UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JULY 30, 1995

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM___________TO____________
COMMISSION FILE NUMBER 0-6920

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 95054-3299
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (408) 727-5555

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES X NO

NUMBER OF SHARES OUTSTANDING OF THE ISSUER'S COMMON STOCK AS OF JULY 30, 1995: 89,171,379

PART I

ITEM 1. FINANCIAL INFORMATION

APPLIED MATERIALS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	JULY 30, 1995	JULY 31, 1994	JULY 30, 1995	JULY 31, 1994
Net sales	$ 897,684	$ 440,228	$ 2,079,231	$ 1,192,009
Costs and expenses:				
Cost of products sold	489,256	234,656	1,127,781	641,067
Research, development and engineering	85,789	52,494	219,178	135,386
Marketing and selling	62,520	39,851	158,566	113,254
General and administrative	44,109	20,279	109,096	60,500
Other, net	2,633	701	4,286	815
Income from operations	213,377	92,247	460,324	240,987
Interest expense	5,527	3,659	17,161	10,779
Interest income	6,323	2,946	16,306	7,214
Income from consolidated companies before taxes and cumulative effect of accounting change	214,173	91,534	459,469	237,422
Provision for income taxes	74,961	32,036	160,814	83,097
Income from consolidated companies before cumulative effect of accounting change	139,212	59,498	298,655	154,325
Equity in net loss of joint venture	--	1,362	--	3,727
Income before cumulative effect of accounting change	139,212	58,136	298,655	150,598
Cumulative effect of a change in accounting for income taxes	--	--	--	7,000
Net income	$ 139,212	$ 58,136	$ 298,655	$ 157,598
Earnings per share:				
Before cumulative effect of accounting change	$ 1.57	$ 0.68	$ 3.42	$ 1.78
Net income	$ 1.57	$ 0.68	$ 3.42	$ 1.86
Average common shares and equivalents	88,877	86,033	87,399	84,654

See accompanying notes to consolidated condensed financial statements.

APPLIED MATERIALS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS*
(IN THOUSANDS)

	JULY 30, 1995	OCT. 30, 1994
ASSETS		
Current assets:		
Cash and cash equivalents	$ 262,363	$ 160,320
Short-term investments	437,382	262,005
Accounts receivable, net	778,113	405,813
Inventories	391,229	245,710
Deferred income taxes	104,646	99,766
Other current assets	84,470	56,923
Total current assets	2,058,203	1,230,537
Property, plant and equipment, net	557,718	452,454
Other assets	22,210	19,674
Total assets	$ 2,638,131	$ 1,702,665
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 73,607	$ 43,081
Current portion of long-term debt	25,428	15,432
Accounts payable and accrued expenses	595,303	378,238
Income taxes payable	65,625	59,682
Total current liabilities	759,963	496,433
Long-term debt	231,103	209,114
Deferred income taxes and other non-current obligations	39,748	30,854
Total liabilities	1,030,814	736,401
Stockholders' equity:		
Common stock	893	841
Additional paid-in capital	720,644	390,655
Retained earnings	844,581	545,926
Cumulative translation adjustments	41,199	28,842
Total stockholders' equity	1,607,317	966,264
Total liabilities and stockholders' equity	$ 2,638,131	$ 1,702,665

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* Amounts as of July 30, 1995 are unaudited. Amounts as of October 30, 1994 were obtained from the October 30, 1994 audited financial statements.

See accompanying notes to consolidated condensed financial statements.

APPLIED MATERIALS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	NINE MONTHS ENDED	
	JULY 30, 1995	JULY 31, 1994
Cash from operating activities:		
Net income	$ 298,655	$ 157,598
Adjustments required to reconcile net income to net cash flow provided by operations:		
Depreciation and amortization	54,047	42,223
Cumulative effect of a change in accounting for income taxes	--	(7,000)
Equity in net loss of joint venture	--	3,727
Changes in assets and liabilities:		
Accounts receivable	(354,523)	(125,005)
Inventories	(136,241)	(81,181)
Deferred income taxes	(3,111)	--
Other current assets	(26,282)	(6,353)
Other assets	(1,380)	(3,399)
Accounts payable and accrued expenses	195,272	57,860
Income taxes payable	7,015	(3,799)
Deferred income taxes and other long-term liabilities	7,185	4,441
Cash provided by operations	40,637	39,112
Cash flows from investing activities:		
Capital expenditures	(144,569)	(121,363)
Proceeds from sales of short-term investments	165,244	115,114
Purchases of short-term investments	(340,620)	(183,034)
Cash used for investing	(319,945)	(189,283)
Cash flows from financing activities:		
Short-term debt borrowings (repayments), net	25,401	236
Long-term borrowings, including current portion	33,040	--
Long-term debt repayments	(5,130)	(3,863)
Sales of common stock, net	330,041	106,861
Cash provided by financing	383,352	103,234
Effect of exchange rate changes on cash	(2,001)	849
Increase (decrease) in cash and cash equivalents	102,043	(46,088)
Cash and cash equivalents at beginning of period	160,320	119,597
Cash and cash equivalents at end of period	$ 262,363	$ 73,509

Cash payments for interest expense were $13,696 and $8,355 for the nine months ended July 30, 1995 and July 31, 1994, respectively. Cash payments for income taxes were $145,573 and $63,264 for the nine months ended July 30, 1995 and July 31, 1994, respectively.

See accompanying notes to consolidated condensed financial statements.

APPLIED MATERIALS, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
NINE MONTHS ENDED JULY 30, 1995
(IN THOUSANDS)

1) BASIS OF PRESENTATION

In the opinion of management, the unaudited consolidated condensed interim financial statements included herein have been prepared on the same basis as the October 30, 1994 audited consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth therein. Certain amounts in the consolidated statement of cash flows for the nine months ended July 31, 1994 have been reclassified to conform with the current period's presentation.

2) EARNINGS PER SHARE

Earnings per share is computed on the basis of the weighted average number of common shares and common equivalent shares from dilutive stock options.

3) INVENTORIES

Inventories are stated at the lower of cost or market, with cost determined on the basis of first-in, first-out (FIFO).

The components of inventories are as follows:

	JULY 30, 1995	OCTOBER 30, 1994
Customer service spares	$ 126,747	$ 75,860
Systems raw materials	93,669	56,309
Work-in-process	127,324	81,389
Finished goods	43,489	32,152
	$ 391,229	$245,710

4) SHORT-TERM INVESTMENTS

Effective October 31, 1994, the Company adopted Statement of Financial Accounting Standards No. 115 (SFAS 115), Accounting for Certain Investments in Debt and Equity Securities. In accordance with SFAS 115, prior year financial statements have not been restated to reflect the change in accounting method. There was no cumulative effect as a result of adopting SFAS 115 in fiscal 1995.

SFAS 115 requires investment securities to be classified as either held to maturity, trading or available for sale. Management determines the appropriate classification of its investments in debt securities at the time of purchase and reevaluates such determination at each balance sheet date. The Company reviewed its portfolio as of July 30, 1995 and determined its short-term investment portfolio to be available for sale. Under SFAS 115, investments classified as available for sale are required to be recorded at fair value and any temporary difference between an investment's cost and its fair value is required to be recorded as a separate component of stockholders' equity. At July 30, 1995, the fair value of the Company's short-term investments approximated cost.

APPLIED MATERIALS, INC.

NOTES TO CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS (UNAUDITED) -- (CONTINUED)

Short-term investments at July 30, 1995 are comprised of the following:

Obligations of States and Political Subdivisions	$ 97,025
U.S. Commercial Paper, Corporate Bonds, and Medium Term Notes	92,238
Bank Certificates of Deposit	105,017
U.S. Treasury Securities	125,688
Other Debt Securities	17,414
	$437,382

Gross unrealized holding gains and losses and gross realized gains and losses on sales of short-term investments were not significant as of or for the three or nine month periods ended July 30, 1995.

Information about the contractual maturities of short-term investments at July 30, 1995 is as follows:

Due in one year or less	$319,572
Due after one year through three years	38,169
Due after three years	79,641
	$437,382

5) DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into forward exchange contracts to hedge certain firm commitments denominated in foreign currencies and purchases currency option contracts to hedge certain anticipated, but not yet committed, transactions expected to be denominated in foreign currencies. The purpose of the Company's foreign currency management activity is to protect the Company from the risk that the eventual cash flows from foreign currency denominated transactions may be adversely affected by changes in exchange rates. The term of the currency instruments used is consistent with the timing of the committed or anticipated transactions being hedged. The Company does not hold or issue financial instruments for trading or speculative purposes.

Deferred results of option and forward contracts are recognized in income when the related transactions being hedged are recognized. At July 30, 1995, premiums on purchased option contracts which have been deferred were $5,410. Deferred gains and losses on forward contracts were not material. At July 30, 1995, the Company had forward exchange contracts to sell U.S. dollars for foreign currency with notional amounts of $261,758 and forward exchange contracts to buy U.S. dollars for foreign currency with notional amounts of $500,160. At July 30, 1995, the Company had purchased currency option contracts, with gross notional amounts of $447,619. All currency forward and option contracts have maturities of less than two years and are primarily to buy or sell Japanese yen in exchange for U.S. dollars. Management believes that these forward contracts and purchased option contracts should not subject the Company to undue risk due to foreign exchange movements because gains and losses on these contracts should offset gains and losses on the assets, liabilities and transactions being hedged. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations, given their credit ratings.

6) STOCKHOLDERS' EQUITY

In July 1995, the Company sold 4,025 shares of common stock in a public offering at a price of $82.75 per share prior to underwriters' commission. Proceeds after underwriters' commission and other estimated offering costs were $321,242.

APPLIED MATERIALS, INC.

NOTES TO CONSOLIDATED CONDENSED
FINANCIAL STATEMENTS (UNAUDITED) -- (CONTINUED)

7) LONG-TERM DEBT

On August 24, 1995, the Company commenced a program to offer from time to time up to $266,931 in medium-term notes. On September 5, 1995, the Company issued $53 million in medium-term notes due in five and ten years at interest rates ranging from 6.65 to 7.0 percent. The remaining notes may be issued at fixed or floating interest rates, as determined at the time of issuance. The notes contain certain financial covenants that include limitations on additional borrowings by U.S. subsidiaries, liens placed on assets, and sale and leaseback transactions.

PART I

ITEM 2.

APPLIED MATERIALS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

For the third quarter of fiscal 1995 Applied Materials, Inc. reported net sales of $898 million. New orders of $1.01 billion were received during the third quarter of fiscal 1995, and backlog at July 30, 1995 was $1.35 billion, up from $1.22 billion at the end of the second quarter.

RESULTS OF OPERATIONS

The Company's worldwide net sales for the three and nine month periods ended July 30, 1995 increased by 104 percent and 74 percent, respectively, from the corresponding periods in fiscal 1994. This growth can be primarily attributed to increased unit sales of the Company's single-wafer, multi-chamber systems for all the regions served by the Company and increases in customer support revenues. Compared with the nine months ended July 31, 1994, sales for fiscal 1995 for each of the Company's product lines and customer support were up significantly. Regionally, 70 percent of the Company's net sales for the third quarter of fiscal 1995 were to customers located outside North America compared to 61 percent in the comparable 1994 period. Sales to customers located outside North America represented 66 percent for the nine months ended July 30, 1995 compared to 62 percent in the comparable period in fiscal 1994. Fiscal 1995 year to date sales to customers located in Asia-Pacific increased 197 percent from the prior year and accounted for 28 percent of the Company's fiscal 1995 year to date sales, an increase from 16 percent in the comparable fiscal period in 1994. This increase was driven primarily by revenue from systems shipped in response to large orders placed by Korean customers. As a percentage of the Company's fiscal 1995 year to date sales, both Europe and Japan decreased to 14 percent and 24 percent, respectively, compared to 19 percent and 27 percent for the comparable fiscal 1994 period. While sales in all regions increased for the nine month period ended July 30, 1995 from the comparable period in the previous year, the percentage of total sales in each region was impacted by the significant sales growth in Asia-Pacific.

Year to date fiscal 1995 new orders increased in all geographic regions when compared to the comparable period in fiscal 1994. New orders received from Asia-Pacific customers represented 27 percent of the total orders received in the nine months ended July 30, 1995, as compared to 21 percent in the comparable fiscal period in 1994, as dynamic random access memory (DRAM) manufacturers continued placing large orders for new eight-inch equipment to be used for 16 Mbit production and 64 Mbit pilot lines. Asia-Pacific customers are expected to continue to account for a high share of the Company's sales in the near term driven by the high 1995 order levels. New orders received during the nine months ended July 30, 1995 in North America, Europe and Japan were 32, 16 and 25 percent of total orders received, respectively, compared to 37, 17 and 25 percent in the comparable period of fiscal 1994. The global semiconductor equipment market remains strong, yet each region exhibits unique investment patterns causing regional order rates to vary from quarter to quarter. The combined orders from North America, Europe, Japan and Asia-Pacific appear to be sustainable at current levels during the remainder of fiscal 1995.

Gross margin as a percentage of sales for the three and nine month periods ended July 30, 1995 was 46 percent, and has remained consistent when compared to the gross margins of 47 percent and 46 percent for the respective three and nine month periods ended July 31, 1994. The ramp in shipments during the second and third quarters of fiscal 1995 resulted in slight production inefficiencies and costs which reduced the gross margin by one percentage point when comparing the three month period ended July 30, 1995 to the corresponding period in 1994. Past margin trends are not necessarily indicative of future margin performance.

Operating expenses as a percentage of sales for the three and nine month periods ended July 30, 1995 improved to 22 percent and 24 percent, respectively, compared to 26 percent for both corresponding periods in fiscal 1994. This improvement is driven primarily by the Company's record sales levels and the Company's efforts to grow operating expenses at a lower rate than revenues. The Company intends to continue to invest significant funds for facilities expansion, information systems technology and personnel to support higher volumes of business. Thus there can be no assurance that the Company will be successful in maintaining or improving future operating expenses as a percentage of sales.

Significant operations of the Company are conducted in Japanese yen, British pounds sterling and other European currencies. Forward exchange contracts and options are purchased to hedge certain existing firm commitments and anticipated foreign currency denominated transactions over the next two years. Gains and losses on hedge contracts are reported as a component of the related transaction. Because the impact of movements in currency exchange rates on foreign exchange contracts offsets the related impact on the underlying items being hedged, these financial instruments do not subject the Company to speculative risk that would otherwise result from changes in currency exchange rates. While not significant, the continued strength of the Japanese yen relative to the U.S. dollar has resulted in a favorable impact to the Company's results of operations after the effects of the foreign currency hedging activities. To date, exchange gains and losses resulting from translation of foreign currencies into U.S. dollars have not had a significant effect on the Company's results of operations.

The Company's effective tax rate for the three and nine month periods ended July 30, 1995 was 35 percent, consistent with fiscal 1994. Management anticipates that the 35 percent effective tax rate will continue through the end of fiscal 1995.

The market served by the Company is characterized by rapid technological change, increasingly precise customer specifications and global service requirements. The Company's future operating results may be affected by inherent uncertainties characteristic of the worldwide semiconductor equipment industry. Such uncertainties include, but are not limited to, the development of new technologies, the anticipated transition to a new generation of semiconductor devices, competitive pricing pressures, global economic conditions, and the availability of needed components. Accordingly, recent historical operating results should be only one factor in evaluating the future financial performance of the Company.

On August 15, 1995, the Company announced that James W. Bagley, Vice Chairman and Chief Operating Officer, will transition out of his role as Chief Operating Officer. This transition will take place at the end of fiscal 1995. He will continue to serve as Vice Chairman of the Board of Directors and will remain an active executive of the Company focusing on long-term global initiatives and strategies.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition at July 30, 1995 remained strong. Total current assets exceeded total current liabilities by 2.7 times, compared to 2.5 at October 30, 1994. During the nine month period ended July 30, 1995, cash, cash equivalents, and short-term investments increased by $277 million. This increase is primarily attributable to the sale of 4,025,000 shares of common stock in July 1995. The Company raised $321 million, net of underwriters' commissions and other estimated offering costs. Cash provided by operations since October 30, 1994 totaled $41 million resulting primarily from net income and increases in accounts payable and accrued expenses offset by increases in accounts receivable and inventory. The increase in accounts receivable was due to increased sales volumes over the prior period. Inventory levels have increased primarily to fulfill customer orders scheduled for delivery in the last quarter of fiscal 1995 and early fiscal 1996. Other sources of cash include short and long-term borrowings of $25 and $33 million, respectively, offset by $5 million of borrowing reductions. Uses of cash include investments in facilities and capital equipment of $145 million. Capital expenditures are expected to be approximately $265 million for fiscal year 1995. This amount includes funds for global facilities expansion, investments in demonstration and test equipment, information systems and other capital expenditures.

At July 30, 1995, the Company's principal sources of liquidity consisted of $700 million of cash, cash equivalents and short-term investments and $189 million in available U.S. and foreign credit facilities. In addition, the Company filed a shelf registration with the Securities and Exchange Commission during the third quarter of fiscal 1995 for the sale of common stock and issuance of debt securities. The sale of 4,025,000 shares of common stock occurred in July 1995 raising approximately $333 million before underwriters' commission and other estimated offering costs. Additionally, the Company registered approximately $267 million in medium-term notes on August 24,

1995. These notes may be issued from time to time, at fixed or floating interest rates, as determined at the time of issuance (see also footnote 7 of the notes to consolidated condensed financial statements). The Company's liquidity is affected by many factors, some based on the typical on-going operations of the business and others related to the uncertainties of the industry and global economies. Management believes that cash generated from operations, together with the liquidity provided by existing cash balances and current borrowing arrangements, will be sufficient to support operations through the fiscal year.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the first of two lawsuits filed by the Company, captioned Applied Materials Inc. v. Advanced Semiconductor Materials America, Inc., Epsilon Technology, Inc. (doing business as ASM Epitaxy) and Advanced Semiconductor Materials International N.V. (collectively "ASM") (case no. C-91-20061-RMW), Judge William Ingram of the United States District Court for the Northern District of California on April 26, 1994, ruled that ASM's Epsilon I infringes certain of the Company's United States patents and issued an injunction against ASM's use and sale of the ASM Epsilon I epitaxial reactor in the United States. ASM has appealed the decision and the injunction has been stayed, as it concerns ASM products other than those offered for sale as of April 1994, pending the appeal. The stay order requires that ASM pay a fee, as security for the Company's interest, for each Epsilon I system sold by ASM in the United States after the date of the injunction. Judge Ronald M. Whyte of the same Court ruled that proceedings to resolve the issues of damages, willful infringement and ASM's counterclaims, which had been bifurcated for separate trial, will also be stayed pending the appeal of Judge Ingram's decision. Oral arguments regarding this appeal were completed on June 5, 1995, before the Court of Appeals for the Federal Circuit. The trial of the Company's second patent infringement lawsuit against ASM, captioned Applied Materials Inc. v. ASM (case no. C-92-20643-RMW), was concluded before Judge Whyte in May 1995. Although the matter is under consideration based on the evidence at trial, the Court has no scheduled date for a decision.

ASM's separate lawsuit against the Company, involving one patent relating to the Company's single wafer epitaxial product line, captioned ASM America Inc. v. Applied Materials Inc. (case no. C-93-20853-RMW), is currently scheduled for trial in February 1996. ASM has requested a stay of these proceedings pending its separate request for further proceedings regarding this patent in the U.S. Patent and Trademark Office. The Court tentatively denied this request for stay, and the case is proceeding through discovery and pretrial preparation. A separate action severed from ASM's case, captioned ASM America Inc. v. Applied Materials Inc. (case no. C-95-20169-RWM), involves one patent which relates to the Company's Precision 5000 product line. No trial date has been set. Discovery and pretrial investigation is proceeding.

Further, the Company has filed a Declaratory Judgment action against ASM, captioned Applied Materials, Inc. v. ASM (case no. C-95-20003-RMW), requesting that an ASM patent be held invalid and not infringed by the Company's single wafer epitaxial product line. Discovery and pretrial investigation is proceeding. No trial date has been set. Finally, on July 7, 1995, ASM filed a lawsuit, captioned ASM America Inc. v. Applied Materials Inc. (case no. C95-02458-VRW), concerning susceptors in chemical vapor deposition chambers. Investigation has just commenced. No discovery has been pursued as yet. And no trial date has been set.

In September, 1994, General Signal Corporation filed a lawsuit against the Company (case no. 94-461-JJF) in the United States District Court, District of Delaware. General Signal alleges that the Company infringes five of General Signal's United States patents by making, using, selling or offering for sale multichamber wafer fabrication equipment, including for example, the Precision 5000 series machines. General Signal seeks an injunction, multiple damages and costs, including reasonable attorneys' fees and interest, and such other relief as the court may deem just and proper. This lawsuit is currently in discovery and no trial date has been set.

In January, 1995, the Company filed a lawsuit against Novellus Systems, Inc. in the United States District Court, Northern District of California (case no. C-95-0243-MMC). This lawsuit alleges that

Novellus' Concept One and Concept Two systems infringe the Company's U.S. patent relating to TEOS-based, plasma enhanced CVD process for silicon oxide deposition. The lawsuit seeks an injunction, multiple damages and costs, including reasonable attorneys' fees and interest, and such other relief as the court may deem just and proper. Damages have been bifurcated for separate trial. A jury trial has been set for May 6, 1996, before the Honorable Maxine M. Chesney.

In the normal course of business, the Company from time to time receives and makes inquiries with regard to possible patent infringement. Management believes that it is unlikely that the outcome of these lawsuits or of the patent infringement inquiries will have a material adverse effect on the Company's financial position or results of operations.

ITEM 5. OTHER INFORMATION

The ratio of earnings to fixed charges for the nine months ended July 30, 1995 and July 31, 1994 and each of the five years in the period ended October 30, 1994 are as follows:

NINE MONTHS ENDED		FISCAL YEAR				
JULY 30, 1995	JULY 31, 1994	1994	1993	1992	1991	1990
16.43x	13.04x	13.37x	7.61x	3.63x	3.02x	5.89x

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits are numbered in accordance with the Exhibit Table of Item 601 of Regulation S-K:

10.25 -- Employment Agreement with James Bagley, dated August 15, 1995

12.1 -- Ratio of Earnings to Fixed Charges

27.0 -- Financial Data Schedule: filed electronically

b) No reports on Form 8-K were filed by the Company during the quarter ended July 30, 1995.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APPLIED MATERIALS, INC.

By: /s/ GERALD F. TAYLOR

Gerald F. Taylor
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ MICHAEL K. O'FARRELL

Michael K. O'Farrell
Corporate Controller
(Principal Accounting Officer)

September 11, 1995

INDEX TO EXHIBITS

Exhibits are number in accordance with the Exhibit Table of Item 601 of Regulation S-K:

10.25	-- Employment Agreement with James Bagley, dated August 15, 1995
12.1	-- Ratio of Earnings to Fixed Charges
27.0	-- Financial Data Schedule: filed electronically

EXHIBIT 10.25

CONFIDENTIAL

EMPLOYMENT AGREEMENT

This AGREEMENT, made effective as of August 15, 1995, between Applied Materials, Inc., a Delaware corporation (the "Company"), a corporation having its principal office at 3050 Bowers Avenue, Santa Clara, California, and James W. Bagley ("Executive").

RECITALS

The Company desires to retain the services and employment of Executive for the period provided in this Agreement, and Executive is willing to continue employment by the Company on a full-time basis for such period, upon the terms and conditions hereinafter set forth.

The execution of this Agreement has been duly authorized by the Board of Directors of the Company ("Board"), and the terms of compensation contained herein have been approved by the Stock Option And Compensation Committee ("Committee") of the Board.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Employment. The Company agrees to employ Executive and Executive agrees to accept employment by the Company, for the period stated in paragraph 3 hereof and upon the other terms and conditions herein provided.

2. Position and Responsibilities. Until October 30, 1995, Executive agrees to serve the Company and the Company shall employ Executive as a member of and Vice Chairman of the Board, Chief Operating Officer of the Company and member of the Office of the Chief Executive Officer ("OCEO") of the Company. From October 30, 1995, through July 31, 1996, Executive agrees to serve the Company, and the Company shall employ Executive as a member of and Vice Chairman of the Board, and as an advisor to the Board and its Chairman on business, management and performance issues related to the Company.

3. Terms and Duties.

(a) Terms of Employment. The initial period of Executive's employment under this Agreement shall commence on the date of this Agreement, and shall continue through October 29, 1995 (the "Initial Term") and the second period of Executive's employment under this agreement shall commence October 30, 1995 and continue through July 31, 1996 (the "Second Term").

(b) Duties. During the period of his employment hereunder and except for illness and reasonable vacation periods, Executive shall devote his best efforts and skills to the business and affairs of the Company and its affiliated companies, as such business and affairs now exist and as they may be hereafter changed or added to, under and pursuant to the general direction of the Chairman of the Company; provided, however, that Executive may serve, or continue to serve, on the boards of directors of and hold any other offices or positions in, companies or organizations which will not present any conflict of interest with the Company or any of its subsidiaries or affiliates or divisions, or materially affect the performance of Executive's duties pursuant to this Agreement. The Company shall retain full direction and control of the means and methods by which Executive performs the services for which he is employed hereunder. Executive's services are to be rendered in the State of Texas, or in such other place or places in the United States or elsewhere as may be determined from time to time by the Board. Executive shall not be required to perform duties or represent the Company in a manner which he reasonably believes would impair or jeopardize his position or reputation within the semiconductor and semiconductor equipment industries or the financial community.

4. Compensation and Reimbursement of Expenses; Other Benefits.

(a) Compensation. The Company shall compensate Executive during the period of employment under this Agreement as follows:

(i) Base Salary. An annualized base salary ("Base Salary"), of not less than $439,950;

(ii) Bonuses. As a member of OCEO, the Executive's bonus for fiscal year 1995 shall be determined using the same formula and parameters as the other members of the OCEO and will be deferred pursuant to Executive's election under the Executive Deferred Compensation Plan. An additional bonus (not payable under the Senior Executive Bonus Plan) shall be awarded to Executive in December 1996 using the same formula and parameters as were used to compute the fiscal year 1996 OCEO bonuses. The bonus for fiscal year 1996 will be computed on the salary earned (both paid and deferred) for fiscal 1996 and, if the Executive elects in accordance with the Executive Deferred Compensation Plan, will be deferred in accordance with the Executive's election;

(iii) Other Benefits. During the period of employment under this Agreement, Executive shall be entitled to receive all other benefits of employment generally available to other members of the Company's management and those benefits for which key executives are or shall become eligible;

(iv) Administrative Assistant. During both the Initial Term and Second Term of this Agreement, the Company will retain a person selected by Executive as his administrative assistant, and will provide such person with compensation and other benefits no less than those compensation and benefits in effect for the Executive's administrative assistant on July 10, 1995. Travel expenses for Executive and his administrative assistant, as Executive deems appropriate for the fulfillment of his duties, will be authorized in a manner consistent with the Company's current practices.

(b) Reimbursement of Expenses. The Company shall pay or reimburse Executive for all reasonable expenses incurred by Executive in performing his duties under this Agreement. The Company furthers agrees to furnish Executive with his current or equivalent office and conference room facilities, together with such assistance and accommodations as shall be suitable to the character of Executive's position with the Company and adequate for the performance of his duties hereunder.

5. Obligations of Executive During and After Employment.

(a) Executive agrees that during the term of his employment under this Agreement, he will engage in no other business activities, directly or indirectly, which are or may be competitive with or which might place him in a competing position to that of the Company, or any affiliated company, without the written consent of the Board.

(b) Executive realizes that during the course of his employment he will have produced and/or have access to confidential information, records, notebooks, data, formulae, specifications, trade secrets, customer lists, inventions and processes of Company and its affiliated companies. Therefore, during and subsequent to his employment by the Company, or by an affiliated company, Executive agrees to hold in confidence and not directly or indirectly to disclose or use or copy or make lists of any such information, except to the extent authorized by the Company in writing. All records, files, drawings, documents, equipment, and the like, or copies thereof, relating to the Company's business, or the business of an affiliated company, which Executive shall prepare, or use, or come into contact with, shall be and remain the sole property of Company, or of an affiliated company, and shall not be removed from the Company's or the affiliated Company's premises without its written consent, and shall be promptly returned to the Company upon termination of the Executive's employment with the Company and its affiliated companies.

6. Termination By Company.

(a) Termination For Cause. The Company may terminate the employment of Executive "for Cause" at any time upon written notice to Executive specifying the cause of termination. If terminated pursuant to this Section 6(a), the then current Base Salary shall be paid on a prorated basis to the date of termination. For purposes of this Agreement, "for Cause" shall mean the discharge resulting from a determination by the Company that Executive (i) has been convicted of a crime involving moral turpitude, including fraud, theft or embezzlement, (ii) has failed or refused (in a material respect) to follow reasonable policies or directives established by the Board which failure or refusal continues for thirty (30) days following written notice thereof to Executive, or (iii) has willfully and persistently failed to attend to material duties or obligations imposed on him under this Agreement. A termination by the Company under this Section 6(a) shall not prejudice any remedy to which the Company may be entitled either at law, in equity, or under this Agreement.

(b) Termination Without Cause. The Company may terminate the employment of Executive without cause at any time after October 29, 1995, upon written notice to Executive; provided, however, that the Company shall be obligated to pay Executive, as severance, an amount equal to the Base Salary for the balance of the Second Term. Executive shall also be paid a cash bonus for fiscal 1996, by action of the Committee, equivalent to the bonus which he would have received had his term of employment continued through July 31, 1996. In addition, the Company, by action of the Committee, shall accelerate the exercise dates of all stock options held by Executive which would have become exercisable by July 31, 1996, to the date of his termination.

7. Termination by Executive.

(a) Termination For Good Reason. If Executive terminates his employment hereunder for Good Reason (as hereinafter defined), he shall be entitled to the benefits set forth herein applicable to termination without Cause as set forth in Section 6(b) hereof. For the purposes of this Agreement, "Good Reason" shall mean:

(i) reduction by the Company in the Executive's Base Salary;

(ii) assignment to the Executive of duties inconsistent with his responsibilities as set forth in this Agreement, a substantial alteration in the title of Executive (so long as the existing corporate structure of the Company is maintained), or substantial alteration in the status of Executive in the Company organization;

(iii) failure by the Company to continue in effect, without substantial change, any benefit plan or arrangement in which Executive was participating or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce his benefits under any benefit plan, unless all other key executives are similarly affected;

(iv) relocation of the Company's principal executive offices or the Executive's relocation to any place other than the principal executive offices of the Company except for required travel on Company business; or

(v) any material breach by the Company of any provision of this Agreement without the Executive having committed any material breach of his obligations hereunder.

(b) Termination Without Good Reason. If Executive terminates his employment hereunder without Good Reason his then current Base Salary shall be paid on a prorated basis to the date of termination, but no bonus not earned and payable under the terms of the Company's Senior Executive Bonus Plan shall be payable for the year in which such termination takes place.

8. Arbitration. Any dispute, controversy or claim arising under or in connection with this Agreement, or the breach hereof, shall be settled exclusively by

arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof. Any arbitration held pursuant to this Section 8 shall take place in Santa Clara County, California.

9. Notice. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:
Applied Materials, Inc.
3050 Bowers Avenue
Santa Clara, CA 95054
Attention: James C. Morgan, Chairman

If to the Executive:
James W. Bagley
101 Firebird Cove
Austin, TX 78734

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Non-Waiver. Complete Agreement, Governing Law. No provisions of this Agreement may be modified, waived or discharged except in writing signed by both parties. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. Severability. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to by an original but all of which together shall constitute one and the same instrument.

13. Publicity. A press release containing text satisfactory to both parties hereto will be issued concurrently with the execution of this Agreement.

IN WITNESS WHEREOF, the Executive and the Company (pursuant to a resolution of its Board adopted at a duly constituted meeting) have executed this Agreement, effective as of the date first above written.

APPLIED MATERIALS, INC.,
a Delaware corporation

By /s/James C. Morgan

James C. Morgan
Chairman of the Board

THE EXECUTIVE

/s/James W. Bagley

James W. Bagley

EXHIBIT 12.1 RATIO OF EARNINGS TO FIXED CHARGES

	Nine Months Ended July 30, 1995	Nine Months Ended July 31, 1994	Fiscal Year 1994	Fiscal Year 1993	Fiscal Year 1992	Fiscal Year 1991	Fiscal Year 1990
Income from consolidated companies before provision for income taxes and cumulative effect of accounting change	$459,469	$237,422	$334,497	$153,558	$58,925	$40,355	$54,084
Fixed charges:							
Interest expense	17,161	10,779	15,962	14,206	15,207	13,969	6,717
Interest component of rent expense (1)	12,622	8,943	11,070	9,021	7,197	5,968	4,344
Total fixed charges	29,783	19,722	27,032	23,227	22,404	19,937	11,061
Earnings from consolidated companies before income taxes, cumulative effect of accounting change and fixed charges	$489,252	$257,144	$361,529	$176,785	$81,329	$60,292	$65,145
Ratio of earnings to fixed charges	16.43x	13.04x	13.37x	7.61x	3.63x	3.02x	5.89x

(1) For leases where the interest factor can be specifically 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.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JULY 30, 1995.

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YEAR
OCT-29-1995
JUL-30-1995
262,363
437,382
779,383
1,270
391,229
2,058,203
783,126
225,408
2,638,131
759,963
256,531
893
0
0
1,606,424
2,638,131
897,684
897,684
489,256
489,256
85,789
0
5,527
214,173
74,961
139,212
0
0
0
139,212
1.57
1.57