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Bay Point, CA. 94565
June 9, 2016

Thomas F. Larkins
Corporate Secretary
Applied Materials, Inc.
3225 Oakmead Village Drive, M/S 1241
P.O. Box 58039
Santa Clara CA 95052

Re: Stockholder Proposal on Executive Compensation Program Philosophy

Dear Mr. Larkins:

Enclosed please find my stockholder proposal for inclusion in our proxy materials for the 2017 annual meeting of stockholders and a letter confirming my Applied Materials shares. I will continuously hold these shares until the 2017 annual meeting.

We had a brief conversation at our 2106 meeting after I presented a proposal of my friend. I requested and received a copy of Bylaws but our Bylaws do not "contain specific requirements regarding a stockholder's ability ...to submit a proposal for consideration at an upcoming meeting" (2016 Notice of Annual Meeting and Proxy Statement, p.47). Furthermore, I would suggest that you should provide an email to receive communications from stockholders.

Should you have any questions, please contact me at zhao.cpri@gmail.com or 1-925-643-5034.

Yours truly,



Jing Zhao

Enclosure: Stockholder proposal
Letter of shares

Stockholder Proposal on Executive Compensation Program Philosophy

Resolved: stockholders recommend that Applied Materials, Inc. (the Company) improve the role and authority of the Human Resources and Compensation Committee to include multiple independent experts or sources to review and advise our executive compensation program philosophy.

Supporting Statement

According to our 2016 Proxy Statement, “The Committee has the authority to engage independent advisors to assist it in carrying out its responsibilities. For fiscal 2015, the Committee engaged Semler Brossy Consulting Group as its independent executive compensation consultant” (p.23). As the result of choosing only one single consulting source, our CEO was awarded total compensation \$10,319,469 in 2013, \$16,425,005 in 2014 (59% increase), and \$18,092,808 in 2015 (10% increase), while our stock price changed from \$17.51 at the end of 2013 to \$24.96 at the end of 2014 (42% increase) and to \$18.67 at the end of 2015 (25% decrease) (p.32). This indicates that our executive compensation program philosophy “to motivate these individuals to achieve short-term and long-term goals that enhance stockholder value” and “to support our core value and culture” (p.21) failed.

As Professor Thomas Piketty stated, “there is absolutely no doubt that the increase of inequality in the United States contributed to the nation’s financial instability.” (*Capital in the Twenty-First Century*, The Belknap Press of Harvard University Press, 2014. p.297) “Let me return now to the cause of rising inequality in the United States. The increase was largely the result of an unprecedented increase in wage inequality and in particular the emergence of extremely high remunerations at the summit of the wage hierarchy, particularly among top managers of large firms.”(p.298) “Because it is objectively difficult to measure individual contributions to a firm’s output, top managers found it relatively easy to persuade boards and stockholders that they were worth the money, especially since the members of compensation committees were often chosen in a rather incestuous manner.” (p.510)

For the purpose of this proposal, the Board and the Human Resources and Compensation Committee have the flexibility to select multiple independent experts or sources, including independent scholars and think tanks.