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August 19, 2009

VIA E-MAIL (rule-comments@sec.gov)

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Attn: Elizabeth M. Murphy, Secretary

Re: Facilitating Shareholder Director Nominations
Release Nos. 33-9046, 34-60089, IC-28765
File No. S7-10-09

Dear Ms. Murphy:

Applied Materials, Inc. ("Applied Materials") appreciates the opportunity to comment on the above-referenced release on facilitating shareholder director nominations (the "Proposed Regulations") issued by the Securities and Exchange Commission (the "Commission" or "SEC"). Applied Materials is the global leader in Nanomanufacturing Technology™ solutions with a broad portfolio of innovative equipment, service and software products for the fabrication of semiconductor chips, flat panel displays, solar photovoltaic cells, flexible electronics and energy efficient glass. We have approximately 1.3 billion shares outstanding, and employ approximately 12,800 people throughout the world.

We Support the Amendment of Rule 14a-8(i)(8) Rather Than Adoption of Rule 14a-11

Applied Materials supports a rule that gives stockholders a meaningful voice with respect to access to a company's proxy statement. While we do not believe that a mandatory federal proxy access system as proposed by Rule 14a-11 is advisable, we do encourage the Commission to adopt the proposed amendment to Rule 14a-8(i)(8). The proposed amendment to Rule 14a-8(i)(8) would allow stockholders and companies to develop a process for proxy access that takes into account the circumstances of a particular company, while proposed Rule 14a-11 takes a "one size fits all" approach that would prohibit a company and its stockholders from establishing a proxy access regime that will work with the company's particular capital structure, board of directors structure, stockholder base and other factors specific to the company and its stockholders.

The SEC's proposed change to Rule 14a-8(i)(8) would, under certain circumstances, require a company to include in its proxy materials a stockholder proposal that would amend, or

that would request an amendment to, the company's governing documents regarding nomination procedures or disclosures related to stockholder nominations. Changes in corporate governance practices already take place through the stockholder proposal process under current Rule 14a-8, and thus the proposed Rule 14a-8 amendment would encourage and facilitate greater stockholder participation in a company's corporate governance, including developing tailored proxy access rules, thereby meeting the SEC's goal of further democratizing the proxy process.

Another advantage to the proposed amendment to Rule 14a-8 is that stockholders and companies are already familiar with the substantive and procedural requirements of the stockholder proposal process under current Rule 14a-8, and the proposed amendment will not change such requirements. This will create less confusion for both stockholders and companies, and lessen the administrative burden on the staff of the Commission.

Finally, this proposed amendment of Rule 14a-8 would be consistent with the governance approach reflected in recent changes in Delaware law allowing stockholders of Delaware corporations, if they so choose, to amend company bylaws to provide for proxy access on terms which are specific to that company.

If Proposed Rule 14a-11 is Adopted, It Needs to Address Certain Concerns

While we urge the Commission to amend Rule 14a-8(i)(8) rather than adopt Rule 14a-11, in the event that some form of Rule 14a-11 is adopted, we note below certain concerns with the rule as currently drafted.

Ownership thresholds for stockholders to nominate directors should be higher.

The Commission has recognized that only stockholders who hold a meaningful financial interest in a company should be permitted to access the company's proxy. We agree. However, a meaningful financial interest will vary from company to company based on the company's market capitalization and the company's stockholder base. Thus, we believe that companies and their stockholders should be given the flexibility to determine the appropriate threshold based on their unique characteristics.

If the Commission nonetheless determines that a fixed minimum ownership threshold is appropriate, that ownership threshold should be set at a higher level than is currently proposed. A one percent ownership threshold for large accelerated filers with net assets of $700 million or more is a very low level of ownership that does not reflect a meaningful financial stake in a company and therefore does not justify giving access to a company's proxy.

We believe the ownership threshold should be set at a higher minimum level such as 5%. The minimum level should represent a significant stake in the ongoing operations of the company, but yet still be realistic to attain. We also suggest that there be limits on the number of stockholders who can aggregate their holdings to meet the threshold. Otherwise, the minimum threshold would be meaningless. Further, consideration should be given to establishing a higher threshold for stockholder groups who, in fact, aggregate their holdings for purpose of gaining proxy access. Finally, we suggest that consideration be given to excluding derivative securities, swaps and the like from counting toward the requisite ownership threshold in furtherance of the objective that only stockholders with a significant and long-term stake in the company should be allowed proxy access.

Pre- and post-nomination holding periods should be imposed.

Applied Materials recommends that both a pre- and post-nomination holding period should be imposed. There should be a restriction on stockholder eligibility based on the length of time the securities have been held, because long-term investors are most likely to have interests aligned with all stockholders and have the long-term interests of the company in mind and are less likely to use the proxy access rule for short-term benefit. We recommend that the Commission impose a pre-nomination holding period of at least two years.

We also recommend imposing a holding period after the access election lasting the length of the nominee's term to ensure a long-term commitment on the part of the stockholder proposing the nominee. It is important that stockholder proponents be willing to stand behind their nominees once they become directors. Should the stockholder proponent fail to meet the minimum ownership threshold during the post-nomination holding period, the stockholder proponent should be required to publicly disclose this fact. Information that a director's sponsor has sold the majority of its shares should be disclosed to nominating committees, who can then consider whether or not they want to re-nominate the director. Stockholders who were evaluating a particular stockholder's nominees would also want to know if, at other companies, that particular stockholder engaged in a practice of nominating directors and then exiting positions once the director had been elected.

Limitations on resubmissions should be imposed.

Stockholders should not be permitted to re-nominate directors for a period of time if such stockholders' nominee fails to receive a significant percentage -- for example, 25% -- of votes cast in such election. This would be a similar limitation to the current limitation on resubmission of stockholder proposals.

The process for settling competing Rule 14a-11 nominations is arbitrary.

Larger stockholders have a greater stake in a company's future, and thus their Rule 14a-11 nominations should prevail over those of smaller stockholders, regardless of when their nomination notices are received. If the policy behind the Proposed Regulation is to allow long-term stockholders with significant holdings access to a company's proxy materials, then it should not be a race that encourages stockholder nominations so stockholders do not lose their place in line.

Conclusion

We do not believe that a mandatory federal proxy access system is advisable, and therefore urge the Commission to refrain from adopting proposed Rule 14a-11, which poses the problems noted above. We encourage the Commission to adopt the proposed amendments to Rule 14a-8(i)(8) to allow for an orderly approach to developing a process for proxy access that takes into account the circumstances unique to a particular company.

We appreciate the opportunity to comment on these important proposals. If you have any questions or would like to discuss our comments, please contact Charmaine Mesina at 408-563-2153 or me at 408-748-5420.

Sincerely,

APPLIED MATERIALS, INC.

Joseph J. Sweeney
Senior Vice President, General Counsel
and Corporate Secretary