



APPLIED MATERIALS

2011 CITIZENSHIP REPORT UPDATE



ABOUT OUR 2011 CITIZENSHIP UPDATE

Table of Contents

About Applied Materials	pg. 2
Our Vision	pg. 3
What We Do	pg. 4
Environment	pg. 5
Product Responsibility and Supply Chain	pg. 7
Workplace	pg. 10
Community	pg. 14
Awards and Recognitions	pg. 25
Data Tables – Key Performance Indicators	pg. 29

This is a summary update to the Applied Materials 2010 Citizenship Report and primarily covers our fiscal year 2011 (FY2011) from November 1, 2010 through October 30, 2011; some information on 2012 activities is also included, as noted. This update focuses upon key accomplishments and goals in the following areas: environment, products and supply chain, workplace, and community affairs. In addition, information correlated to certain Key Performance Indicators as set forth in the Global Reporting Initiative (GRI) is present in the data tables starting on page 29 of this report.

This update generally follows the GRI Reporting Framework and Sustainability Guidelines, version 3.1. It provides highlights and data on the global operations of Applied Materials, Inc. and its subsidiaries (collectively referred to as Applied or the company). Data is included for acquired businesses on a going forward basis from the acquisition date. For divested businesses, historical environmental data has been adjusted retroactively to exclude the discontinued operations. Because of the timing of this update and its scope, a GRI level is not declared herein. Readers may wish to consult earlier Applied Materials' Citizenship and Environment Responsibility Reports, available at <http://www.appliedmaterials.com/about/cr>.

Our nearly 13,000 employees in 19 countries and 87 locations around the world played an important role by volunteering and contributing to local causes, amplifying our citizenship in the communities where we operate.

We welcome your feedback. Please send comments to corporate_responsibility@amat.com.

ABOUT APPLIED MATERIALS

At Applied Materials, our mission includes **our aspiration to improve the way people live**. We take this aim seriously and strive to live up to it through our technology, our approach to business and our commitment to the community.

Applied Materials, Inc. is the global leader in providing innovative equipment, services and software to enable the manufacture of advanced semiconductor, flat panel display and solar photovoltaic (PV) products. Our technologies help make innovations like smartphones, flat screen TVs and solar panels more affordable and accessible to consumers and businesses around the world. To learn more, please see www.appliedmaterials.com.

OUR VISION

We apply **nanomanufacturing technology** to improve the way people live.

We invest in **communities** to improve the way people live.



WHAT WE DO

We make the equipment that makes the chips that make the products that **change the world.**

We invest in partnerships that help **transform communities.**



ENVIRONMENT

While our business revolves around the mission of enabling our customers to bring innovations to scale, **one of our goals as a responsible business is to minimize our environmental footprint.**

In 2007, we set ambitious five-year targets to decrease our environmental footprint by the end of fiscal 2012 by reducing greenhouse gas emissions, water usage and waste. We are on track to meet or exceed most of those targets as a result of our strong performance during the 2007-2011 period.



Selected Activities & Memberships

- **Sustainable Silicon Valley**
(Partner, Member of Advisory Board)
- **Silicon Valley Leadership Group**
(Participants in two committees and Annual Symposiums)
- **Solar Energy Industry Association**
(Member, Chair Environmental and Social Responsibility Subcommittee)
- **Semiconductor Equipment and Materials International (SEMI)**



GHG Emissions

- In 2007, we set a target of reducing global direct and indirect greenhouse gas emissions by 20 percent and energy consumption (electricity and natural gas) by 10 percent over the succeeding five years. By the end of 2011, we had met these goals, achieving reductions in greenhouse gas emissions greater than 40,000 metric tons or roughly equivalent to the pollution from more than 7,800 passenger vehicles.
- These results were accomplished through energy efficiency projects at several facilities, facility consolidation in California and other locations, the installation of onsite solar photovoltaic (PV) panels, and purchases of green energy. The company also benefitted from lower emission factors in California and Texas because the electricity supplies in these locations became “greener” by adding more renewables to the mix.
- Approximately 60–65 percent of the GHG and electricity reductions were achieved via over 100 energy efficiency projects addressing HVAC, lighting and other energy-consuming systems.



Water Usage

In 2007, we set a five-year target of reducing our global water consumption by 10 percent and made significant reductions through FY2010. In FY2011, we divested some facilities and added new facilities, resulting in a net increase in water consumption relative to our baseline.

- A significant percentage of the increase is from our research and development facility in Xi'an, China and our factory in Singapore, but we are investigating other drivers.
- While Applied Materials' operations are not water-intensive compared to those of semiconductor manufacturers, we will look to increase the number of water conservation projects we pursue to get back on track and achieve our reduction target.



Waste and Diversion

- In 2007, we set a target of diverting at least 80 percent of our non-hazardous solid waste from landfills. By the end of FY2011, our diversion rate was approximately 85 percent, exceeding this target.
- This was achieved largely through the recycling efforts of employees and effective partnering with our facilities vendors, such as the implementation of composting containers in all of our California cafeterias.

HOW WE DO IT:

PRODUCT RESPONSIBILITY AND SUPPLY CHAIN

We work closely with our customers and suppliers to enable **scaling the next generation of products**, while maintaining safety standards that encompass the total product lifecycle.

Our targets and achievements are of particular interest to our customers who are pursuing their own ambitious energy use and greenhouse gas (GHG) emissions reduction targets.

We accomplish our goals through investments in new technology; promotion of and adherence to an industry code for suppliers; and innovations by our engineers and other technologists.

.....

With our customers and suppliers, we are innovating new technologies and processes for the next decade, consistent with sustainability goals.

.....



Selected Activities & Memberships

- Semiconductor Research Corporation
- Albany Nanotech Center

Innovation Making an Impact

- We set an aggressive target for fiscal years 2007–2011 to achieve an average improvement in energy efficiency of 20 percent on newly released products (as measured by the industry's SEMI S-23 protocol). While we did not fully achieve this goal, we did attain an average 13 percent reduction. Selected new products with improved energy efficiency capabilities are highlighted below:
- We launched 15 new products, refreshing and extending our semiconductor equipment product line, while increasing our investment in next generation technology to keep Moore's Law alive for the next decade. New Silicon Systems Group (SSG) products included the Applied Centura® Integrated Gate Stack™ system with advanced atomic layer deposition technology and the Applied Vantage® Vulcan™, which leapfrogs current technology to produce more high-performance devices per wafer, increasing output and improving efficiency.
- The Display group developed the Applied AKT® Aristo™ Twin system to enable larger OLED, LCD and touch-enabled displays used in such products as smartphones, computers and tablets, achieving 40 percent higher output than competing alternatives.
- The Solar group, part of our Energy and Environmental Solutions segment, developed the Applied Baccini® Pegaso™ system featuring screen printing technology to enable solar manufacturers' new higher-efficiency cell designs.
- In addition, Applied has an annual award program that recognizes employees for environmental innovation and suppliers for environmentally beneficial components. In 2011, we presented our 21st annual President's Quality Award that recognizes innovations on safety and on product development procedures.

Customer Health and Safety

- All of our design engineers are required to complete Design for the Environment (DfE) training. DfE is a U.S. Environmental Protection Agency (EPA) program that works to prevent pollution and minimize its effects on humans and the environment. DfE training provides information regarding safer electronics and chemicals, as well as best environmental practices.



Supply Chain

- A cornerstone of our supply chain social and environmental responsibility program is membership in the Electronic Industry Citizenship Coalition (EICC), which we joined in 2009. An Applied representative currently serves on the EICC Board and as the EICC's Vice-Chair, along with other roles.
- Our first-tier suppliers are required to follow the EICC Code of Conduct: We use Applied Materials and EICC resources to qualify suppliers and engage them in performance appraisals. Qualification requires a minimum score on the Integrated Supplier Assessment Tool (ISAT), which covers quality, technical, process, ethical and environmental standards and other business alignment areas.
- An Applied representative visits suppliers' facilities to verify suppliers' performance in light of key elements of ISAT. In 2011, we conducted 180 baselines and/or revalidations of suppliers. We are risk-ranking the top 80 percent of our supply chain by spend and will then conduct audits on a percentage of higher-risk suppliers.



Transparency

- We work with our suppliers to comply with disclosure requirements that may apply to our products and the components that make up our products, including Section 1502 of the Dodd-Frank Act (which will require disclosures on the use of so-called conflict minerals that originate in the Democratic Republic of Congo), the company's policy against human trafficking and slavery (per California's Civil Code 1714.43) and the European Union's REACH directive on chemicals.

HOW WE DO IT:

WORKPLACE

We invest in our employees to build skills, foster communication and create a collaborative workplace that **leverages their talents into meaningful careers and satisfied customers.**

Each year we challenge ourselves to raise the bar on improving employee attraction and retention, skills, diversity and safety. In 2011, our goal was to provide more development tools, resources and training to our 13,000 employees to drive career development plans and build skills critical to our future success. We also focused on specific initiatives that our employees told us were important to them through our annual employee survey.

This included implementing:

- A comprehensive career development website
- Development planning and coaching courses
- An online tool to improve communication skills with counterparts in other countries

.....

In 2011, 79 percent of employees participated in our annual employee survey — our highest rate ever, demonstrating increased engagement.

.....



Selected Activities & Memberships

- **Texas and California Diversity Councils**
(on Board of Directors)
- **Northern California Human Resources Association**
- **American Society for Safety Engineers**
- **Semiconductor Environmental Safety and Health Association**

Ethics

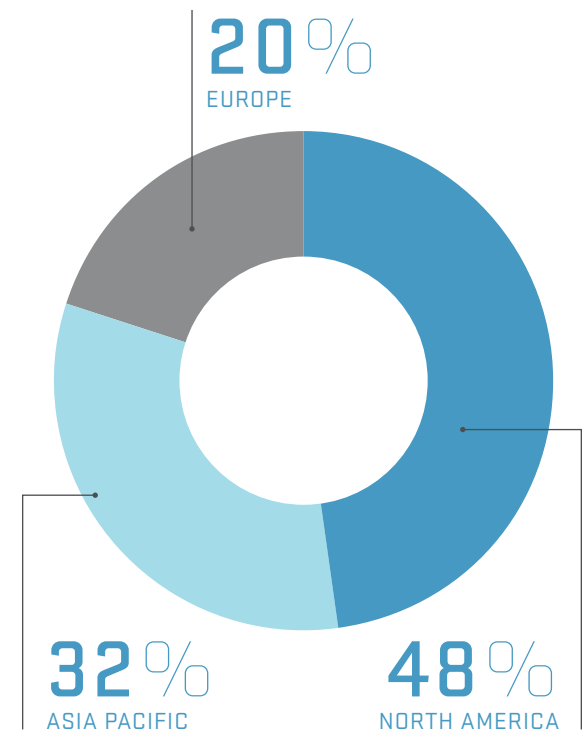
- Each year all employees and temporary workers must confirm they have read our Standards of Business Conduct; our motto is “Ethics, Everyone, Every Day.”
- In September 2011, we introduced the first issue of *The Applied Standard*, an ethics and compliance e-newsletter to supplement our existing ethics website for all employees.
- *The Applied Standard* features articles on ethics and compliance, and matters reviewed by our Office of the Ombudsman. Employees are encouraged to submit questions and ideas.

Employee Attraction and Retention

- We created the Applied Talent Council (ATC) to develop strategic programs that deepen employee engagement, revitalize career development and increase the number of new college graduates recruited to represent 25 percent of all new hires. The ATC is comprised of seven executives from across the company.
- New or recent college graduates were offered a “jump-start” program called the College to Corporate Development Program to train and engage emerging technology professionals in a variety of disciplines before selecting a particular job focus.
- We provided networking, leadership and team building opportunities for 356 new college graduates globally, giving them valuable business contacts and practical skills.
- The Career Development program was launched with increased focus on development planning; about 80 percent of all employees had an individual development plan in place by year end, which we believe played a role in the 11 percent increase in employee satisfaction with career development in the employee survey.
- The employee portal hosted the new My Career Center, which provides information and tools to help employees take charge of their careers.

Workforce by Region

Our workforce spans 87 locations in 19 countries. In addition to nearly 13,000 regular full-time employees, Applied hires up to 100 interns per year and retains the services of independent contractors and temporary workers on an as-needed basis.



WORKPLACE

- We participated in more than 80 recruiting events and engineering career fairs around the world, with a focus on attracting female engineers and former military personnel.
- Executives spoke at more than 30 major industry tradeshows and symposiums, with strong presence in Asia, giving 750,000 people around the globe the opportunity to meet with Applied Materials executives and engineers.



Diversity and Inclusion and Equal Opportunity

- The position of Director, Global Diversity and Inclusion was created and filled by an experienced executive to develop and implement a global diversity strategy.
- Nine Employee Resource Groups (affinity groups) received company support to help create an open forum for idea exchange and strengthen the links within diverse communities aligned with company business objectives.
- Our Senior Vice President of Global Human Resources was named as one of the Silicon Valley/ San Jose Business Journal's 2011 Women of Influence, who are selected for working to improve their industries and communities.

Environment, Health and Safety (EHS)

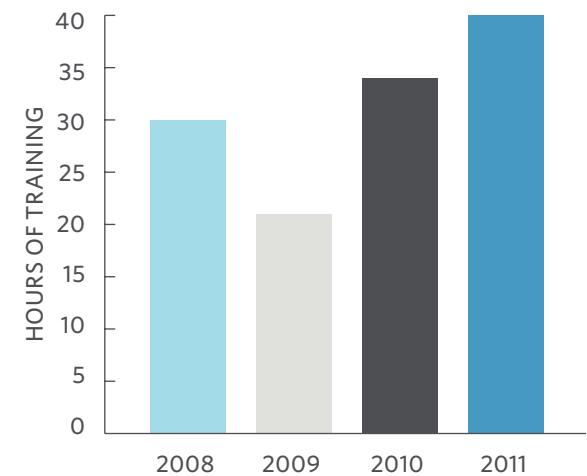
- We made significant improvements in EHS management systems with joint OHSAS 18001 and ISO 14001 certification in manufacturing in Austin; and with ISO 14001 certification at manufacturing sites in Israel, Montana and Singapore.
- Improvement plans were implemented at our Precision Wafering Systems and Baccini business units in Europe to help drive injury reduction and safety awareness.
- The Total Case Incident Rate (TCIR) was reduced by 19 percent and the Days Away and Restricted Time (DART) by 9 percent over FY2010 rates.
- We achieved a Total Case Incident Rate (TCIR) of 0.81 that was better than the semiconductor equipment manufacturing industry rate of 1.0.

Employee Training and Enrichment

- More than 500 employees received training in development planning and career coaching to drive performance and development in support of business objectives.
- The Career Chat Talk box was launched and hosted by the Senior Vice President of Human Resources to discuss career development and share best practices on navigating careers at Applied.
- We leveraged our global diversity and improved workplace collaboration through GlobeSmart, an intranet tool that addresses a challenge in global business interactions — relating and communicating successfully with counterparts from other countries.
- Employees continued to access a variety of professional and management development courses via our Applied Global University website.

Global Career and Safety Training

In 2011, employees averaged nearly 40 hours of training in ethics, safety, IP protection, technical instruction, and career enrichment through the Applied Global University (AGU).



COMMUNITY

Our work with nonprofit partners, governmental agencies and engaged employees **enables scaling, or a multiplier effect, to improve the lives of more people.**

Applied Materials is dedicated to improving communities, creating opportunities and offering a brighter future. We invest in communities where employees live and work around the world by focusing on four building blocks of a strong community: education, civic development, environment, and the arts.

.....

In 2011, we demonstrated our ongoing commitment to communities, including donation of \$1 million to disaster relief.

.....

2011 Investments in our communities:

- Cash contributions from Applied and the Applied Materials Foundation totaled \$11.7 million
- Of that, \$1.6 million matched employee donations
- 2011 donations represented a nearly 2% increase in contributions over 2010

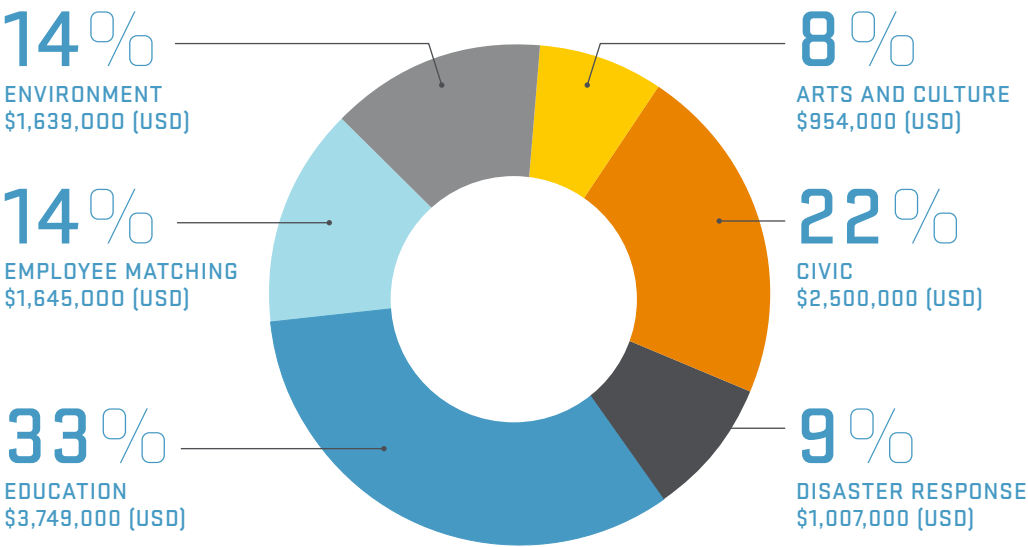


Our Corporate Responsibility Thought Partners: *(partial list)*

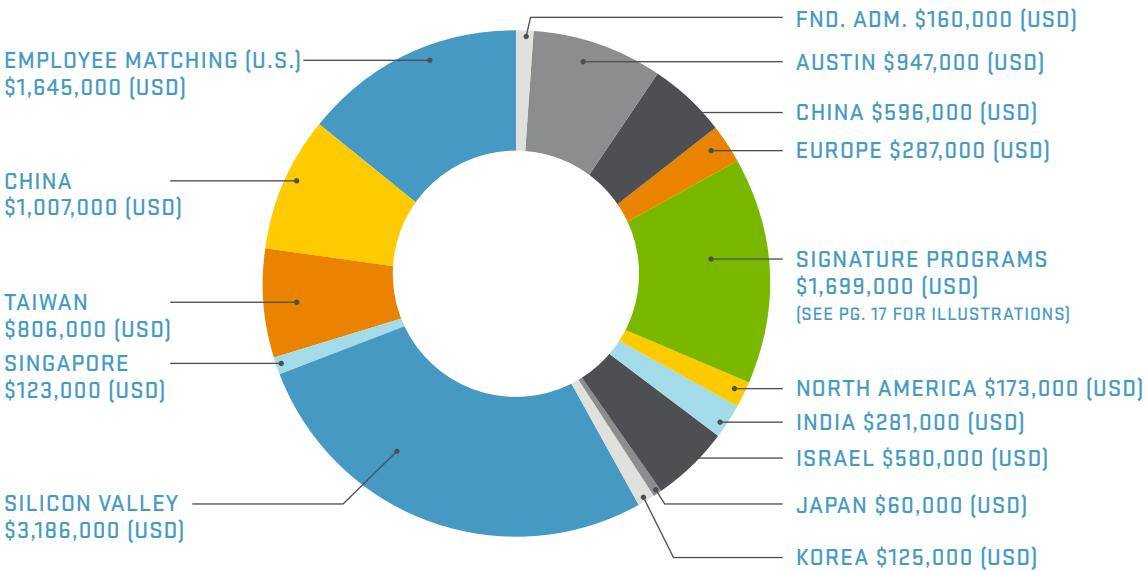
- Boston College Center for Corporate Citizenship
- Business Civic Leadership Center
- Business for Social Responsibility
- Committee for Encouraging Philanthropy
- Council on Foundations

2011 Strategic Priority Funding Areas

Chart does not include \$200,000 (USD) for administrative costs and in-kind donations.



2011 Funding by Location



Our three global Signature Programs are designed to generate the greatest possible social impact by inspiring innovation and recognizing the essential role technology can play in improving the way people live.

OUR SIGNATURE PROGRAMS:



Clean Tech Competition

Applied Materials, working with the National Science Teachers Association, created a collaborative student design competition in 2011 called the Clean Tech Competition. The goal is to inspire the next generation of innovators in clean technology. The contest involved students from two global centers of innovation: the San Francisco Bay Area in California and Xi'an, China, both Applied sites. Applied employees mentored 10 finalist teams in each location to develop solar solutions to problems that can occur after natural disasters. For more information, please see: www.cleantechcompetition.org.



Solar Decathlon

Building on the success of the U.S.-based Solar Decathlon competition, Applied Materials collaborated in 2011 with the U.S. Department of Energy, China's National Energy Administration, and Peking University to launch China's first Solar Decathlon, which will be held in 2013. Applied has been a partner with the U.S. Department of Energy since 2007 helping to sponsor this competition. Students from at least 20 universities will design and build energy self-sufficient homes using green building materials, solar solutions, water sustainability and waste management technologies. For more information, please see: www.solardecathlon.gov.



Tech Awards

As one of the founders of the Tech Awards in 2000, Applied Materials has helped shine a spotlight on the 245 winning Laureates from around the world who created new applications of technology to benefit humanity. Above is Dr. Laura Stachel, a 2011 Laureate, who invented a solar suitcase for locations with unreliable energy sources. The international awards program, a project of The Tech Museum in San Jose, California, has five categories for competition: environment, education, equality, health, and economic development. For more information, please see: <http://thetechawards.thetech.org>.

EDUCATION INITIATIVE:

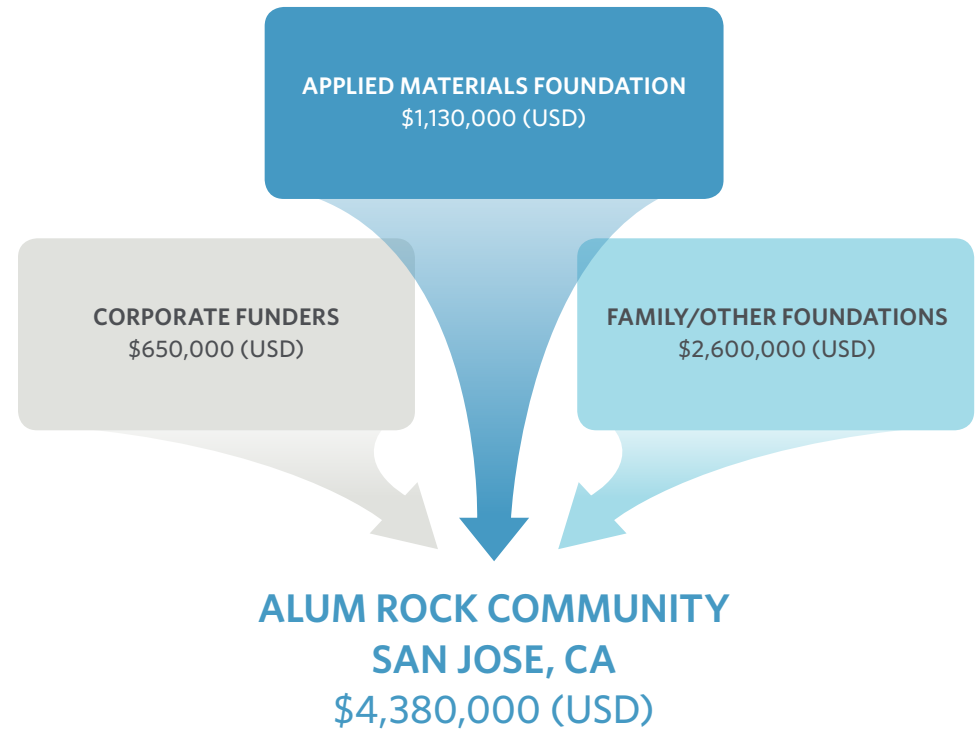
Education is our largest social investment, equaling 33 percent of our funding, or nearly \$3,750,000, for FY2011.

- Education leads to the highest economic and social returns, demonstrating our mission to improve the lives of people.
- Education contributes to a student's future economic success, improved health and general achievements in life.
- A hallmark of our investments is our multi-year commitment to partnerships that address key problems in underserved communities.
- We replicate successful programs in new locations, adapting to local needs.

We recognized in 2001 that an increasing number of disadvantaged students in key U.S. communities, including where Applied does business, were achieving significantly lower educational scores than their more affluent peers. This trend affected not only the students, but the well-being of these regions. We decided to do something about it, which will continue into 2012 and beyond.

- Our goal is to increase the number of students who graduate from high school prepared for success in college and life.
- Our strategy focuses on supporting the lowest achieving school districts in two high-needs communities in San Jose, California.
- Our investments help recruit, develop and retain highly-effective teachers because of their influential role.
- Results from 2011 investments: helped to improve skills of 650 teachers and greater academic achievement of 14,000 students.

Achieving Collective Impact 2011



Impact:

Number of Students: 14,000
Number of Teachers: 650

Impact at Target Schools:

API 2006: 692
API 2011: 757

Overall District Improvement:

**Schools with Academic
Performance Index (API) 800
or above**

2008: 1 School
2011: 10 Schools

FOUR BUILDING BLOCKS: OUR SOCIAL INVESTMENTS AROUND THE WORLD

1. INVESTING IN EDUCATION

Applied Materials' goal is to increase access for underserved youth to high-quality education that prepares them for success in life. Building on the learnings and accomplishments from the Applied Materials Foundation Education Initiative (our strategic education investments in the U.S.), the Company made educational investments in communities where employees work and live around the world. The following are examples.

U.S. – San Jose, California and Phoenix, Arizona

Teach for America

The Applied Materials Foundation has supported Teach for America (TFA) annually in Silicon Valley since 2001 and, given the successes, expanded to Phoenix in 2009. TFA's mission is to end educational inequity along socioeconomic and racial lines with a new model of training and placing of exceptional teachers. From the beginning, their goal was to "scale progress." The Foundation has contributed to that scaling with over \$1 million, supporting 1,332 TFA corps members who have dramatically improved the educational outcomes for 66,000 students in the two regions.



U.S. – San Jose, California; Austin, Texas; Portland, Oregon; and Kalispell, Montana

New Teacher Center

The Applied Materials Foundation began supporting the New Teacher Center (NTC) in San Jose, California in 2004. NTC is a national non-profit that supports the successful induction of new teachers and provides effective training to veteran teachers. The Foundation invested nearly \$500,000 in NTC through 2011 and after seeing its success then introduced the NTC program in three additional areas near Applied facilities: Austin, Texas; Portland, Oregon; and Kalispell, Montana. As a result, more students have a foundation on which to build a successful life.



COMMUNITY

Germany – Berlin

Teach for All and Teach First Deutschland

Building on the company's experience with Teach for America in the U.S., Applied Materials in Germany made a two-year commitment of \$200,000 in 2010 to Teach First Deutschland in Germany and the newly-formed Teach for All regional headquarters in Europe. Like the American version, these programs aim at ending educational disparities in low-income communities. Nine such programs are based in Europe. In 2010, Teach for All operated in 12 countries; in 2011 it expanded to 25 countries, affecting nearly 220,000 students across Europe. In 2012, the Company plans to support programs in Israel and the United Arab Emirates.



China – Shanghai

Future Science Stars

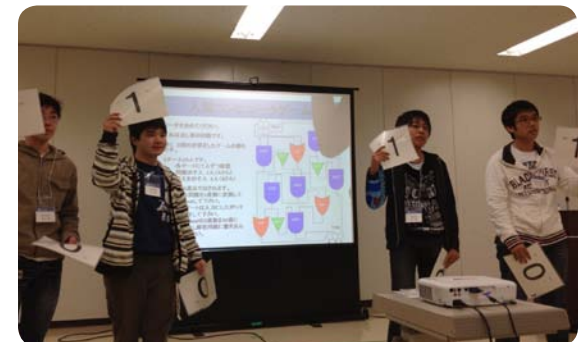
Partnering with the Shanghai Municipal Science & Technology Commission and Shanghai Municipal Education Commission, Applied Materials in China helped inspire local high school students to develop their skills in math, science and technology. Hundreds of Shanghai students submitted science projects addressing current global challenges. Star students enjoyed a trip to the U.S. and a visit to Applied's Maydan Technology Center. Since 2004, Applied has supported the program with approximately \$150,000 per year benefitting more than 2,100 students. In 2011, five health and biology-related projects won the competition, including one on how to avoid harmful electromagnetic radiation.



Japan – Hiroshima

SEMI High Tech U

In 2007 and 2010, Applied Materials in Japan co-sponsored high school students to attend SEMI High Tech U, an intensive two-day course to inspire them to improve their skills and enter the high tech industry. The 2011 class was cancelled due to the earthquake in Japan. However, Applied's support for the two years resulted in 65 students attending the course. As a member of SEMI, an industry association, the program was expanded to the company's Singapore and Texas sites, and will be held in Mie, Japan in 2012. The first program was held in the U.S. in 2004.



2. INVESTING IN CIVIC DEVELOPMENT

Working with many partners, Applied Materials' goal is to build stronger communities to improve the quality of life in neighborhoods near the Company's facilities. Providing basic necessities is a fundamental building block, and employees often get involved through volunteer programs. The following are examples.

Texas – Austin

Applied Materials Advancement Academy

Two years ago, Applied Materials in Austin, Texas teamed up with Greenlights for Nonprofit Success, an organization that helps strengthen the Central Texas nonprofit sector through development of leadership and management skills. The joint effort, started with a \$50,000 grant from the Applied Materials Foundation, led to the creation of the Applied Materials Advancement Academy. The Academy works with 50 nonprofits a year through workshops, training and consulting to build skills, share learnings and forge new strategic alliances. The result is a bigger collective impact on the community because grantees are more successful and help more people.



Israel – Rehovot

Oshiot Neighborhood

In 2009, Applied Materials in Israel changed its approach to civic support by investing most of its resources in Oshiot, a disadvantaged neighborhood near the Applied Rehovot site, rather than spreading resources throughout the city. Programs cover such areas as after-school educational activities, youth leadership training and financial coaching for families. With a \$145,000 investment through 2011, Applied has directly helped over 400 people, whose improved situation helped strengthen their community.

COMMUNITY

U.S. – All Applied Sites

Annual Food Drive

Applied Materials celebrated a record year in the annual employee food drive, generating \$1.2 million for 38 food banks including the World Food Programme, totaling 2.4 million meals for hungry people. U.S. employees participated through direct donations and volunteer events, and global employees participated through a quiz on global hunger to raise awareness. The 16th annual Helping Hands Day in Santa Clara, California was held, partnering with the Second Harvest Food Bank. Nearly 300 employees packed 5,200 boxes of food weighing 344,000 pounds, which served 265,000 people. Despite the economic challenges of recent years, Applied employees make a bigger impact each year.



Singapore – Singapore

Northeast Community Development Council

Aiming to make a direct impact on needy students and families, Singapore employees decided to focus on one underserved community near the Applied Materials site. The neighborhood is characterized by a high density of public housing, public schools and an elderly population. By partnering with the North East Community Development Council, Applied has supported programs that provided 77 schools with lunches and aided needy families with essential provisions. As a result of Applied's \$25,000 (USD) investment, combined with funds from other like-minded companies, 2,000 students and family members were helped.



U.S. – San Jose, California

Silicon Valley Turkey Trot

For the seventh consecutive year, Applied Materials in Silicon Valley, California sponsored a community "Turkey Trot" on Thanksgiving Day, a day of walking or running for all ages, with registration fees benefitting three charities. In 2011, an astounding 22,000 people, compared to 15,000 in 2010, participated and generated \$620,000. Once again, Applied Materials retained its title as the "Fittest Firm" for the highest participation of employees and family members compared to similar-sized companies.



Japan – Eastern Coast and Northern Region

Earthquake Relief

On March 11, 2011, a magnitude 9.0 earthquake struck miles off-shore Japan, followed by a massive tsunami which hit Japan, affecting thousands of residents and businesses. The company took steps to assure that Applied Materials employees were safe. Worldwide employees donated \$455,000 (USD) to relief efforts and the Applied Materials Foundation matched their donations. This, along with the company's donation to Red Cross Japan and other organizations, totaled \$1.1 million. On the business front, a team of global employees quickly implemented a recovery plan for customers, restarting production lines months sooner than customers would have been able to do otherwise.

3. INVESTING IN ENVIRONMENT

Applied Materials' goal is to be a responsible citizen as a company and as individual employees. We invest in environmental education, employee engagement and innovation through renewable energy with a special focus on underserved communities. The following are examples.

Global – All Applied Sites

EarthWorks

Employees around the world teamed with local organizations to improve environmental conditions by participating in volunteer events celebrating Earth Day. Applied Materials celebrates for a month with our initiative called EarthWorks, aimed at education, awareness-raising, volunteer projects and teamwork. In 2011, employees at eight major Applied sites hosted about 40 projects, such as employees in India who partnered with Trees for Free and planted 2,500 trees. In addition, more than 1,000 employees took a quiz to increase their knowledge of environmental issues, which resulted in an Applied Materials Foundation donation of \$10,600 allocated among three environmental charities.



COMMUNITY

Taiwan - Hsinchu and Tainan

Jane Goodall's Roots & Shoots Initiative

Applied Materials In Taiwan created 15 teams in Hsinchu and 5 in Tainan to participate in a Jane Goodall Institute program called Roots & Shoots, which educates the public about the environment. Young people learned about the issues in their local communities and discovered ways to make a difference. Applied enabled teacher workshops, programs for children and projects at Applied work sites. Nearly 500 Hsinchu students participated in an animal parade at the local zoo with handmade animal masks and costumes made from recycled paper and used clothing. The Roots & Shoots program was such a success that 20 teams will continue into 2012 to build on their work and leverage their new knowledge.



India - Karnataka

Electrifying Villages and Schools

Using technology to improve the way people live, The Applied Materials Foundation, E+Co, a U.S. based nonprofit and SELCO, a social enterprise operating in India, are partnering to electrify 1,000 village households and 10 schools in Karnataka, India with solar lighting systems. Initiated in May 2011, the team supplied clean, safe energy to more than 200 households and two school projects by year-end. Through this program, The Applied Materials Foundation is expanding household access for home solar systems and providing training for entrepreneurs. Project completion is expected in May, 2012.



Photo supplied by Selco Solar

Korea - Cheonan

Habitat for Humanity

Applied Materials makes the equipment used in the production of solar panels, so it was especially rewarding for employees in Korea to support solar projects with Habitat for Humanity in Cheonan. About 50 employees helped install solar panels in 12 homes in the Cheonan area, an underserved community near an Applied site. Partnering with one of our customers, Hyundai Heavy Industries, these homeowners are now able to save energy and help protect the environment. The Company's sites in Santa Clara, California and Austin, Texas have similar programs.



4. INVESTING IN THE ARTS

Applied Materials' goal is to enrich communities and promote creativity by supporting a variety of art venues. Supporting the arts creates shared learning among diverse populations, which can foster innovation across all regions.

U.S. – Austin, Texas

MindPOP

The Applied Materials Foundation in Austin, Texas became an early investor in MindPOP, an arts collaborative committed to expanding creative learning for local students. The initiative includes hundreds of arts nonprofits, educators and parents, all addressing four critical areas in arts education: coordination, quality instruction, impact and equity. As a result of MindPOP, Austin was selected by the Kennedy Center to be one of eight cities to receive the Any Given Child planning grant to produce a strategic arts integration plan for the City of Austin. The goal is to develop well-rounded, creative students who are ready to tackle 21st century jobs armed with higher-order thinking skills and innovative solutions.

Taiwan – Hsinchu and Tainan

Chu-Chian Arts Festival

The Chu-Chian Arts Festival, for which Applied Materials Taiwan has been the lead sponsor since the festival's inaugural year in 2000, brings multicultural art and music to the Hsinchu and Tainan Science Park areas. The festival enriches the community's appreciation for various cultures and artistic mediums. In 2011, more than 1,500 people attended three opera seminars and 5,700 attended 5 art seminars. Each year attendance grows, reflecting the interest in the festival to the communities.



Copyright 2010 Theatre Action Project



AWARDS AND RECOGNITION

Applied Materials is often recognized for **technological innovation, clean energy leadership and commitment to the communities** where we do business.



Applied Materials ranked among FTSE4Good companies for 2011.

The FTSE4Good Index Series objectively measures the performance of companies that meet globally recognized corporate responsibility standards.



Applied Materials ranks in NEWSWEEK Magazine's Top Greenest Companies.

For the third year in a row, Applied was named to NEWSWEEK Magazine's Green Rankings for demonstrating initiative implementing environmentally conscious programs and policies. Applied placed 43rd among the top 500 largest U.S.-based companies.



Applied Materials ranks in Computerworld's "100 Best Places to Work in Information Technology."

Applied was included in Computerworld's "100 Best Places to Work in IT." The ranking is a list of 100 top organizations that challenge their IT staff while providing great benefits and compensation.

AWARDS AND RECOGNITION

2011 AWARDS AND RECOGNITION

Listed below are awards and recognitions that Applied received in 2011.

Organization/Company	Award
Apollo Alliance	"Right Stuff Award" for demonstrating a clear vision and commitment to growing the American solar industry.
AU Optronics Corporation (AUO)	"Best Supplier Award" for continuous dedication to customer needs.
Corporate Responsibility Magazine	"100 Best Corporate Citizens List" for dedication to making an impact in the community.
Fortune Magazine	"World's Most Admired Companies List" where Applied was ranked #3 in the semiconductor industry for outstanding reputation and commitment to excellence.
Human Rights Campaign	"Best Places to Work" award for its workplace policies supporting lesbian, gay, bisexual and transgender employees.
InformationWeek Magazine	"InformationWeek 500" list of technology innovators for innovative use of business technology, specifically, for the rapid, cost effective migration of Applied's Baccini business unit onto SAP, a primary enterprise software platform.
Intel Corporation	"Preferred Quality Supplier Award" for significant contributions — providing Intel with semiconductor manufacturing equipment and support services—deemed essential to Intel's success.
MIT's Technology Review	"World's 50 Most Innovative Companies" for enabling the proliferation of powerful computing devices through machines that make chips with ever-smaller features without rising in price.
Progressive Mastering	"PM100 Award" for Supply Network Mastery for improving supply chain operations to achieve faster time to market, cost reductions and efficiencies, and higher customer satisfaction ratings.
Samsung Electronics	"Best Supplier Award" for setting up a 45-nanometer logic line in the Samsung Austin Semiconductor fab—Samsung's first logic manufacturing plant.

AWARDS AND RECOGNITION

Semiconductor Manufacturing International Corporation (SMIC)	"Outstanding Supplier Award" in recognition of Applied's contributions to SMIC's business partnership, technical engagement and field service.
Silicon Valley/San Jose Business Journal	Ranked Applied #3 corporate philanthropist in Silicon Valley for the company's \$5.2 million cash donation for community based programs.
Trina Solar	"World Purchasing Award" for the Outstanding Contribution of the Year – World Purchasing Award for supporting Trina Solar by cutting manufacturing time and ensuring product excellence.
Taiwan Semiconductor Manufacturing Company (TSMC)	"Supplier Excellence Award" for excellent support and services that enabled TSMC to meet its rapid capacity expansion targets.
Wall Street Journal	"Patentboard Semiconductor Scorecard" ranked Applied #1 for patent portfolio development and innovation performance.
Yingli Green Energy	"Special Supplier Contribution Award" for excellence in optimizing manufacturing efficiency and productivity.

SUSTAINABILITY INDICES AND RANKINGS

Several environmental, social and governance indices recognized Applied for demonstrating worthy programs and outstanding performance.

- Calvert Social Index – measures the performance of large, U.S.-based companies following sustainable and responsible policies.
- Dow Jones Sustainability Index – tracks the financial performance of the leading sustainability-driven companies worldwide.
- ECPI Ethical Index Global – lists the 300 top capitalized companies in the global market which are eligible investments.
- KLD 400 Social Index – weighs social and environmental factors for investors.
- Maplecroft Climate Innovation Index – identifies companies that are managing and innovating to benefit from climate-related opportunities, while mitigating exposure to potential risk.
- Nasdaq OMX CRD Global Sustainability 50 Index – benchmark for stocks of companies that are taking a leadership role in sustainability performance reporting.
- Newsweek Green Rankings – 43/500 – compares environmental footprints, management (policies, programs, initiatives), and reporting practices of big companies.

APPLIED MATERIALS DATA TABLES

The Key Performance Indicators (KPIs) are based on the Global Reporting Initiative (GRI) 3.1 guidelines. Following are the most relevant KPIs to Applied's business, and where we are focusing to improve efficiency. Not all GRI KPIs are cited. Therefore, the numbering system in the first column is used to identify the specific GRI Indicator related to our results measures.

KEY PERFORMANCE INDICATORS

Economic

PERFORMANCE INDICATOR	DESCRIPTION	2008	2009	2010	2011
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.				
	Net Sales (\$M)	8,129	5,014	9,549	10,517
	Total Operating Expenses (\$M)	2,100	1,825	2,331	1,962
	Total Applied Materials community investments and Foundation grants (\$M)	12.0	10.7	11.6	11.7
	Total Employee Giving plus company match (\$M)	3	2.4	2.7	3.4
	Total Volunteer Time Grant hours	15,191	12,644	8,441	5,336
	Global Disaster Relief – new in 2011 (\$)				1,006,631

APPLIED MATERIALS DATA TABLES

Environmental¹

PERFORMANCE INDICATOR	DESCRIPTION	2007	2008	2009	2010	2011
EN3	Direct energy consumption by primary energy source (Gas) (Therms)	4,151,000	4,127,727	3,510,425	3,722,328	4,300,000
EN4	Indirect energy consumption by primary source (Electricity) (GWh)					
	Worldwide total	347	318	272	309	292
	Green Power Purchases (GWh)	13	29	29	33	37
EN5	Energy saved due to conservation and efficiency improvements (GWh)	Not Available	13	26	15	9
EN8	Total water withdrawal by source (CCF) ²	75,000	75,000	75,000	75,000	75,000
	Worldwide total - Water usage (CCF) ³	474,000	492,500	448,000	550,000	607,500
EN9	Water sources significantly affected by withdrawal of water	none	none	none	none	none
EN16	Total direct and indirect greenhouse gas emissions by weight (MTCE) ⁴	202,000	198,064	167,988	178,406	157,140
EN17	Other relevant indirect greenhouse gas emissions by weight (MTCE) (Scope 3 air travel)	36,806	34,419	32,045	36,863	34,234

¹ Environmental data is tracked and consolidated under a dedicated reporting process that relies substantially on information provided by utilities and other third parties on a calendar year basis. Data has been adjusted retroactively to exclude parts cleaning business divested in May 2011.

² The only withdrawal is through a pump-and-treat system at the Arques campus (Sunnyvale, California) as the result of a legacy groundwater issue prior to Applied purchasing the land. Pump-and-treat operates at a generally consistent rate.

³ Water footprint for owned facilities includes landscaping and process. Water footprint for leased facilities includes only process with a conversion 1m³ = .353 CCF. This figure does not include "office-only" facilities.

⁴ Carbon from electricity and fuel consumption (from operations)

APPLIED MATERIALS DATA TABLES

Environmental (continued)

PERFORMANCE INDICATOR	DESCRIPTION	2007	2008	2009	2010	2011
EN20	NO _x , SO _x , and other significant air emissions by type and weight	negligible	negligible	negligible	negligible	negligible
EN22	Total weight of waste by type and disposal method (metric tons):					
	• Hazardous waste treated off-site (metric tons)	1,950	1,500	1,090	612	617
	• Landfill (non-hazardous) (metric tons)	1,560	970	690	723	1,167
	• Recycled/composted/diverted (metric tons)	8,515	3,655	5,125	6,148	6,545
	• Diversion Rate (%)	84.5	79.0	88.1	89.5	84.9
EN23	Total number and volume of significant spills	none	none	none	none	none

Social: Labor Practices and Decent Work

PERFORMANCE INDICATOR	DESCRIPTION	2009	2010	2011
LA1	Total workforce by employment type, employment contract and region	12,619	13,045	12,973
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region			
	North America			
	Total case incidence rate (TCIR)	1.1	1.55	1.05
	Injuries or illnesses resulting in days away from work, restricted work activity, or job transfer for every 100 employees (DART)	0.45	0.85	0.56
	Number of work-related fatalities	0	0	0
	Worldwide			
	Total case incidence rate (TCIR)	Not Available	1	0.81
	Injuries or illnesses resulting in days away from work, restricted work activity, or job transfer for every 100 employees (DART)	Not Available	0.56	0.51
	Number of work-related fatalities	0	0	0
	Number of office ergonomic evaluations performed	1,156	1,777	812

Social: Labor Practices and Decent Work *(continued)*

PERFORMANCE INDICATOR	DESCRIPTION	2009	2010	2011
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases			
	• Total number of hours online training in pandemic preparedness	4,600	4,250	2,085
	• Total hours training provided by Applied Global University (online and classroom)	434,000	519,974	486,388
	• Total number of employees, contractors, interns and temps who received training	20,756	21,652	18,124
LA10	Average hours of training per year per employee by employee category. Note: Includes full-time regular employees, contractors, interns, and temps	21	34 (emp only) 24 all	39.8 (emp only) 26.4 all
LA12	Percentage of employees receiving regular performance and career development reviews ⁵	88	90	94

⁵ Annually every employee is encouraged to complete an online Performance Appraisal which becomes part of their permanent record and can serve as a basis for career development planning. While nearly all eligible employees receive performance ratings from their manager, not all employees complete the Performance Appraisal.

APPLIED MATERIALS DATA TABLES

Social: Human Rights

PERFORMANCE INDICATOR	DESCRIPTION	2008	2009	2010	2011
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Approx. 26,000 / 100%	Approx. 26,000 / 100%	Approx. 26,000 / 100%	Approx. 29,500 / 98%

Social: Society

PERFORMANCE INDICATOR	DESCRIPTION	2008	2009	2010	2011
SO2	Percentage and total number of business units analyzed for risks related to corruption	100	100	100	100
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	100	100	100	100
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country ⁶	\$231,235	\$151,787	\$326,136	\$303,305
	Note: Total value of contributions by the Applied Materials Political Action Committee	\$60,100	\$90,893	\$77,000	\$85,400

⁶ All contributions are U.S. only.

Contact Us

If you would like more information on Applied Materials, please visit our website at www.appliedmaterials.com. If you have specific questions or comments on the content of this report, contact our corporate social responsibility team at: corporate_responsibility@amat.com.

Legal Disclosure

Safe Harbor Statement. This report contains forward-looking statements, which are all statements other than those of historical fact, including those regarding Applied's products, operations, strategies, and goals. 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: the level of demand for Applied's products, which is subject to many factors, such as uncertain global economic and industry conditions, technology trends, and customers' requirements; Applied's ability to (i) develop and deliver a broad range of products and expand its markets, (ii) timely align its cost structure with business conditions, (iii) plan and manage its resources and production capability, and (iv) attract, motivate and retain key employees; and other risks described in Applied's most recent periodic and current reports. All forward-looking statements are based on management's estimates, projections and assumptions as of December 1, 2012, and Applied undertakes no obligation to update any forward-looking statements.

© Applied Materials, Inc. 2012. Applied Materials, the Applied Materials logo, Nanomanufacturing Technology and other trademarks so designated or otherwise indicated as Applied product names or services are trademarks of Applied Materials, Inc. in the U.S. and other countries. All other product and service marks contained herein are the trademarks of their respective owners. All rights reserved.



Applied Materials
3050 Bowers Avenue
P.O. Box 58039
Santa Clara, California
95054-3299 USA
Tel: 408 727 5555
www.appliedmaterials.com