Winning through Technology Leadership

Silicon Systems Group

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Bank of America - Merrill Lynch Technology Conference
June 2, 2011
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This presentation contains forward-looking statements, including those regarding Applied’s market outlook, opportunities, and planned acquisition. These statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including but not limited to: the level of demand for Applied’s products, which is subject to many factors, including uncertain global economic and industry conditions, demand for electronic products and semiconductors, and customers’ new technology and capacity requirements; Applied’s ability to (i) develop, deliver and support a broad range of products and expand its markets, (ii) plan and manage its resources and production capability, (iii) consummate the proposed merger with Varian in a timely manner or at all, which is subject to certain conditions, including regulatory approvals and approval by Varian’s stockholders; (iv) realize expected synergies from the merger, (v) attract, motivate and retain key employees, and (vi) obtain and protect intellectual property rights in key technologies; as well as other risks described in Applied Materials’ SEC filings. All forward-looking statements are based on management’s estimates, projections and assumptions as of June 2, 2011. Applied undertakes no obligation to update any forward-looking statements.
Wafer Fab Equipment Market Outlook

2010 WFE
$32B

2011 WFE
$31B - $34B

Sources: Gartner March '11, Applied Materials
Mobility and Connectivity Driving Need for Faster, Lower-Power Transistors

Sources: Gartner Mar’11, DRAMeXchange, Applied Materials
Mobility Inflection Adds Complexity

3D Device
Copper Damascene
Double Patterning
Through-Silicon Via (TSV)

Sources: Chipworks, Micron Technology, Applied Materials
Key Opportunities in Advanced Transistors

1. **Centris™ Mesa™ Etch System**
   - Fin, gate and spacer formation

2. **Centura® Siconi™ and Epi System**
   - Recess formation and epitaxial deposition

3. **Conforma™ Plasma Doping System**
   - Uniform, conformal doping for 3D

4. **Centura® Gate Stack System**
   - Critical High-k material modification

5. **Endura® Metal Gate PVD System**
   - Only single-wafer metal gate stack tool

6. **Eterna™ Flowable CVD System**
   - Bottom-up fill for 30:1 aspect ratio

7. **Reflexion™ CMP System**
   - Precise gate definition
Inflections Driving Increased WFE Spending

Normalized WFE Spending

40/45nm  28/32nm  20nm  3D

NAND  DRAM  Foundry  Logic

Complexity is good for Applied Materials

Source: Gartner Jan’11, Applied Materials
Applied R&D Aligned With Customers

#1 in WFE for Patents, Innovation*

Brodest Product Portfolio

>25 New Joint Development Projects

Global R&D, Full Integration Line

JOINING TWO TECHNOLOGY LEADERS

Inspection  Etch  Thermal  Deposition  Metals  Plating  Planarization

Ion Implant
Near-term economic uncertainty -- but cycle drivers intact

Mobility driving chip complexity and capital investment

Early customer engagement generating key wins
Turning innovations into industries.