIABILITIES (excluding subordinated notes and debentures)	$ 387
	SHAREHOLDERS EQUITY	
21.	Preferred stock a. No shares outstanding -- amount	--
22.	Common stock a. No shares authorized -- amount-2,500	$2,500
23.	Surplus	2,500
24.	TOTAL CONTRIBUTED CAPITAL (sum of items 21, 22 & 23)	5,000
25.	Retained earnings	2,547
27.	TOTAL SHAREHOLDERS EQUITY (sum of items 24, 25 & 26)	$7,547
28.	TOTAL SHAREHOLDERS EQUITY (sum of items 19, 20 & 27)	$7,934

The undersigned, M. Valoise Douglas, VP, GM and Steven Rothbloom, Pres, Chrm of the above-named bank, each declared for himself alone and not for the other: I have personally knowledge of the matters contained in this report and I believe that each statement in said report is true. Each of the undersigned, for himself alone and not for the other, certifies under penalty of perjury that the foregoing is true and correct.

Executed on January 28, 1994, at Los Angeles, California.