

2020 PROXY STATEMENT SUMMARY

Your proxy is being solicited on behalf of the Board of Directors of Applied Materials, Inc. We are making this Proxy Statement available to shareholders beginning on January 30, 2020. This summary highlights information contained elsewhere in this Proxy Statement. We encourage you to read the entire Proxy Statement for more information prior to voting.

Annual Meeting of Shareholders

Date and Time:	March 12, 2020, 11:00 a.m. Pacific Time
Location:	Applied Materials, Inc., 3050 Bowers Avenue, Building 1, Santa Clara, California 95054
Record Date:	January 16, 2020
Voting:	Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.
Attendance:	Shareholders and their duly appointed proxies may attend the meeting.

Proposals and Board Recommendations

	For More Information	Board Recommendation
Proposal 1 – Election of Directors	Pages 1 to 6	✓ FOR each Nominee
Judy Bruner Stephen R. Forrest Yvonne McGill Xun (Eric) Chen Thomas J. Iannotti Scott A. McGregor Aart J. de Geus Alexander A. Karsner Gary E. Dickerson Adrianna C. Ma		
Proposal 2 – Executive Compensation	Page 20	✓ FOR
Approval, on an advisory basis, of the compensation of our named executive officers for fiscal year 2019		
Proposal 3 – Ratification of Registered Accounting Firm	Page 48	✓ FOR
Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2020		
Proposal 4 – Amend and Restate our Certificate of Incorporation to Allow Shareholders to Act by Written Consent	Pages 50 to 52	✓ FOR
Approval of an amendment and restatement of our Certificate of Incorporation to allow shareholders to act by written consent		

Director Nominees

Name and Occupation	Age	Director Since	Independent	Committees
Judy Bruner Executive Vice President, Administration and Chief Financial Officer, SanDisk Corporation (retired)	61	2016	✓	Governance (Chair) Audit
Xun (Eric) Chen Managing Partner, SB Investment Advisers (US), Inc.	50	2015	✓	Compensation Strategy
Aart J. de Geus Chairman of the Board of Directors, Co-Chief Executive Officer, Synopsys, Inc.	65	2007	✓	Strategy (Chair) Investment
Gary E. Dickerson President and Chief Executive Officer, Applied Materials, Inc.	62	2013		
Stephen R. Forrest Professor of Electrical Engineering & Computer Science, Physics, and Materials Science & Engineering, University of Michigan	69	2008	✓	Audit Strategy Investment
Thomas J. Iannotti Senior Vice President and General Manager, Enterprise Services, Hewlett-Packard Company (retired)	63	2005	✓	Compensation (Chair)
Alexander A. Karsner Senior Strategist, X	52	2008	✓	Compensation Governance
Adrianna C. Ma Managing Partner, Haleakala Holdings LLC	46	2015	✓	Investment (Chair) Audit Governance
Yvonne McGill Chief Financial Officer, Senior Vice President, Infrastructure Solutions Group and Global Financial Planning and Analysis, Dell Technologies	52	2019	✓	Audit
Scott A. McGregor President and Chief Executive Officer, Broadcom Corporation (retired)	63	2018	✓	Audit Strategy

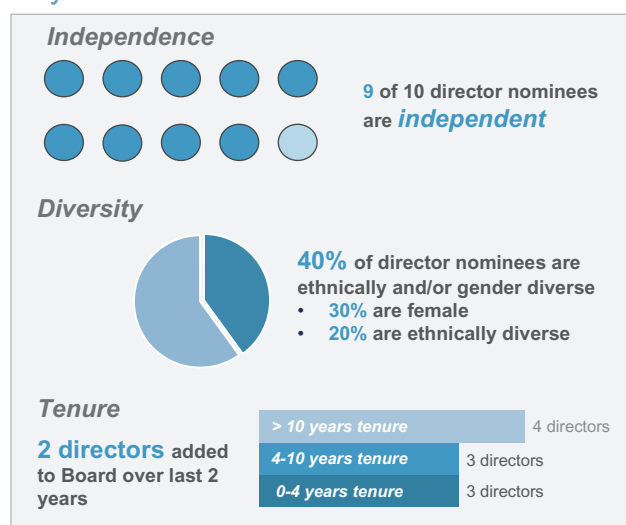
Board Practices and Composition

Ensuring the Board is composed of directors who possess a wide variety of relevant skills, professional experience and backgrounds, bring diverse viewpoints and perspectives, and effectively represent the long-term interests of shareholders is a top priority of the Board and the Corporate Governance and Nominating Committee. Our Board composition reflects strong Board practices that support regular refreshment based on board needs and proactive succession planning.

Director Nominee Expertise



Key Attributes



Board Practices Support Thoughtful Board Composition

Board Composition to Support Company Strategy

The Board and the Corporate Governance and Nominating Committee regularly evaluate the size and composition of the Board to ensure appropriate alignment with the Company's evolving business and strategic needs.

Policy on Board Diversity

The Board is committed to having a Board that reflects diverse perspectives, including those based on gender, ethnicity, skills, experience at policy-making levels in areas that are relevant to the Company's global activities, and functional, geographic or cultural background. The Board has adopted a Policy on Diversity as part of its Corporate Governance Guidelines, which highlights its commitment to actively seek out women and ethnically diverse director candidates.

Annual Board Evaluations

The Board conducts an annual self-assessment of Board, Board Committees and individual directors to evaluate effectiveness.

Board Refreshment

The Board believes the fresh perspectives brought by new directors are critical to a forward-looking and strategic Board when appropriately balanced by the deep understanding of Applied's business provided by longer-serving directors.

Director Succession Planning

The Corporate Governance and Nominating Committee reviews the short- and long-term strategies and interests of Applied to determine what current and future skills and experience are required of the Board in exercising its oversight function.

Corporate Governance

We are committed to effective corporate governance that is informed by our shareholders, promotes the long-term interests of our shareholders, and strengthens Board and management accountability.

Governance Highlights

✓ Annual Election of Directors	✓ Shareholder Proxy Access
✓ Independent Chairman of the Board	✓ No Poison Pill
✓ Highly Independent Board (9 of 10 Director nominees) and Committees	✓ No Supermajority Vote Requirements
✓ Annual Board, Committee and Individual Evaluations	✓ Majority Voting for Directors
✓ Robust Board Succession Planning	✓ Regular Executive Sessions of Independent Directors
✓ Active Shareholder Engagement Practices	✓ Stock Ownership Guidelines for Directors and Executives
✓ Shareholder Right to Call a Special Meeting	✓ Clawback Policy for Annual and Long-Term Incentive Plans

Shareholder Engagement

We believe that strong corporate governance should include regular engagement with our shareholders to enable us to understand and respond to shareholder concerns. We have a robust shareholder outreach program led by a cross-functional team that includes members of our Investor Relations, Global Rewards, Diversity and Inclusion, Environmental Health and Safety and Legal functions. Independent members of our Board are also involved, as appropriate. In the fall, we solicit feedback on our executive compensation program, corporate governance practices, and sustainability and inclusion and diversity initiatives, as well as any matters voted on at our prior annual meeting. After the filing of our proxy statement, we engage again with our shareholders about important topics to be addressed at our annual meeting. Following our annual meeting, we review the results of the meeting and investor feedback, as well as evaluate emerging trends in corporate governance and other areas. We share feedback we receive from our shareholders with the Human Resources and Compensation Committee, Corporate Governance and Nominating Committee, and the full Board. Shareholder input is then factored into the Board's decision-making. See "*Shareholder Engagement*" on page 13 for more information.

In response to the high level of shareholder support at last year's annual meeting for the proposal on shareholder action by written consent, this year, we also engaged in extensive shareholder outreach to hear directly from our shareholders on their views on shareholder action by written consent, as well as our existing special meeting process. Some of our independent directors participated in the outreach with several of our shareholders. Feedback received from the shareholders was shared and discussed with the Board. See "*Shareholder Engagement*" on page 13 for more information.

Executive Compensation

Company Overview

Applied Materials is the leader in materials engineering solutions used to produce virtually every new chip and advanced display in the world. Our expertise in modifying materials at atomic levels and on an industrial scale enables customers to transform possibilities into reality. At Applied Materials, our innovations make possible the technology shaping the future.

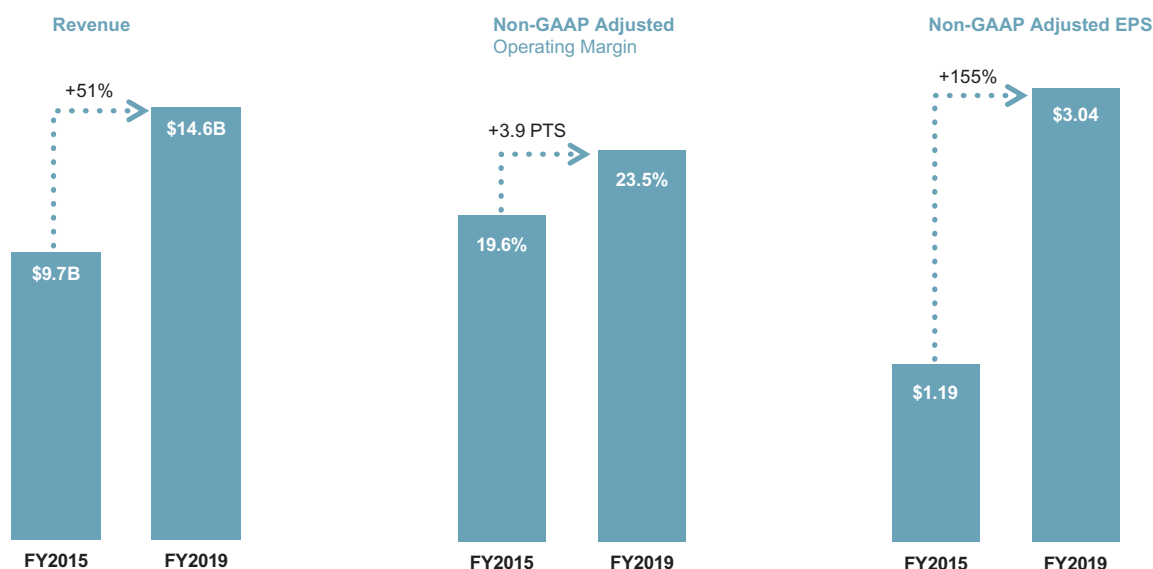
We develop, design, produce and service semiconductor and display equipment for manufacturers that sell into highly competitive and rapidly changing end markets. Our competitive positioning is driven by our ability to identify major technology inflections early, and to develop highly differentiated materials engineering solutions for our customers to enable those technology inflections. Through our broad portfolio of products and technologies, innovation leadership and focused investments in research and development, we are enabling our customers' success and creating significant value for our shareholders.

2019 Performance Highlights

Over the past several years, our broad portfolio of products and services has made Applied a more resilient company that can perform well in a variety of conditions. In 2019, we delivered solid performance against very aggressive targets in a challenging market environment that was affected by down cycles in both memory and display equipment spending. Key highlights include:

- Revenue of \$14.6 billion;
- Operating profit of \$3.4 billion, resulting in GAAP EPS of \$2.86, and non-GAAP adjusted EPS of \$3.04 (see Appendix A for a reconciliation of non-GAAP adjusted measures);
- Delivered operating cash flow of \$3.2 billion, equal to 22% of revenue; and
- Returned \$3.2 billion to shareholders through dividends and share repurchases.

Highlights of five-year performance achievements across key financial measures



Non-GAAP adjusted operating margin and non-GAAP adjusted EPS are performance targets under our bonus and long-term incentive plans. See Appendix A for non-GAAP reconciliations.

Strategic and Operational Highlights

We believe the electronics industry is in a period of transition as major new growth drivers emerge in the form of the Internet of Things (IoT), big data and artificial intelligence (AI). In fiscal 2019, we continued to focus on initiatives that will help accelerate our customers' roadmaps and put Applied in the best position for the future. Key highlights include:

- We continued to prioritize our operating expenses towards R&D to solve major technology challenges for our customers and drive our long-term growth strategy.
- In addition to advancements in our traditional unit process equipment, we introduced new Integrated Materials Solutions – a new category of products that combine multiple process steps in a single system to help customers create new types of semiconductor structures and devices.
- We strengthened our capabilities to address the growing number of applications within the IoT, communications, automotive, power and sensor markets.
- We grew our installed base of semiconductor and display equipment by approximately 2,000 systems to now total nearly 43,000. Also, the number of tools we have under long-term service agreements (which generate subscription-style revenue) has increased by approximately 30% since 2017.
- We expanded our R&D capabilities by opening the Materials Engineering Technology Accelerator (META Center), a state-of-the-art facility aimed at speeding customer prototyping of new materials, process technologies and devices. The META Center extends Applied's ability to collaborate with customers to pioneer new ways of improving chip performance, power and cost.

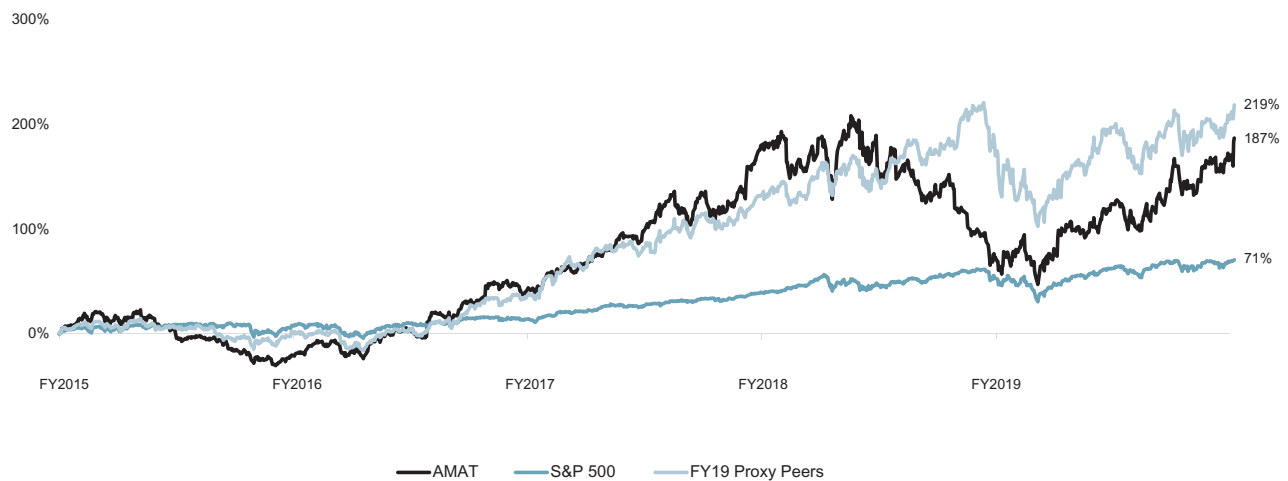
The Human Resources and Compensation Committee ("HRCC") approved an aggressive set of scorecard targets for the executive officers for fiscal 2019, including financial targets above any levels that Applied had achieved in the past, as well as equally challenging operational targets. Although the aggressive targets resulted in below-target bonus payments, the Company expects to see market share growth for calendar year 2019 and also made significant progress on long-term growth initiatives.

During fiscal 2019, Applied delivered solid financial and operational performance in a challenging environment and made meaningful progress towards our long-term strategic goals that are focused on enabling strong longer-term revenue and EPS growth; however, the results were below aggressively set targets. Accordingly, bonus payouts to our executive officers were below target bonus amounts. As part of our multi-year incentive program, for the period of 2017 to 2019, the HRCC approved aggressive goals for non-GAAP adjusted operating margin and wafer fabrication equipment ("WFE") market share. The results for this three-year performance period were above target, resulting in above target level performance share unit awards for our executive officers.

Stock Price Performance

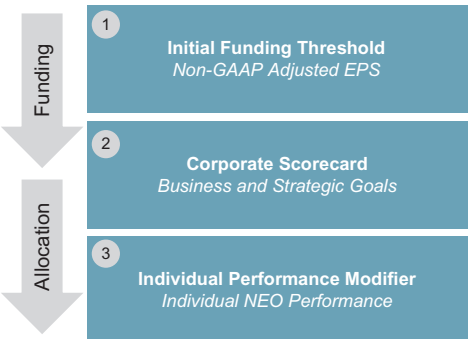
In fiscal 2019, our stock price performance reflected steady market optimism, particularly in the second half of the year, as the semiconductor market environment showed early signs of strength in foundry and logic spending, and continued reduction in memory inventory levels. Over the past five years, Applied has outperformed the S&P 500 Index, as shown below. In addition, Applied outperformed peers by over 40% in fiscal 2019.

FY2015 – FY2019 Total Shareholder Return vs. Key Peers



Primary Compensation Elements and Executive Compensation Highlights for Fiscal 2019

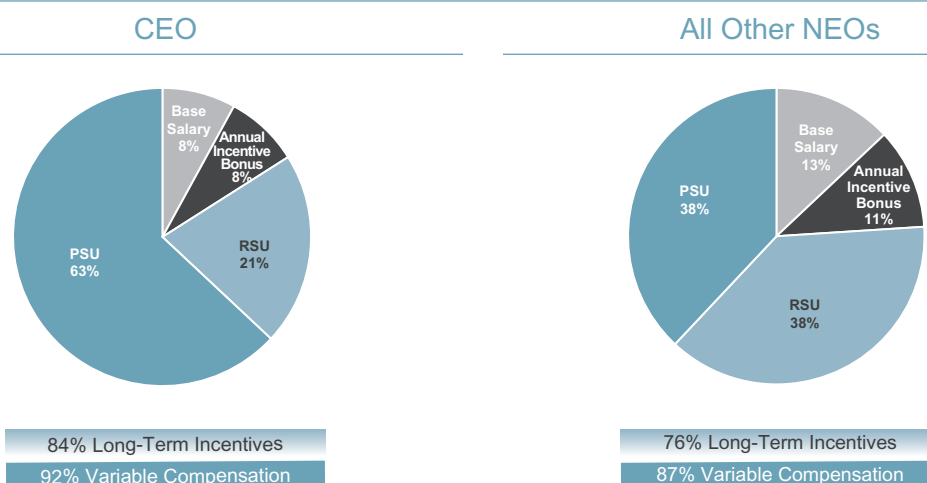
The primary elements of our compensation program consist of base salary, annual incentive bonuses and long-term incentive awards. Other elements of compensation include a 401(k) savings plan, deferred compensation benefits and other benefits programs that are generally available to all employees. Primary elements and highlights of our fiscal 2019 compensation program were as follows:

Element of Pay	Structure	Highlights
Base Salary (see page 29)	<ul style="list-style-type: none"> Fixed cash compensation for expected day-to-day responsibilities Reviewed annually and adjusted when appropriate, based on scope of responsibility, performance, time in role, experience, and competitive market for executive talent 	<ul style="list-style-type: none"> Fiscal 2019 salaries for each named executive officer (“NEO”) increased from 2018 levels to reflect increases in competitive pay positioning levels
Annual Incentive Bonuses (see page 29)	<ul style="list-style-type: none"> Variable compensation paid in cash Based on performance against pre-established financial, operational, strategic and individual performance measures Financial and non-financial metrics provide a comprehensive assessment of executive performance Performance metrics evaluated annually for alignment with strategy and market trends NEO annual incentives determined through three-step performance measurement process: 	<ul style="list-style-type: none"> Fiscal 2019 target bonuses as a percentage of base salary were the same as fiscal 2018 levels for all the NEOs, except for Mr. Durn, whose target was increased to reflect competitive pay positioning level for annual incentive targets for CFOs The initial funding threshold non-GAAP adjusted EPS goal for fiscal 2019 was \$2.90. The Company achieved an actual result of \$3.04 As the initial funding threshold was achieved, the annual bonuses were based on the performance of the Company’s objective and quantifiable business and strategic goals in the corporate scorecard for each NEO Based on achievement compared to goals, fiscal 2019 actual annual bonuses ranged from 0.49x to 0.69x target for our NEOs <ul style="list-style-type: none"> Achievement against the corporate scorecard ranged from 0.49x to 0.65x target (see corporate scorecard information on pages 32 and 33) Based on an assessment of individual performance results and the impact against both quantitative and strategic objectives, each NEO, except for Mr. Durn, received an IPF of 1.0x. Mr. Durn received an IPF of 1.25x in recognition of his above and beyond performance in successfully managing external investor relationships and his vision and execution in driving major improvements in efficiency and effectiveness across the Finance organization (see individual performance highlights on page 34)
Long-Term Incentives (see page 35)	<ul style="list-style-type: none"> Performance share units (“PSUs”) to establish rigorous long-term performance alignment Restricted stock units (“RSUs”) to provide link to shareholder value creation and retention value PSUs vest based on achievement of 3-year non-GAAP adjusted operating margin and 3-year Total Shareholder Return (“TSR”) measured against the S&P 500 PSUs vests at end of 3-year performance period, based on achievement of performance goals; RSUs vest ratably over 3 years 	<ul style="list-style-type: none"> The target vehicle mix of the equity awards consists of 75% PSUs and 25% RSUs for the CEO and 50% PSUs and 50% RSUs for the other NEOs Non-GAAP adjusted operating margin is a key measure of our Company’s long-term success For fiscal 2019, the WFE market share metric applicable for fiscal 2018 PSUs was replaced with relative TSR, which better reflects our growing Display and Services businesses, in addition to our semiconductor segment, and incentivizes management to outperform the market through each business environment

Pay Mix

In fiscal 2019, a significant portion of our executive compensation consisted of variable compensation and long-term incentives. As illustrated below, 92% of CEO compensation for fiscal 2019 comprised variable compensation elements, and 84% of CEO overall compensation was delivered in equity with multi-year vesting.

FY2019 Compensation Mix¹



¹ Represents total direct compensation for FY2019

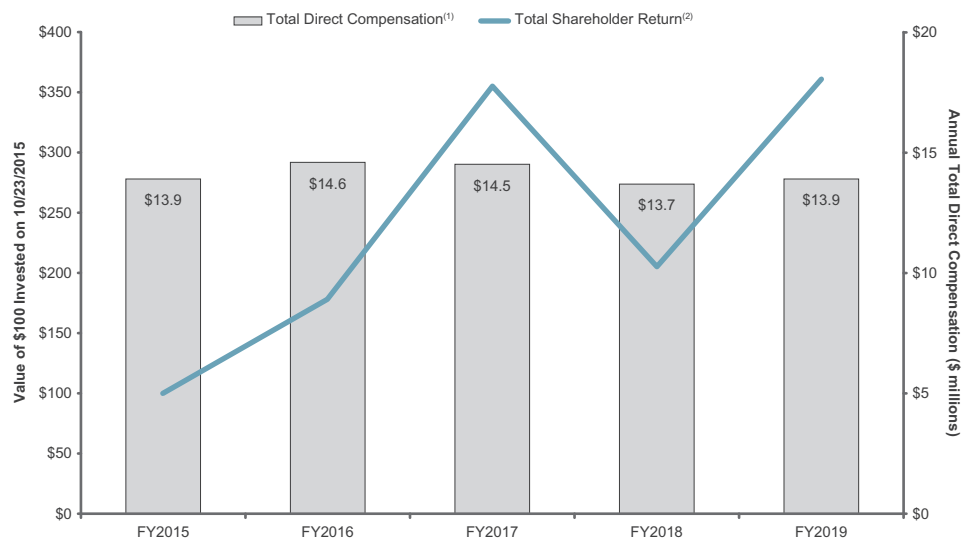
Summary of 2019 Total Direct Compensation

The following table summarizes elements of annual total direct compensation for our NEOs for fiscal 2019, consisting of (1) base salary, (2) annual incentive bonus and (3) long-term incentive awards (the grant date fair value of stock awards). This table excludes amounts not considered by the HRCC to be annual total direct compensation, such as certain other amounts required by the SEC to be reported in the Summary Compensation Table (see page 41 of this Proxy Statement).

Name and Principal Position	Salary (\$)	Annual Incentive Bonus (\$)	Annual Long-Term Incentive Award (\$)	Total (\$)
Gary E. Dickerson President and Chief Executive Officer	1,024,808	1,133,000	11,696,506	13,854,314
Daniel J. Durn Senior Vice President, Chief Financial Officer	620,673	580,078	3,931,029	5,131,780
Ali Salehpour Senior Vice President, Services, Display and Flexible Technology	620,673	411,750	3,931,029	4,963,452
Prabu G. Raja Senior Vice President, Semiconductor Products Group	564,058	430,948	2,892,132	3,887,138
Steve G. Ghanayem Senior Vice President, New Markets and Alliances Group	564,058	497,543	2,892,132	3,953,733

Pay and Performance

The HRCC approves aggressive performance goals for the CEO, as well as for the entire executive leadership team. As a result, despite outstanding TSR growth from fiscal 2015 through 2019, our CEO's total direct compensation has remained essentially flat over the same period.



- (1) Total direct compensation consists of annual base salary, annual incentive bonus and long-term incentive award (grant date fair value of annual equity awards). Total direct compensation shown above excludes other amounts required by the SEC to be reported in the Summary Compensation Table.
- (2) TSR line illustrates the total shareholder return on our common stock during the period from October 23, 2015 through October 25, 2019 (the last business day of fiscal 2019), assuming \$100 was invested on October 23, 2015 and assuming reinvestment of dividends.

Sustainability and Corporate Social Responsibility

Our Approach

Applied is committed to growing our business in a sustainable and socially responsible manner. We are focusing our resources and capabilities on addressing the sweeping technological challenges in the era of Artificial Intelligence and big data, and working with our customers to build a safer, more equitable and sustainable future. At the heart of Applied's values is a commitment to operate with responsibility and integrity while making a positive contribution to our industry and the world around us. To drive change and innovation, we are making investments to research and development, our operations, our supply chain and to our interactions with our local communities.

Sustainability and Corporate Social Responsibility Governance

Our Board and management oversee sustainability matters to foster accountability. We have established executive leadership of a company-wide strategy on environmental, social and governance (ESG) matters and reporting and focused on integrating sustainability into our operations and company culture through initiatives aligned to company strategy that address a broad set of stakeholders, including customers, employees, suppliers, governments and our local communities.

Our Environmental, Health and Safety ("EHS") organization is dedicated to maintaining a safe and healthful working environment, demonstrating environmental leadership, and meeting or exceeding regulatory compliance. The Head of EHS reports directly to the Board of Directors on a quarterly basis and provides a more in-depth environmental and sustainability update to the Audit Committee on an annual basis. We have a team fully dedicated to supporting our work in designing a culture of inclusion, and our HRCC oversees our corporate culture and human capital management programs, including our diversity and inclusion practices and initiatives. The HRCC approved ESG objectives for our annual bonus program to incentivize our leadership to improve employee safety, engagement and learning and development, to promote a culture of inclusion and to accelerate the representation of women and underrepresented minorities in our workforce. Further details and data on our sustainability and corporate social responsibility practices and accomplishments can be found in our annually published Corporate Social Responsibility Report.

We believe that investing in our people, in our communities, and in operating our business sustainably will drive long-term value for Applied and its shareholders. These three pillars, as described below, provide the framework by which we manage our key initiatives:

Sustainability

- Conducting business in environmentally conscious, socially responsible and ethical manner while protecting the health and safety of our workers and community
- Guiding principles include designing efficient and sustainable products, pollution prevention, worker protection and ethical business practices

People

- Building a culture of inclusion with a focus on leadership, eliminating systemic barriers and fostering engagement
- Promoting ongoing career development for employees to encourage innovation and engagement

Community

- Investing financial and human resources in communities where we work and live
- Investing in education, arts and culture, civic engagement, and the environment
- Encouraging employee involvement through charitable donations and volunteer programs

Key Initiatives

Diversity and Inclusion

We believe diverse and inclusive teams create a richer culture, enhance performance, and attract the best talent.

- **Transparency.** Publish diversity and inclusion information to highlight initiatives and accomplishments and provide key diversity data to our stakeholders
- **Commitment.** Continue to build a culture of inclusion to accelerate progress towards meeting Company goals of increasing women's representation globally and underrepresented minorities in our U.S. workforce. Promote the next generation of diverse technology leaders by supporting STEM education programs
- **Engagement.** Integrate emphasis on diversity and inclusion in new hire orientation and employee development programs and measure inclusion in our annual employee survey

Supply Chain

Sustainable supply chains are core to our success, and we actively seek to manage and promote global best practices.

- **Industry Coalition.** Member of Responsible Business Alliance (formerly EICC) and have adopted its Code of Conduct, to promote safe working conditions in supply chains and environmentally-responsible, sustainable and ethical business operations
- **Commitment to High Standards.** Require all companies in our global supply chain to implement Responsible Business Alliance Code of Conduct and Applied's Standards of Business Conduct

Environment

We seek to operate and develop products in a way that minimizes environmental impact.

- **GHG Emissions.** Committed to reducing GHG emissions in our own operations and in our industries through energy-efficient product design and customer solutions
- **Water and Waste Reduction.** Our Austin, TX water reclamation project has recycled 5.7 million gallons of water. Our continued focus on recycling increased our 2018 waste diversion rate to 81%. Packaging materials now account for roughly 70% of our total recyclables
- **Renewable Energy.** Our onsite green-power generation initiatives in 2018 produced 3.4 Gigawatt hours (the equivalent of powering 2.3 million homes per year). In 2018, 31% of our energy consumption came from renewable sources

Ethics

We maintain highest ethical standards in interactions with employees, customers, suppliers, competitors and public.

- **Human Rights.** Our Standards of Business Conduct include several important provisions on human rights, including prohibitions on the use of child labor or forced, bonded or indentured labor in our operations
- **Conflict Minerals.** Committed to responsible sourcing of materials for our products. Do not directly purchase conflict minerals or have any direct relationship with mines or smelters that process these minerals. Are involved in the Conflict-Free Sourcing Initiative (CFSI)
- **Training and Business Ethics Helplines.** Conduct numerous global training reinforcement programs and offer 24/7 Business Ethics Helplines