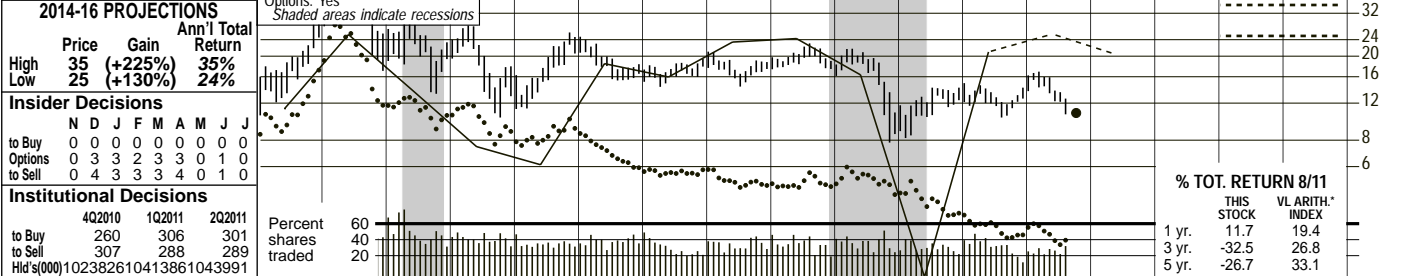


APPLIED MATERIALS NDQ-AMAT

RECENT PRICE **10.79** P/E RATIO **10.8** (Trailing: 7.4 Median: 28.0) RELATIVE P/E RATIO **0.81** DIV'D YLD **3.0%** VALUE LINE

TIMELINESS 4 Lowered 9/2/11	High: 57.5	29.5	28.0	25.9	24.8	19.5	21.1	23.0	21.8	14.2	14.9	16.9								Target Price Range		
SAFETY 2 Raised 10/8/10	Low: 17.1	13.3	10.3	11.3	15.4	14.3	14.4	17.3	7.8	8.2	10.3	10.2								2014	2015	2016
TECHNICAL 4 Lowered 8/19/11	LEGENDS 17.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 3/00 2-for-1 split 4/02 Options: Yes Shaded areas indicate recessions																					
BETA 1.05 (1.00 = Market)	64 48 40 32 24 20 16 12 8 6																					



2014-16 PROJECTIONS																					
Ann'l Total																					
Price	Gain	Return																			
High	35	(+225%)	35%																		
Low	25	(+130%)	24%																		
Insider Decisions																					
N D J F M A M J J																					
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Options	0	3	3	2	3	3	0	1	0												
to Sell	0	4	3	3	4	0	1	0													
Institutional Decisions																					
4Q2010 1Q2011 2Q2011																					
to Buy	260	306	301																		
to Sell	307	288	289																		
Hlds(000)	1023826	1041386	1043991																		
Percent shares traded																					
60 40 20																					
© VALUE LINE PUB. LLC 14-16																					

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Revenues per sh ^A	9.90
2.13	2.87	2.77	2.75	3.17	5.89	4.50	3.07	2.67	4.77	4.35	6.59	7.03	6.11	3.74	7.19	8.05	7.05	"Cash Flow" per sh	1.95
.37	.53	.51	.49	.66	1.49	.81	.44	.36	1.09	.94	1.38	1.43	.96	d.01	1.23	1.50	1.20	Earnings per sh ^{ABD}	1.70
.32	.42	.35	.29	.47	1.20	.55	.20	.13	.85	.73	1.05	1.20	.70	d.23	1.00	1.30	1.00	Div'ds Decl'd per sh ^E	.38
--	--	--	--	--	--	--	--	--	--	.09	.16	.23	.24	.24	.26	.30	.32	Cap'l Spending per sh	.20
.19	.31	.23	.30	.13	.24	.44	.25	.16	.11	.12	.13	.19	.22	.19	.13	.15	.20	Book Value per sh ^F	10.60
1.24	1.64	2.00	2.12	2.83	4.37	4.66	4.87	4.81	5.51	5.56	4.78	5.64	5.67	5.29	5.67	6.70	7.40	Common Shs Outst'g ^C	1315.0
1434.2	1441.9	1469.0	1471.5	1530.7	1624.9	1631.5	1648.0	1677.4	1680.3	1606.7	1391.7	1385.7	1330.8	1340.9	1328.0	1317.0	1315.0	Avg Ann'l P/E Ratio	19.0
13.8	10.3	22.9	27.8	33.7	31.7	40.5	NMF	NMF	23.3	23.0	16.8	16.3	25.8	--	12.6			Relative P/E Ratio	1.25
.92	.65	1.32	1.45	1.92	2.06	2.08	NMF	NMF	1.23	1.22	.91	.87	1.55	--	.79			Avg Ann'l Div'd Yield	1.2%
--	--	--	--	--	--	--	--	--	--	.5%	.9%	1.2%	1.3%	2.1%	2.1%				

CAPITAL STRUCTURE as of 7/31/11																				
Total Debt \$195 mill. Due in 5 Yrs \$55 mill.																				
LT Debt \$195 mill. LT Interest \$20 mill.																				
(2% of Cap'l)																				
Leases, Uncapitalized Annual rentals \$58 mill.																				
Pension Assets-10/10 \$90 mill. Oblig. \$224 mill.																				
Pfd Stock None																				
Common Stock 1,317,531,478 shs.																				
MARKET CAP: \$14.2 billion (Large Cap)																				
CURRENT POSITION (SMILL.)																				
2009 2010 7/31/11																				
Cash Assets	2214.7	2584.6	5757																	
Receivables	1041.5	1831.0	1812																	
Inventory (FIFO)	1627.5	1547.4	1849																	
Other	805.2	802.3	855																	
Current Assets	5688.9	6765.3	10273																	
Accts Payable	1058.0	1766.0	1653																	
Debt Due	1.2	1.3	--																	
Other	880.2	1120.6	1625																	
Current Liab.	1939.4	2887.9	3278																	

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 to '14-'16																				
Revenues	3.5%	7.5%	9.5%																	
"Cash Flow"	-2.0%	-2.0%	18.0%																	
Earnings	-3.0%	-3.0%	23.0%																	
Dividends	--	--	7.5%																	
Book Value	6.0%	1.0%	11.5%																	

QUARTERLY REVENUES (\$ mill.)^A																				
Fiscal Year Ends Jan.Per Apr.Per Jul.Per Oct.Per Full Fiscal Year																				
2008	2087	2150	1848	2044	8129															
2009	1333	1020	1134	1527	5014															
2010	1849	2296	2518	2886	9549															
2011	2686	2862	2787	2265	10600															
2012	2200	2250	2350	2500	9300															

EARNINGS PER SHARE^{A B}																				
Fiscal Year Ends Jan.Per Apr.Per Jul.Per Oct.Per Full Fiscal Year																				
2008	.19	.22	.12	.17	.70															
2009	d.10	d.19	d.04	.10	d.23															
2010	.13	.22	.29	.36	1.00															
2011	.38	.37	.36	.19	1.30															
2012	.20	.25	.25	.30	1.00															

QUARTERLY DIVIDENDS PAID^E																				
Calendar Mar.31 Jun.30 Sep.30 Dec.31 Full Year																				
2007	.05	.06	.06	.06	.23															
2008	.06	.06	.06	.06	.24															
2009	.06	.06	.06	.06	.24															
2010	.06	.07	.07	.07	.27															
2011	.07	.08	.08																	

Applied Materials posted solid results in the fiscal third quarter (ended July 31st, 2011). Revenues increased 11% over the year-earlier figure, driven by continued strong demand for solar products in the Energy & Environmental Solutions segment. Moreover, thanks to solid execution and better fixed-cost leverage, the operating margin widened. All told, share earnings advanced 24%, year over year. Looking forward, management noted a weaker short-term outlook due to persisting global economic uncertainties. Indeed, the book-to-bill ratio has been less favorable of late, and several customers have pushed out orders. In order to reflect these concerns, we have pared back our fourth-quarter estimates, and now expect the top and bottom lines to decline in fiscal 2012.

The company's acquisition of Varian Semiconductor appears to be on track. The transaction, in which Applied will purchase the company for \$63 per share in cash at a net price of around \$4.3 billion, has been approved by shareholders. Regulatory clearance has been received from Israel, Germany, and Taiwan, and is currently being awaited

from the United States and China. The deal, which will likely be accretive to earnings in the first year after its completion, is expected to be closed sometime in October. All told, Applied's market position and earnings prospects both stand to benefit.

Applied Materials has a strong balance sheet, with very little debt and solid cash flow. Investors should note the company's high Safety rank (2).

Longer-term prospects are good. Given the growing role of emerging market consumers, a global appetite for high-performance mobile products, and associated infrastructure investments, demand for semiconductor fabrication equipment ought to remain robust for the foreseeable future. This should augur well for both the top and bottom lines.

These shares are ranked to trail the broader market over the coming six to 12 months. However, given the company's solid earnings potential, the stock's recent sharp decline may present an attractive long-term buying opportunity. Indeed, this equity has strong capital appreciation potential over the pull to 2014-2016.

Simon E. Shnyder
October 7, 2011

(A) Fiscal year ends last Sunday in October. (B) Diluted earnings. Excl. nonrecurring items: '96, d\$0.02; '97, d\$0.04; '98, d\$0.27; '99, \$0.03; '01, d\$0.25; '02, d\$0.02; '03, d\$0.11; '04, d\$0.07; '10, d\$0.30. Incl. \$0.07 inventory writedown in '03. Next earnings report due late November. (C) In mill., adj. for splits. (D) F'06 earnings include stock option expense of \$0.11 a sh. (E) Qtrly. div'd initiated in June '05; payments in Mar., Jun., Sep., Dec. (F) Includes intangibles. In 2010: 1.57 bill., \$1.18/share.

Company's Financial Strength	A
Stock's Price Stability	75
Price Growth Persistence	10
Earnings Predictability	20

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