



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

December 21, 2018

Christina Y. Lai
Applied Materials, Inc.
christina_lai@amat.com

Re: Applied Materials, Inc.
Incoming letter dated November 5, 2018

Dear Ms. Lai:

This letter is in response to your correspondence dated November 5, 2018 concerning the shareholder proposal (the "Proposal") submitted to Applied Materials, Inc. (the "Company") by Jing Zhao (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponent dated November 11, 2018. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: Jing Zhao

December 21, 2018

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Applied Materials, Inc.
Incoming letter dated November 5, 2018

The Proposal recommends that the Company establish a public policy committee to oversee policies regarding matters specified in the Proposal.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(10). Based on the information you have presented, it appears that the Company's policies, practices and procedures compare favorably with the guidelines of the Proposal and that the Company has, therefore, substantially implemented the Proposal. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(10).

Sincerely,

Michael Killoy
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

November 11, 2018

Via email shareholderproposals@sec.gov
U.S. Securities and Exchange Commission
Office of Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549-2736

Re: Shareholder Proposal for Inclusion in Applied Materials, Inc. 2019 Proxy Statement

Ladies and Gentlemen:

It is regretful to read Applied Materials' November 5, 2018 letter to the SEC to exclude my proposal.

The letter listed some cases but failed to demonstrate how Applied Materials has substantially implemented my proposal as these companies substantially implemented their shareholder proposals. The letter failed to establish any relationship between my proposal's case with these cases. As stated in my proposal's "Supporting Statement," Applied Materials has not substantially implemented my proposal, particularly under current complicated tense U.S.-China trade disputes. Many giant companies, with much less business than Applied Materials in China, such as facebook, Twitter, Google, failed in public policy, mainly because of the unusual, unpredictable changes in international and domestic environments.

Unlike in Germany where corporation boards have employee representatives, American corporation boards are very closed and isolated from the public. The shameful failure of Yahoo demonstrated that without such a public policy committee, Yahoo was hijacked by a liar to use the so-called Yahoo Human Rights Fund against our Chinese human rights movement (see, for example, "Statement by Seven Former Chinese Political Prisoners Regarding the Death of Harry Wu and the Abuses of the Yahoo Human Rights Fund," April 28, 2016 <https://chinachange.org/2016/04/28/statement-by-seven-former-chinese-political-prisoners-regarding-the-death-of-harry-wu-and-the-abuses-of-the-yahoo-human-rights-fund/>).

As Senator Elizabeth Warren told us: “Outsiders can say whatever they want. But people on the inside don’t listen to them. ...But insiders also understand one unbreakable rule: They don’t criticize other insiders.” (Antonia Felix: Elizabeth Warren. Naperville, Illinois: Sourcebooks, 2018.) Establishing a public policy committee with outside experts from the public is one important remedy to improve Applied Materials’ corporate governance.

Should you have any questions, please contact me at *** or

Respectfully,



Jing Zhao

Cc: To-Anh Nguyen via To-Anh_Nguyen@amat.com, Christina Lai via Christina_Lai@amat.com



APPLIED MATERIALS.

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Phone: (408) 727-5555
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Mailing Address:
Applied Materials, Inc.
P.O. Box 58039
Santa Clara, CA 95052-8039

November 5, 2018

Via Electronic Mail to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington D.C. 20549

Re: Applied Materials, Inc.
Shareholder Proposal Submitted by Jing Zhao

Dear Sir or Madam:

In accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Applied Materials, Inc., a Delaware corporation (the “**Company**”), hereby gives notice of the Company’s intention to omit from its proxy statement for its 2019 annual meeting of shareholders (the “**2019 Proxy Statement**”) a shareholder proposal (the “**Proposal**”) submitted by Jing Zhao (the “**Proponent**”) under cover of letter dated September 5, 2018. A copy of the Proposal, together with the supporting statement included in the Proposal (the “**Supporting Statement**”), is attached hereto as **Exhibit A**.

The Company requests confirmation that the staff of the Division of Corporation Finance (the “**Staff**”) of the Securities and Exchange Commission (the “**Commission**”) will not recommend any enforcement action if the Company omits the Proposal from the 2019 Proxy Statement pursuant to Rule 14a-8(i)(10), because the Company has already substantially implemented the Proposal through the oversight by the board of directors of the Company (the “**Board**”) and the audit committee of the Board of the Company’s policies regarding human rights, governmental regulations and international relations and the Company’s practices and procedures relating to these areas.

The Company expects to file its definitive 2019 Proxy Statement with the Commission on or about January 24, 2019, and this letter is being filed with the Commission no later than 80 calendar days before such date in accordance with Rule 14a-8(j). Pursuant to Staff Legal Bulletin No. 14D (CF), *Shareholder Proposals* (November 7, 2008), question C, we have submitted this

letter and the related correspondence from the Proponent to the Commission via email to shareholderproposals@sec.gov. In accordance with Rule 14a-8(j), a copy of this submission is being forwarded simultaneously to the Proponent. This letter constitutes the Company's statement of the reasons it deems the omission of the Proposal from the 2019 Proxy Statement to be proper.

I. THE PROPOSAL

The resolution included in the Proposal provides as follows:

Resolved: stockholders recommend that Applied Materials, Inc. (the Company) establish a Public Policy Committee of the Board of Directors to oversee the Company's policies including human rights, governmental regulations and international relations affecting the Company's business.

The Supporting Statement included in the Proposal is set forth in Exhibit A.

II. ANALYSIS

The Proposal May Be Omitted in its Entirety in Reliance on Rule 14a-8(i)(10) Because the Company Has Already Substantially Implemented the Proposal.

The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." Exchange Act Release No. 12598 (July 7, 1976). In applying Rule 14a-8(i)(10), when a company can demonstrate that it already has taken actions to address the underlying concerns and essential objective of a shareholder proposal, the Staff has concurred that the proposal has been "substantially implemented" and may be excluded as moot. *See, e.g., Wal-Mart Stores, Inc.* (avail. Mar. 16, 2017); *Northrop Grumman Corp.* (avail. Feb. 17, 2017); *Amazon.com, Inc.* (avail. Mar. 3, 2016); *Alaska Air Group, Inc.* (avail. Feb. 12, 2016); *Exelon Corp.* (avail. Feb. 26, 2010); *Exxon Mobil Corp. (Burt)* (avail. Mar. 23, 2009); *Anheuser-Busch Companies, Inc.* (avail. Jan. 17, 2007); *ConAgra Foods, Inc.* (avail. July 3, 2006); *Johnson & Johnson* (avail. Feb. 17, 2006); *Talbots Inc.* (avail. Apr. 5, 2002); *Exxon Mobil Corp.* (avail. Jan. 24, 2001); *Masco Corp.* (avail. Mar. 29, 1999); *The Gap, Inc.* (avail. Mar. 8, 1996).

A company need not implement a proposal in exactly the same manner set forth by the proponent. *See* Exchange Act Release No. 40018 at n.30 (May 21, 1998) and accompanying text. The Staff has granted no-action relief under Rule 14a-8(i)(10) when a company has satisfied the "essential objective" of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in every detail, addressed aspects of implementation on which a proposal is silent or exercised discretion in determining how to implement the proposal.

The Proposal requests that the Company create a public policy committee to oversee the Company's policies, including human rights, governmental regulations and international relations affecting the Company's business, and justifies the need for this Proposal by stating that the Company's existing committees are not adequate to deal with the challenges and risks related to "public, especially international policies." However, a new committee that would focus on public policy issues and related risks, including human rights, governmental regulation and matters involving international relations, as contemplated by the Proposal, is not necessary because (i) the Board as a whole already oversees these policy areas as part of its existing processes and structure and has expertise in public policy and international business matters; (ii) the audit committee also oversees the Company's risk management and regulatory compliance, including with respect to public policy matters; and (iii) the Company has robust policies and procedures already in place for dealing with matters related to public policy issues such as human rights, governmental regulation and international relations that affect the Company's business.

As disclosed in the Company's Corporate Governance Guidelines (publicly available on the Company's website), the Board as a whole is responsible for, among other things, "reviewing, approving and overseeing fundamental financial and corporate strategies and major corporate actions," "reviewing and approving long-term strategic and business plans, and overseeing the execution and evaluating the results of such plans," and "overseeing the assessment of major risks facing the Company and reviewing options for their mitigation." The Company's risk management approach is also described in the Company's proxy statement for its 2018 annual meeting of shareholders (the "**2018 Proxy Statement**"), which highlights the Board's oversight role for risk management, with particular focus on the most significant risks facing the Company, including strategic, operational, financial and legal and compliance risks. The Company's management has day-to-day responsibility for identifying risks and assessing them in relation to Company strategies and objectives, implementing suitable risk mitigation plans, processes and controls, and appropriately managing risks in a manner that serves the best interests of the Company, its shareholders and other stakeholders, subject to the Board's oversight. As a global company, the Company's strategy, business plans and risk management all encompass consideration of public policy issues, including human rights, governmental regulation and international relations, and as disclosed in the 2018 Proxy Statement, the Company is committed to growing its business in a sustainable and socially responsible manner.

Relevant expertise is also included in the areas of core competency that the Board and the corporate governance and nominating committee seek when considering the suitability of individual candidates for the Board, as set forth in the Corporate Governance Guidelines, including international markets, risk management and government, as well as experience at policy-making levels in areas relevant to the Company's global activities. As disclosed in the 2018 Proxy Statement, seven board members, including each of the Company's four newest board members, have global business experience, and two other board members have expertise in public policy and government relations. Because almost all of the Company's directors have relevant experience on

the enumerated topics of the Proposal, the entire Board brings relevant expertise and experience to bear in Board-level discussions related to global public policy issues.

The Board and management of the Company consider it important for the Board as a whole to hear from management, as well as outside advisors and consultants, on topics related to global public policy issues affecting the Company's business, including human rights, governmental regulation and international relations. For example, during meetings of the full Board during the past two years, the Board has:

- discussed management's engagement on geopolitical issues potentially impacting the Company's business, including principal risks in various geographic areas such as Asia where the Company has significant business operations, and implications for the Company, its proposed transactions and the Company's broader business and objectives;
- on a quarterly basis, received reports from the Head of Environmental, Health and Safety with respect to topics such as the Company's maintenance of a safe and healthy working environment, environmental issues and regulatory compliance;
- on multiple occasions, discussed and reviewed with management and outside advisors a public policy framework implemented by management to monitor developments in public policies relating to tax, trade, regulatory matters and issues that impact employees;
- reviewed the key priorities of the U.S.-China Business Council, of which the Company's Chief Executive Officer is a board member, which include protection of intellectual property rights, regulatory reform and providing equal access to Chinese markets;
- discussed trade policies of the United States and other countries and their impact on the Company; and
- reviewed an environmental assessment of the current international political and economic landscapes, with a focus on developments in Asia.

In addition to the oversight by the Board as a whole, the Board has also already delegated to the audit committee the authority to oversee the enumerated issues that the Proposal requests be overseen by a new public policy committee. The Staff has consistently concurred in the exclusion of shareholder proposals that request the formation of a board committee when the subject matter to be addressed is already within the scope of an existing board committee. *See, e.g., Goldman Sachs Group, Inc.* (avail. Feb. 12, 2014) (concurring that a proposal requesting the appointment of a public policy committee was substantially implemented by the company's then-existing

committees, policies, practices, procedures and public disclosures relating to public policy); *Siliconix Inc.* (avail. Mar. 1, 2004) (concurring that a proposal requesting the formation of a committee to review related party transactions was substantially implemented by the company's then-existing audit committee); *Fin. Indus. Corp.* (avail. Mar. 28, 2003) (concurring that a proposal requesting the appointment of a committee to engage an investment bank to explore a merger was substantially implemented by the company's then-existing special committee of the board).

As disclosed in the 2018 Proxy Statement and set forth in its charter, the Company's audit committee, consisting of independent directors, oversees the Company's enterprise risk management program, which provides an enterprise-wide perspective on the Company's risks. The risks identified are also reported to the Board as a whole, with a focus on the most significant risks facing the Company, including strategic, operational, financial and legal and compliance risks, which include public policy matters. The Board in turn delegates oversight responsibility for specific risks to the respective committees in whose area of responsibility and expertise the risks fall. The audit committee considers the topics proposed to be overseen by a public policy committee insofar as those topics relate to, among others, regulatory, compliance and ethical matters, and reports its findings to the Board.

In particular, the audit committee is responsible for the oversight and periodic review of the programs and policies of the Company designed to ensure compliance with applicable laws and regulations and with the Company's ethical standards, and the results of these compliance efforts. It receives a quarterly report regarding the Company's Global Ethics and Compliance program and an annual report from the Head of Environmental, Health and Safety regarding the Company's environmental and sustainability efforts, including topics such as the Company's maintenance of a safe and healthy working environment, environmental issues and regulatory compliance.

Furthermore, the Company has robust policies and procedures in place for dealing with matters related to public policy issues that affect the Company's business, including human rights, governmental regulation and international relations, many of which are regularly reviewed by the Board and/or the appropriate board committee.

- The Company's Standards of Business Conduct, which is publicly available and applies to the Company's global workforce around the world, includes provisions on human rights, including prohibitions on use of child labor or forced, bonded or indentured labor in the Company's operations. Similar provisions are included in the Company's Human Resources Policy Manual, and all personnel involved in hiring, supporting, supervising or directing members of the Company's workforce are required to apply it consistently throughout the Company's global operations.

- As disclosed in the Company's 2017 Corporate Social Responsibility (previously Citizenship) Report, which is the Company's sustainability report, the Company requires all suppliers to comply with its policies regarding human rights, including prohibitions on exploitative or inhumane labor practices in the Company's Standards of Business Conduct and the RBA (Responsible Business Alliance) Code of Conduct (the "**RBA Code of Conduct**"). The top 80% of the Company's suppliers must complete yearly self-assessments to measure their compliance with the RBA Code of Conduct.
- The Company has a policy and an ongoing initiative to prevent the use of forced or bonded labor in its workforce and supply chain, including assessing and auditing its major suppliers for compliance with the Company's policy and the RBA Code of Conduct requirements.
- The 2017 Corporate Social Responsibility Report includes the Company's environmentally and socially responsible business practices, specifically the policies and principles of the Company's Environmental, Health and Safety Management System and the Global Supply Chain Organization, both of which are fully integrated with business processes across all Company locations.
- As disclosed in the 2017 Corporate Social Responsibility Report, the Company constantly updates its programs that promote training and education, diversity and inclusion, ethics and its universal respect for human rights.
- The Company holds an annual Ethics Week campaign to raise awareness about its long-standing commitment to operating with the highest ethical standards. The Ethics and Compliance team holds informal events, called Ethics roadshows, at all major global locations on a two-year rotation and conducts an Ethics Survey every two years to further gauge awareness and obtain feedback from the Company's workforce.
- The Company maintains a toll-free Ethics Helpline and an online help form that are available 24 hours a day, 7 days a week, globally. Each workforce member can also email the Company Ombudsman to raise an issue or ask a question. Every issue is investigated in accordance with the Company's policies and standards, and with any applicable laws.
- As disclosed in the 2017 Corporate Social Responsibility Report, the Company strives to create a positive impact in society through philanthropic investments, community programs and public policy engagement.

- The Company strategically deploys charitable investments and human resources around the world through its corporate initiatives and the Applied Materials Foundation (the “**Foundation**”). The Company and the Foundation provide funding in four main areas: Education, Civic Engagement, Arts and Culture and the Environment. The Company also contributes to relief and recovery efforts when natural disasters affect communities around the world. In the fiscal year 2017, through direct corporate contributions and the Foundation, the Company donated \$10.1 million to 290 organizations in 10 countries.
- The Company invests in efforts to reduce the academic achievement gap and increase access to quality education throughout the world. The latest Education Initiative report is publicly available on the Company’s website. The Company also invests in programs that address basic human needs, including access to nutritious food and clean water, affordable housing and short-term emergency assistance.
- As disclosed in the 2017 Corporate Social Responsibility Report, the Company interacts with government officials, elected representatives and candidates to advocate for the Company, its stakeholders and the business and trade associates to which it belongs. These efforts are led by the Company’s Government Affairs group and aim to help shape public policy on issues that affect its business and increase opportunities across the entire industry. The Company’s priorities include regulatory issues, technology funding, international trade facilitation and tax policy.
- In 2017, the Company released on its website its first Diversity and Inclusion Report, which included three-year trend data for global and U.S. female representation, hiring data for women and female new college graduates in the United States, as well as the Company’s diversity and inclusion goals.

Accordingly, the Company believes that it has already satisfied the essential objective of Board oversight of Company’s policies, including those related to human rights, governmental regulations and international relations that affect the Company’s business, and has thus substantially implemented the Proposal. As a result, the Company submits that the Proposal should therefore be excludable under Rule 14a-8(i)(10).

III. CONCLUSION

For the foregoing reasons, the Company respectfully requests that the Staff confirm that it will not recommend enforcement action if the Company omits the Proposal from its 2019 Proxy Statement.

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
November 5, 2018
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If you have any questions or require any additional information, please do not hesitate to contact me at (408) 563-0164. If the Staff is unable to agree with our conclusions without additional information or discussions, we respectfully request the opportunity to confer with members of the Staff prior to issuance of any written response to this letter.

Sincerely,



Christina Y. Lai
Vice President, Corporate Legal Affairs
and Corporate Secretary

Enclosure

cc: Jing Zhao, via email at ***
Sandra L. Flow, Cleary Gottlieb Steen & Hamilton LLP

Exhibit A

The Proposal

See attached.

September 5, 2018

Thomas F. Larkins
Corporate Secretary
Applied Materials, Inc.
3225 Oakmead Village Drive, M/S 1241
P.O. Box 58039
Santa Clara CA 95052
[via post mail and corporatesecretary@amat.com]

Re: Stockholder Proposal 2019

Dear Mr. Larkins:

Enclosed please find my stockholder proposal for inclusion in our proxy materials for the 2019 annual meeting of stockholders and a letter confirming my Applied Materials shares. I will continuously hold these shares until the 2019 annual meeting.

Should you have any questions, please contact me at

Yours truly,



Jing Zhao

Enclosure: Stockholder proposal
Letter of shares

Stockholder Proposal on Public Policy Committee

Resolved: stockholders recommend that Applied Materials, Inc. (the Company) establish a Public Policy Committee of the Board of Directors to oversee the Company's policies including human rights, governmental regulations and international relations affecting the Company's business.

Supporting Statement

The Company's current Audit Committee, Human Resources and Compensation Committee, Corporate Governance Nominating Committee, Strategy Committee and Investment Committee are not adequate to deal with the very complicated challenges and high risks of the Company's business related to public, especially international policies.

The Company recognized that "supply chains are core to our success" in 2018 Notice of Annual Meeting and Proxy Statement, but the mere membership of Responsible Business Alliance (RBA) has nothing to do with "global best practices" or "high standards" (p.ix). For example, some very irresponsible companies (such as Foxconn and Huawei) are also members of this RBA club (<http://www.responsiblebusiness.org/about/members/>).

Although the Company stated that "We maintain the highest ethical standards in interactions with employees, customers, suppliers, competitors and public" (ibid.), there are only six sentences in the "International Business Conduct and Human Rights" section of the Company's Standards of Business Conduct (http://www.appliedmaterials.com/files/english_sbc_rev1.pdf). They are either too general expectations without any meaningful enforcement (such as supply chains in China), or too narrow prohibitions irrelevant to the Company's business (such as of child labor).