Corporate Governance Paragraph

I. General

ASML Holding N.V. is a public limited liability company, with registered seat in Veldhoven, the Netherlands and is governed by Dutch law. Since 1995, ASML’s shares are listed on Euronext Amsterdam and also on NASDAQ. ASML continuously monitors and assess applicable Dutch, U.S. and other relevant corporate governance codes, rules, and regulations. ASML is subject to the Code. Because ASML is also listed on NASDAQ, ASML is required to comply with the Sarbanes-Oxley Act, as well as NASDAQ Listing Rules, and the rules and regulations promulgated by the SEC.


ASML’s Supervisory Board and BoM, who are responsible for ASML’s corporate governance structure, will continue their efforts to ensure that ASML’s practices and procedures comply with both Dutch and U.S. corporate governance requirements. In this paragraph, we address ASML’s corporate governance structure, thereby referring to the principles and best practices set forth in the Code, as well as with the applicable laws with respect to corporate governance.

ASML’s Supervisory Board and BoM are of the opinion that ASML complies with all recommendations in the Code. However, ASML has provided explanations with respect to one recommendation, as ASML’s practice with respect to that recommendation could be perceived as non-compliant with the Code.

Material changes in the corporate governance structure of ASML and/or in its compliance with the Code will be discussed at the annual general meeting as a separate agenda item.

On 29 January 2015, shortly before the finalization of this report, the Dutch Corporate Governance Code Monitoring Committee published a monitoring report and announced the preparation of a consultation document which may ultimately result in a revision of the Code. As part of the continued effort of ASML’s Supervisory Board and BoM to ensure that our practices and procedures comply with Dutch corporate governance requirements, we intend to carefully monitor these developments and assess the implications for our corporate governance structure in the period to come.

II. Board of Management

Role and Procedure

ASML’s BoM is responsible for managing ASML, under the chairmanship of its President and CEO and vice-chairmanship of the President and CTO, constituting dual leadership. The current BoM comprises five members.

Although the various management tasks are divided among the members of the BoM, the BoM remains collectively responsible for the management of ASML, the deployment of ASML’s strategy, ASML’s risk profile and policies, the achievement of ASML’s objectives, ASML’s results and the corporate social responsibility aspects relevant to ASML.

In fulfilling its management tasks and responsibilities, the BoM considers the interests of ASML and the business connected with it, as well as the interests of ASML’s stakeholders. The BoM is accountable to the Supervisory Board and the General Meeting of Shareholders for the performance of its management tasks.

ASML has a two-tier board structure: the Supervisory Board supervises and advises the BoM in the execution of its tasks and responsibilities. The BoM provides the Supervisory Board with all information, in writing or otherwise, necessary for the Supervisory Board to fulfill its duties. Besides the information provided in the regular meetings, the BoM keeps the Supervisory Board frequently informed on developments relating to ASML’s business, financials, operations, and industry developments in general.

This Corporate Governance Paragraph also includes the information that is required to be disclosed pursuant to article 2a of the Decree of 23 December 2004 regarding further provisions on the substance of annual reports.
Important decisions of the BoM that require the approval of the Supervisory Board are, among others:

- The operational and financial objectives;
- The strategy designed to achieve the objectives;
- The parameters to be applied in relation to the strategy to achieve the objectives, and
- Corporate responsibility issues that are relevant to ASML.

The main elements of the operational and financial objectives, the strategy to achieve the objectives, and the parameters to be applied are included in the Report of the BoM. In the "risk factors" section of this 2014 Statutory Annual Report the sensitivity of the results to both external and internal factors and variables is described.

The Rules of Procedure for the BoM contain among other topics the general responsibilities of the BoM, the relationship with the Supervisory Board and various stakeholders, the decision making process within the BoM, and the logistics surrounding the meetings. The Rules of Procedure are posted in the Corporate Governance section of ASML's Website.

Appointment, other functions

Members of the BoM are appointed by the Supervisory Board upon recommendation by the Selection and Nomination Committee and upon notification to the General Meeting of Shareholders. Members of the BoM are appointed for a period of four years, where after reappointment is possible.

At the 2014 AGM, Mr. Schneider-Maunoury was reappointed for a period of four years and Mr. Nickl, ASML's CFO since December 1, 2013, was appointed as member of the BoM for a period of four years. The indefinite appointment term of Mr. Wennink and Mr. Van den Brink was converted into a definite term of four years per the 2014 AGM.

The Supervisory Board may suspend and dismiss members of the BoM, but dismissal can only occur after consulting the General Meeting of Shareholders.

Pursuant to Dutch legislation a member of the BoM may not be a supervisory board member in more than two other qualifying legal entities ("Large Company"). A member of the BoM may never be the chairman of a Supervisory Board of a Large Company. BoM members may only accept a supervisory board membership of another Large Company after having obtained prior approval from the Supervisory Board. Members of the BoM are also required to notify the Supervisory Board of other important functions held or to be held by them. Currently, no BoM member holds more than 2 Supervisory Board seats in other Large companies and no member of the BoM is a chairman of a supervisory board of a Large Company.

Dutch legislation provides for statutory provisions to ensure a balanced representation of men and women in management boards and supervisory boards of companies governed by this legislation. Balanced representation of men and women is deemed to exist if at least 30% of the seats are filled by men and at least 30% are filled by women. ASML currently has no seats taken by women in the BoM and as such does not qualify as balanced within the meaning of this legislation. ASML recognises the benefits of diversity, including gender balance. However, ASML feels that gender is only one part of diversity and future members of the BoM will continue to be selected on the basis of wide ranging (technical) experience, backgrounds, skills, knowledge and insights. ASML continues to strive for more diversity in both the Supervisory Board and BoM.

Internal Risk Management and Control Systems

The BoM is responsible for ensuring that ASML complies with applicable legislation and regulations. It is also responsible for the financing of ASML and for managing the internal and external risks related to its business activities.

The establishment of ASML's internal risk management and control system is based on the identification of external and internal risk factors that could influence the operational, business continuity and financial objectives of ASML and contains a system of monitoring, reporting, and operational reviews.

To help identifying risks, ASML uses a formal risk management approach, consisting of a set of risks definitions (ASML Risk Universe) which are reviewed and discussed by the CRSB on a quarterly basis. The CRSB is chaired by the Chief Operations Officer and consists of ASML senior management, including the CEO and CFO. Based on the outcome of the risk assessments, actions are initiated to further enhance ASML's risk mitigation. These actions are monitored via the CRSB. In addition, the risk landscape is reviewed by the Supervisory Board twice a year.

All material risk management activities have been discussed with the Audit Committee and the Supervisory Board. For a summary of ASML's risk factors, we refer to ASML’s Management Board Report in this 2014 Statutory Annual Report.
ASML does not rank the individual risks identified in ASML’s Management Board Report, as ASML is of the opinion that doing so defies the purpose of a comprehensive risk assessment and it would be arbitrary of nature since all risks mentioned have significant relevance for ASML and its business.

ASML publishes two annual reports in respect of the financial year 2014: this 2014 Statutory Annual Report in accordance with IFRS-EU and with Part 9 of Book 2 of the Dutch Civil Code and an Annual Report on Form 20-F in conformity with US GAAP. Both Annual Reports describe the same risk factors that are specific to the semiconductor industry, ASML and ASML’s shares. ASML also provides sensitivity analyses by providing:

• A narrative explanation of ASML’s financial statements;
• The context within which financial information should be analyzed; and
• Information about the quality, and potential variability, of ASML’s earnings and cash flow. In ASML’s “In Control Statement” (as part of the Director’s Responsibility Statement), as included in this 2014 Statutory Annual Report, the BoM addresses ASML’s internal risk management and control systems.

With respect to the process of drafting annual reports, ASML has extensive guidelines for the lay-out and the content of ASML’s reports. These guidelines are primarily based on applicable laws and regulations. For the Statutory Annual Report and the Statutory Interim Report, ASML follows the requirements of Dutch law and regulations, including preparation of the consolidated financial statements in accordance with IFRS-EU. For the Annual Report on Form 20-F, ASML applies the requirements of the U.S. Securities and Exchange Act of 1934, and prepares the financial statements included therein in accordance with US GAAP. With respect to the preparation process of these and the other financial reports, ASML applies internal procedures to safeguard completeness and accuracy of such information as part of its disclosure controls and procedures.

ASML has a Disclosure Committee to ensure compliance with applicable disclosure requirements arising under US and Dutch law and applicable stock exchange rules, US GAAP, IFRS as adopted by the EU and the Sarbanes-Oxley Act. The Disclosure Committee is composed of various members of senior management, and reports to the CEO and CFO. The chairman of the Disclosure Committee reports to the Audit Committee about the outcome of the Disclosure Committee meetings. The Disclosure Committee gathers all relevant financial and non-financial information and assesses materiality, timeliness and necessity for disclosure of such information. In addition the Disclosure Committee advises the CEO and CFO on the effectiveness of the disclosure controls and procedures and of the internal control over financial reporting (Sarbanes-Oxley Act).

ASML’s Internal Control Committee, comprising among others of three members of the Disclosure Committee, advises ASML’s Disclosure Committee in respect of its assessment of ASML’s internal control over financial reporting under SOX 404. The Chairman of the Internal Control Committee updates the Audit Committee and to the BoM on the progress of this assessment and the Chairman of the Audit Committee includes this item in his report to the full Supervisory Board.

**Code of Conduct**

ASML’s Code of Conduct describes what ASML stands for and believes in:

• We respect people;
• We respect our planet;
• We operate with business and personal integrity;
• We manage professionally.

The Code of Conduct can be found on the corporate governance section of ASML’s Website.

**Remuneration of the Board of Management**

With respect to the remuneration of the BoM, the Supervisory Board is of the opinion that the 2014 Remuneration Policy was drafted in accordance with the Code, and that the execution of the Policy is also in line with the Code, with the (potential) exception as mentioned more specifically at the end of this Corporate Governance Paragraph.

**Performance criteria**

Even though this is not a deviation from the Code, as the Code stipulates that not disclosing the performance criteria because of competition sensitiveness is justified, we hereby want to provide ASML’s reasons for not providing all information as included in the best practice provisions II.2.13 f and g of the Code.
ASML provides the quantitative performance criteria, a summary and account of the methods to determine the achievement of the performance criteria, and also the ultimate achievement level of the quantitative and qualitative performance criteria. However, ASML cannot provide the exact performance criteria data, nor the levels of achievement per performance criterion, as this concerns highly competitive information, such as targets related to ASML’s technology, market position, etc. The Supervisory Board deems it its responsibility to set the actual targets and to determine the level of achievement of these targets for the variable part of the remuneration of the BoM.

For more details about the BoM’s remuneration, its composition, and other relevant elements, reference is made to the 2014 Remuneration Policy and the 2014 Remuneration Report (both published on ASML’s Website), the Report of the Supervisory Board and Note 31 to the Consolidated Financial Statements.

The external auditor performs agreed-upon procedures on the targets achieved to assess compliance with the Remuneration Policy.

Insider Trading
With respect to trading in ASML financial instruments, ASML employees and members of the Supervisory Board and BoM are bound by ASML’s Insider Trading Rules, which are published on ASML’s Website. The ASML Insider Trading Rules stipulate, among other items, that members of the BoM may not trade during the two months preceding the publication of the annual results, and during the three weeks before publication of quarterly results.

Indemnification
ASML’s Articles of Association provide for the indemnification of the members of the BoM against claims that are a direct result of their tasks as members of the BoM, provided that such claim is not attributable to willful misconduct or intentional recklessness of such member of the BoM. The Supervisory Board has further implemented the indemnification of the BoM members by means of separate indemnification agreements for each BoM member.

Conflicts of Interest
Conflicts of interest procedures are incorporated in the BoM’s Rules of Procedure and reflect the principle and best practice provisions of the Code with respect to conflicts of interest.

There have been no transactions during 2014, and there are currently no transactions, between ASML or any of ASML’s subsidiaries, or any significant shareholder and any member of the BoM or officer or any relative or spouse thereof, other than ordinary course compensation arrangements.

III. Supervisory Board

Role and Procedure
As mentioned before, ASML’s Supervisory Board supervises the policies of the BoM and the general course of affairs of ASML and its subsidiaries. ASML’s Supervisory Board also supports the BoM with its advice. As ASML has and intends to keep a two-tier structure, the Supervisory Board is a separate and independent body from the BoM and from ASML.

In fulfilling its role and responsibilities, the Supervisory Board takes into consideration the interests of ASML and its subsidiaries, as well as the relevant interests of ASML’s stakeholders. The Supervisory Board supervises and advises the BoM in performing its tasks, with a particular focus on:

• The achievement of ASML’s objectives;
• ASML’s corporate strategy and the management of risks inherent to ASML’s business activities;
• The structure and operation of internal risk management and control systems;
• The financial reporting process;
• Compliance with applicable legislation and regulations;
• Relationship with shareholders; and
• The corporate social responsibility issues important for ASML.

Major management decisions, such as ASML’s strategy, major investments and budget, require the approval of the Supervisory Board. The Supervisory Board selects and appoints new BoM members, prepares the remuneration policy for the BoM, and decides on the remuneration for the individual members of the BoM. Also, the Supervisory Board is the body that nominates new Supervisory Board candidates for appointment and submits remuneration proposals for the Supervisory Board members to the General Meeting of Shareholders.
The Supervisory Board, through its Selection and Nomination Committee, closely follows the developments in the area of corporate governance and the applicability of the relevant corporate governance rules for ASML. For a more detailed description on the Supervisory Board’s activities in the area of corporate governance reference is made to the Supervisory Board Report as included in this 2014 Statutory Annual Report.

Meetings and activities of the Supervisory Board
The Supervisory Board held five physical meetings in 2014. Three conference calls were held for the purpose of discussing the quarterly results and the press releases related thereto. During several meetings in 2014, the Supervisory Board extensively discussed ASML’s strategy, the financial position, the budget and corporate targets and achievements, the financing and return policy, the business risks, the business priorities, investor relations, corporate responsibility, risk management, talent management and succession planning.

As also described in the Supervisory Board Report, members of the Supervisory Board also interact with BoM members and with their colleague Supervisory Board members outside the regular meetings or conference calls.

During all physical meetings of the Supervisory Board usually all BoM members are present. In general at the end of each meeting, the Supervisory Board meets inter se to discuss topics related to, amongst others, the composition and functioning of the BoM and the Supervisory Board, the functioning of the individual members of both bodies, and the relationship between these bodies and its individual members.

As is common practice each year, the Supervisory Board conducted an evaluation in 2014 with respect to the functioning of the full Supervisory Board and its Committees. For more detailed information on this topic reference is made to the Supervisory Board Report.

Members of the Supervisory Board have semi-annual meetings with the Works Council to discuss ASML’s strategy, financial situation and any other topic that is deemed relevant at that time.

For more detailed information on the meetings and activities of the Supervisory Board in 2014, reference is made to the Supervisory Board Report.

The Rules of Procedure
The Rules of Procedure of the Supervisory Board contain requirements based on the Code, on the Sarbanes-Oxley Act and on any other applicable laws, as well as corporate governance practices developed by the Supervisory Board over the past years. The Rules of Procedure are subject to regular review in view of the continuous corporate governance developments. Items include among others responsibilities of the Supervisory Board and its Committees, composition of the Supervisory Board and its Committees, logistics surrounding the meetings, meeting attendance of Supervisory Board members, and the rotation schedule for the Supervisory Board members.

The Rules of Procedure also contain the charters of the four Committees. The Supervisory Board has assigned certain of its tasks and responsibilities to the four Committees; however, the plenary Supervisory Board remains responsible for the fulfillment of these tasks and responsibilities. The Supervisory Board - and its Committees - may obtain information from officers and external advisors of ASML, if necessary for the execution of its tasks. Especially the Committees frequently call upon external advisors, who assist the Committees in preparing the recommendations to be decided upon by the full Supervisory Board.

The Rules of Procedure, as well as the charters of the four Committees are regularly reviewed and, if needed, amended. Changes to the Supervisory Board’s Rules of Procedure need to be approved by the full Supervisory Board. Changes in the charters of the Committees are approved by the Committee concerned. The Audit Committee charter is reviewed annually, to check whether the charter still complies with the applicable rules and regulations, especially those relating to the Sarbanes-Oxley Act.

Expertise, Composition, Appointment
The Supervisory Board currently consists of seven members, the minimum being three members. The Supervisory Board determines the number of Supervisory Board members required for the performance of its functions.

Per the 2014 AGM, Mr. Bilous retired from the Supervisory Board. Mr. Fröhlich was reappointed for a period of 1 year and will retire per the 2015 AGM.

Mr. Stork was appointed for a period of four years based on the enhanced recommendation right of the Works Council.

1) The late Mrs. Van den Burg, member of ASML’s Supervisory Board and member of the Selection and Nomination Committee and Remuneration Committee, passed away on September 28, 2014; reference is made to the ‘Overview 2014’ in the Supervisory Board report.
The late Ms. Van den Burg would have retired by rotation per the 2015 AGM based upon the rotation schedule of the Supervisory Board. The appointment of her successor at the 2015 AGM will be based on the enhanced recommendation right of the Works Council.

The current members of ASML's Supervisory Board show a diverse mix with respect to background, nationality, age, gender and expertise, in line with the current profile drawn up by the Supervisory Board.

The profile of the Supervisory Board aims for an international and adequate composition reflecting the global business activities of ASML, as well as for an adequate level of experience in financial, economic, technological, social, and legal aspects of international business. In case of (re)appointments, the Selection and Nomination Committee checks whether the candidates fit in the Supervisory Board's profile.

Dutch legislation provides for statutory provisions to ensure a balanced representation of men and women in management boards and supervisory boards of companies governed by this legislation. Balanced representation of men and women is deemed to exist if at least 30% of the seats are filled by men and at least 30% are filled by women. ASML currently has 28.6% seats taken by women in the Supervisory Board and as such currently does not qualify as balanced within the meaning of this legislation (before September 28, 2014, the ratio was 37.5% female members and 62.5% male members). The Supervisory Board recognises the benefits of diversity, including gender balance and has taken this into account in the selection of successors of Supervisory Board members who are intended to be appointed per the 2015 AGM.

ASML is subject to the law applicable to large corporations ("structuurregime"). As such, members of the Supervisory Board are appointed by the General Meeting of Shareholders based on nominations proposed by the Supervisory Board. The Supervisory Board informs the Annual General Meeting of Shareholders and the Works Council about upcoming retirements by rotation at the Annual General Meeting of Shareholders in the year preceding the actual retirement(s) by rotation to ensure that the General Meeting of Shareholders and the Works Council have sufficient opportunity to recommend candidates for the upcoming vacancies. The Supervisory Board has the right to reject the proposed recommendations. Furthermore, the Works Council has an enhanced right to make recommendations for one-third of the members of the Supervisory Board. The enhanced recommendation right implies that the Supervisory Board may only reject the Works Council's recommendations for the following reasons: (i) if the relevant person is unsuitable or (ii) if the Supervisory Board would not be duly composed if the recommended person were appointed as Supervisory Board member. If no agreement on the recommended person(s) can be reached between the Supervisory Board and the Works Council, the Supervisory Board may request the Enterprise Chamber of the Amsterdam Court of Appeal to declare that the Supervisory Board's objection is legitimate. Any decision of the Enterprise Chamber on this matter is non-appealable.

Nominations by the Supervisory Board may be overruled by a resolution at the General Meeting of Shareholders with an absolute majority of the votes, representing at least one-third of ASML's outstanding share capital. If the votes cast in favor of such a resolution do not represent at least one-third of the total outstanding capital, a new shareholders’ meeting can be convened at which the nomination can be overruled by an absolute majority.

The late Ms. Van den Burg, Mr. Stork and Ms. Van der Meer Mohr were (re)appointed per the Works Council’s enhanced recommendation right.

For newly appointed Supervisory Board members, ASML prepares an introduction program of which the main topics are: ASML’s organization, operations, strategy, industry, technology, ASML's financial and legal affairs, and ASML's human resources. Supervisory Board members are regularly given the opportunity to follow technical tutorials to maintain and increase their knowledge of ASML's ever progressing technology. In addition, specific training is also provided for new Committee members based on individual needs. Annually, the Supervisory Board and/or Committees members determine their need for further training on specific topics.

Supervisory Board members serve for a maximum term of four years from the date of their appointment, or a shorter period as per the Supervisory Board's rotation schedule. Members can be reappointed, provided that their entire term of office does not exceed 12 years. The rotation schedule is available in the Corporate Governance section on ASML's Website.

The General Meeting of Shareholders may, by an absolute majority of the votes representing at least one-third of the total outstanding capital, dismiss the Supervisory Board in its entirety for lack of confidence. In such case, the Enterprise Chamber of the Amsterdam Court of Appeal shall appoint one or more Supervisory Board members at the request of the BoM.
Legal restrictions apply to the overall number of executive board positions (including a one tier board) and Supervisory Board positions that a member of the supervisory board (or a non-executive director in case of a one-tier board) of a Large Company, may hold. A person may not be a member of the Supervisory Board if he or she holds more than five supervisory positions at Large Companies. Acting as a chairman of the supervisory board or a supervisory body established by the articles of association or, in case of a one-tier board, chairman of the executive board, of a Large Company will count twice. None of the Supervisory Board members is in violation of these rules.

For detailed information on ASML’s Supervisory Board members, reference is made to the Supervisory Board Report.

Role of the Chairman of the Supervisory Board and the Company Secretary
Mr. Van der Poel is the Chairman of ASML’s Supervisory Board and Mr. Fröhlich acts as Vice-Chairman. The role and responsibilities of the Chairman of the Supervisory Board are described in its Rules of Procedure. The Chairman determines the agenda of the Supervisory Board meetings, he acts as the main contact between the Supervisory Board and the BoM and ensures orderly and efficient proceedings at General Meetings of Shareholders. The Chairman will among others also ensure that:

• The members of the Supervisory Board follow an introduction and training program;
• The members of the Supervisory Board receive all information necessary for the proper performance of their duties on a timely basis;
• There is sufficient time for consultation and decision making by the Supervisory Board;
• The Committees function properly;
• The performance of the BoM members and the Supervisory Board members is assessed at least once a year; and
• The Supervisory Board has proper contact with the BoM and the Works Council.

The Company Secretary assists the Supervisory Board in the performance of its duties, ensures that the correct procedures are followed, and that the Supervisory Board acts in accordance with its legal and statutory obligations. The Company Secretary assists the Chairman of the Supervisory Board in the organization of the affairs of the Supervisory Board and its Committees. The Company Secretary is appointed by and may also be dismissed by the BoM after prior approval from the Supervisory Board. The Company Secretary is assisted by a Deputy Company Secretary.

Composition and Role of the four Committees of the Supervisory Board
Although the Supervisory Board retains ultimate responsibility, the Supervisory Board has delegated certain of its tasks to its four Committees. Their roles and functions are described in separate chapters in the Supervisory Board’s Rules of Procedure which is available on ASML’s Website.

In the plenary Supervisory Board meetings, the chairmen of the Committees report on the issues and items discussed in the Committee meetings, and also the minutes of the Committee meetings are available for all Supervisory Board members, enabling the full Supervisory Board to make the appropriate decisions.

Audit Committee
The current members of ASML’s Audit Committee are Mr. Fröhlich (Chairman), Mr. Van der Poel, Ms. Smits-Nusteling and Ms. Van der Meer Mohr. The members of the Audit Committee are all independent members of the Supervisory Board.

In general, the Audit Committee meets at least four times per year and always before the publication of the quarterly and annual financial results. In the first half year, the Audit Committee focuses on the annual results, the audits over the previous financial year and the internal and external audit plans for the year ahead. Frequently discussed topics are ASML’s internal controls and risk management systems, the testing of internal controls over financial reporting in light of Section 404, 302 and 906 of the Sarbanes-Oxley Act, ASML’s financial- and cash position, and the supervision of the enforcement of the relevant legislation and regulations.

In 2014, the Audit Committee met four times and held four conference calls. Three calls were held to discuss the quarterly results and the related press release; one call was held for the purpose of discussing the results of the year-end US GAAP and IFRS-EU audits. The Audit Committee frequently discussed amongst others, revenue recognition for systems, inventory excess and obsolete provision. The Audit Committee also discussed sensitivities in valuation of goodwill and intangible fixed assets.
ASML provides the Audit Committee with all relevant information to be able to adequately and efficiently supervise the preparation and disclosure of financial information by ASML. This includes, among other things, information on the status and development of the (semiconductor) market to be able to judge the outlook and budget for the next six to twelve months, the application of IFRS-EU, US GAAP, the choice of accounting policies and the work of internal and external auditors. Annually, the Audit Committee discusses and reviews among others ASML’s financing policy and strategy, tax planning policy, investor relations activities and strategy, fraud policy, and information and communication technology policy.

The Audit Committee, on behalf of the Supervisory Board, reviews and approves the fees of the external auditor. The Audit Committee is the first point of contact for the external auditor if the external auditor discovers irregularities in the content of the financial reports. As a general rule, the external auditor is present at meetings of the Audit Committee. In general, after each Audit Committee meeting, the Audit Committee -without management present - meets with the external auditor to discuss the relationship between the Audit Committee and the external auditor, the relationship between the BoM and the external auditor, and any other issues deemed necessary to be discussed.

The Audit Committee generally invites ASML’s CEO, CFO, Corporate Controller, Corporate Chief Accountant, Senior Director Risk and Assurance and the Internal Auditor to its meetings. From time to time, other ASML employees may be invited to Audit Committee meetings to address subjects that are of importance to the Audit Committee such as return policy including share buyback program, tax and IT.

Mr. Fröhlich, Chairman of the Audit Committee, is the Supervisory Board's financial expert, taking into consideration his extensive financial background and experience.

Remuneration Committee
The current members of ASML's Remuneration Committee are Mr. Ziebart (Chairman) and Ms. Van der Meer Mohr.

The Remuneration Committee meets at least twice a year and more frequently when deemed necessary.

The Remuneration Committee prepares ASML's Remuneration Policy for members of the BoM, and oversees the development and implementation of the Remuneration Policy. In cooperation with the Audit Committee and the Technology and Strategy Committee, the Remuneration Committee reviews and proposes to the Supervisory Board corporate goals and objectives relevant to the variable part of the BoM's remuneration. Also in cooperation with the Audit Committee and the Technology and Strategy Committee, the Remuneration Committee evaluates the performance of the members of the BoM in view of those goals and objectives, and - based on this evaluation - recommends to the Supervisory Board appropriate compensation levels for the BoM members.

In 2014, the Remuneration Committee met 4 times in scheduled meetings. Topics of discussion in 2014 were among others the targets and remuneration package for the BoM including adjustment to the pension arrangements of the BoM, the ASML stock option and share plans, the 2014 Remuneration Report and the determination of the required shareholding positions of the BoM members based upon the share ownership guideline as contained the 2014 Remuneration Policy. An external expert assists the Remuneration Committee with its activities. This expert does not provide advice to the BoM with respect to matters in this area.

The Remuneration Committee prepared the 2014 Remuneration Report, which describes among others the manner in which the 2014 Remuneration Policy was implemented and executed in 2014.

Mr. Ziebart, the Chairman of the Remuneration Committee is neither a former member of ASML's BoM, nor a member of the BoM of another company. Currently, no member of the Remuneration Committee is a member of the BoM of another Dutch listed company.

Selection and Nomination Committee
The current members of the Selection and Nomination Committee are Mr. Van der Poel (Chairman), Mr. Grose, and Mr. Fröhlich.

The Selection and Nomination Committee meets at least twice a year and more frequently when deemed necessary.

In 2014, the Selection and Nomination Committee members met three times formally and several additional times on an ad-hoc basis. Main focus item this year was the future composition of the Supervisory Board in view of its rotation schedule and the functioning of the individual members of the Supervisory Board and of the BoM. In that respect also the self-assessment of the Supervisory Board was discussed.
The Selection and Nomination Committee assists the Supervisory Board in:
- Preparing the selection criteria and appointment procedures for members of ASML’s Supervisory Board and BoM;
- Periodically evaluating the scope and composition of the BoM and the Supervisory Board, and proposing the profile of the Supervisory Board in relation thereto;
- Periodically evaluating the functioning of the BoM and the Supervisory Board and the individual members of those boards and reporting the results thereof to the Supervisory Board; and
- Proposing (re-)appointments of members of the BoM and the Supervisory Board, and supervising the policy of the BoM in relation to the selection and appointment criteria for senior management.

The Selection and Nomination Committee furthermore discusses imminent corporate governance developments, for example those based on legislative proposals, but also the outcome of the Report of the Monitoring Committee with respect to compliance with the Code.

**Technology and Strategy Committee**

The current members of the Technology and Strategy Committee are Mr. Grose (Chairman), Mr. Stork, Mr. Van der Poel and Mr. Ziebart.

The Technology and Strategy Committee meets at least twice a year and more frequently when deemed necessary.

In 2014, the Technology and Strategy Committee met face to face five times and held one conference call. During several of these meetings the technology targets, which are part of the overall performance targets set, as well as the achievements related to the technology targets were discussed. The Technology and Strategy Committee provides the Remuneration Committee with its advice on this topic.

The Technology and Strategy Committee provides advice to the Supervisory Board with respect to ASML's technology strategies and ASML's technology and product roadmaps. External experts as well as experts from within ASML may act as advisors to the Technology and Strategy Committee with respect to the subjects reviewed and discussed in this Committee. The advisors do not have voting rights, but regularly attend Committee meetings (except for those meetings or calls specifically designated only for the technology target settings and evaluations). External experts may include representatives of customers, suppliers and partners to increase the Committee's understanding of the technology and research necessary for the development of ASML's leading-edge systems.

In 2014, the Technology and Strategy Committee discussed the execution and implementation of technology programs (especially EUV related topics) and corporate strategy initiatives.

The in-depth technology discussions in the Technology and Strategy Committee and the subsequent reporting on headlines in the full Supervisory Board increases the Supervisory Board's understanding of ASML technology requirements and enables the Supervisory Board to adequately supervise the strategic choices facing ASML, including ASML's investment in research and development.

**Conflict of Interest**

Conflict of interest procedures are incorporated in the Supervisory Board’s Rules of Procedure and address the principle and the best practice provisions of the Code with respect to conflicts of interest.

There have been no transactions during 2014, and there are currently no transactions, between (i) ASML or any of its subsidiaries, or any significant shareholder and (ii) any Supervisory Board member or any relative or spouse thereof, other than ordinary course compensation arrangements.

**Remuneration of the Supervisory Board**

The General Meeting of Shareholders determines the remuneration of the Supervisory Board members; the remuneration is not dependent on ASML’s (financial) results. The 2014 AGM adopted the Supervisory Board’s proposal to increase the Supervisory Board’s remuneration. Detailed information on the Supervisory Board’s remuneration can be found in Note 31 to the 2014 Consolidated Financial Statements, included herein.

In addition to their fee as member of the Supervisory Board, Supervisory Board members also receive a fee for each Committee membership, as well as a net cost allowance.

No member of the Supervisory Board personally maintains a business relationship with ASML other than as a member of the Supervisory Board.
The Supervisory Board members do not receive ASML shares, or rights to acquire ASML shares, as part of their remuneration. Supervisory Board members, who acquire or have acquired ASML shares or rights to acquire ASML shares, must have the intention to keep these for long-term investment only. No member of ASML's Supervisory Board currently owns ASML shares or rights to acquire ASML shares. In concluding transactions in ASML shares, Supervisory Board members must comply with ASML's Insider Trading Rules.

ASML has not granted any personal loans, guarantees, or the like to members of the Supervisory Board. ASML's Articles of Association provide for the indemnification of the members of the Supervisory Board against claims that are a direct result of their tasks as members of the Supervisory Board, provided that such claim is not attributable to willful misconduct or intentional recklessness of such Supervisory Board member. ASML has further implemented the indemnification of the members of the Supervisory Board by means of separate indemnification agreements for each member of the Supervisory Board.

Insider trading
With respect to trading in ASML financial instruments, the ASML Insider Trading Rules stipulate - among other requirements - that members of the Supervisory Board may not trade during the two months preceding the publication of the annual results, and neither during the three weeks before publication of the quarterly results. In addition, members of the Supervisory Board may not perform transactions in ASML financial instruments during the open periods when they have inside information.

IV. Shareholders and General Meeting of Shareholders

Powers
A General Meeting of Shareholders is held at least once a year and generally takes place in Veldhoven. In this meeting, at least the following items are discussed and/or approved:

- The written report of the BoM containing the course of affairs in ASML and the conduct of the management during the past financial year;
- The adoption of the financial statements for the past financial year, as prepared in accordance with Dutch law;
- The discharge of the members of the BoM in respect of their management during the previous financial year;
- The discharge of the members of the Supervisory Board in respect of their supervision during the previous financial year;
- ASML’s reserves and dividend policy and justification thereof by the BoM;
- Each material change in the corporate governance structure of ASML; and
- Any other item the BoM or the Supervisory Board determine to place on the agenda.

The General Meeting of Shareholders has furthermore (with due observance of the statutory provisions) the power:

- To resolve to amend the articles of association;
- To resolve to dissolve ASML;
- To resolve to issue shares if and insofar as the BoM has not been designated by the General Meeting of Shareholders for this purpose;
- To resolve to reduce the issued share capital;
- To appoint members of the Supervisory Board;
- To withdraw its confidence in the Supervisory Board (resulting in a dismissal of the Supervisory Board in its entirety);
- To adopt the Remuneration Policy for members of the BoM; and
- To determine the remuneration of the members of the Supervisory Board.

The BoM requires the approval of the General Meeting of Shareholders and the Supervisory Board for resolutions regarding a significant change in the identity or character of ASML or its business, including in any event:

- A transfer of the business or virtually all of the business to a third party;
- Entry into or termination of long-term cooperation by ASML or a subsidiary with another legal entity or partnership or as a general partner with full liability in a limited or general partnership if such cooperation or the termination thereof is of far-reaching significance for ASML; and
- An acquisition or disposal by ASML or a subsidiary of a participation in the capital of another company, the value of which equals at least one third of the amount of the assets according to the consolidated balance sheet (in the Consolidated Financial Statements referred to as “Statement of Financial Position”) with explanatory notes attached to the Annual Report as most recently adopted.
Proposals placed on the agenda by the Supervisory Board, the BoM, or by shareholders, provided that they have submitted the proposals in accordance with the applicable legal provisions, are discussed and resolved upon. Shareholders representing at least 1.0 percent of ASML's outstanding share capital or representing a share value of at least EUR 50.0 million are entitled to place agenda items on the agenda of a General Meeting of Shareholders at the latest sixty days before the date of such meeting. Although Dutch legislation increased the percentage from 1.0 to 3.0 percent, ASML's articles of association still reflect the 'old' requirement of 1.0 percent or EUR 50.0 million, and therefore this remains applicable for ASML. About two weeks before the closing of this sixty days term, ASML notifies its shareholders about the closing of the term on its Website.

A recurring agenda item is the limited authorization for the BoM to issue (rights to) shares in ASML's capital, and to exclude pre-emptive rights for such issuances. This agenda item typically includes two elements: i) the authorization to the BoM to issue 5.0 percent (rights to) shares of ASML's issued share capital as of the date of authorization, plus an additional 5.0 percent of ASML's issued share capital as of the date of authorization that may be issued in connection with mergers, acquisitions and/or (strategic) alliances, and ii) the authorization to exclude pre-emptive rights in relation to the above share issue, with a maximum of 10.0 percent of ASML's issued share capital as of the date of authorization.

A simple majority is required for the authorization to issue shares. For the authorization to exclude the pre-emptive rights a simple majority is required in case at least fifty percent of ASML's issued share capital is present or represented at the AGM, otherwise a majority of two thirds of the votes cast is required. The BoM must obtain the approval of the Supervisory Board for the issuance of ASML shares as well as for excluding the pre-emptive rights.

It is important for ASML to be able to issue (rights to) shares and to exclude the pre-emptive shareholders’ rights in situations where it is imperative to be able to act quickly, for example when financial opportunities arise or when share plans and/or stock option plans need to be executed to attract and retain top talent. This authorization has been used in the past especially to optimize the financial position of ASML. Given the dynamics of the global capital markets, such financing transactions generally need to be executed in the shortest window of opportunity. The opportunity to issue shares or rights to shares, such as convertible bonds, would be limited if ASML needed a resolution of the General Meeting of Shareholders to issue shares and/or to exclude the shareholders’ pre-emptive rights and may thus hinder the financial flexibility of ASML.

Another agenda item in 2015 will be the proposal to adopt the dividend proposal, as communicated in ASML's press release on January 21, 2015.

In addition to dividend payments, ASML also intends to return cash to its shareholders on a regular basis through share buybacks or repayment of capital, subject to its actual and anticipated level of cash generated from operations, the cash requirements for investment in its business, its current share price and other market conditions and relevant factors.

On April 17, 2013 ASML announced a share buy back program, to purchase up to an amount of EUR 1 billion of ASML's shares within the 2013-2014 timeframe. During the period from April 18, 2013 up to and including December 22, 2014, when the program was completed, ASML had purchased 14,595,554 shares at an average price of EUR 68.51 per share of which 9,464,503 shares have been cancelled in 2014, and the remainder is intended to be cancelled in 2015.

The proposal of the Supervisory Board, upon advice of the Audit Committee and BoM, to appoint a new auditor per January 1, 2016 will be submitted to the 2015 AGM.

The BoM or Supervisory Board may convene EGMs as often as they deem necessary. Such meetings must be held if one or more shareholders and others entitled to attend the meetings jointly representing at least one-tenth of the issued share capital make a written request to that effect to the BoM and the Supervisory Board, specifying in detail the items to be discussed.

**Logistics of the General Meeting of Shareholders**

The convocation date for the Annual General Meeting of Shareholders is legally set at forty-two days, and the record date at twenty-eight days before the Annual General Meeting of Shareholders. Those who are registered as shareholders at the record date are entitled to attend the meeting and to exercise other shareholder rights.

The BoM and Supervisory Board shall provide the shareholders with the facts and circumstances relevant to the proposed resolutions, through an explanation to the agenda, as well as through other documents necessary and/or helpful for this purpose. All documents relevant to the General Meeting of Shareholders, including the agenda with explanations, shall be posted in the Investor Relations and Corporate Governance sections on ASML’s Website. The agenda indicates which agenda items are voting items, and which items are for discussion only.
ASML shareholders may appoint a proxy who can vote on their behalf in the General Meeting of Shareholders. ASML also uses an internet proxy voting system, thus facilitating shareholder participation without having to attend in person. Shareholders who voted through internet proxy voting are required, however, to appoint a proxy to officially represent them at the General Meeting of Shareholders in person. ASML also provides the possibility for shareholders to issue voting proxies or voting instructions to an independent third party (civil law notary) prior to the Annual General Meeting of Shareholders.

Voting results from the General Meeting of Shareholders will be made available on ASML’s Website within 15 days after the meeting.

The draft minutes of the General Meeting of Shareholders are available via ASML’s Website, and also upon request via mail or e-mail, no later than three months after the meeting. Shareholders are given the opportunity to provide their comments in the subsequent three months, and thereafter the minutes are adopted by the Chairman and the Secretary of the meeting. The adopted minutes are also available on ASML’s Website and, upon request, via regular mail or e-mail.

Information to the Shareholders
To ensure fair disclosure, ASML distributes company information that may influence the share price to shareholders and other parties in the financial markets simultaneously and through means that are public to all interested parties. In case of bilateral contacts with shareholders, ASML follows the procedure related thereto as published on ASML’s Website.

When ASML’s annual and quarterly results are published by means of a press release, interested parties, including shareholders, can participate through conference calls, listen to a webcast and view the presentation of the results on ASML’s Website. The schedule for communicating the annual financial results is in general published through a press release and is posted on ASML’s Website. In addition, ASML provides information to its shareholders at ASML’s Annual General Meeting of Shareholders. Also ASML publishes a Corporate Responsibility Report on ASML’s Website every year, reporting on environmental, health, safety and social performance.

It is ASML’s policy to post the presentations given to analysts and investors at investor conferences on ASML’s Website. Information regarding presentations to investors and analysts and conference calls are announced in advance on ASML’s Website, for details see ASML’s financial calendar as published in the Investor Relations section on ASML’s Website. Meetings and discussions with investors and analysts shall, in principle, not take place shortly before publication of regular financial information. ASML does not assess, comment upon, or correct analysts’ reports and valuations in advance, other than to comment on factual errors. ASML does not pay any fees to parties carrying out research for analysts’ reports, or for the production or publication of analysts’ reports, and take no responsibility for the content of such reports.

At the Annual General Meeting of Shareholders, the BoM and the Supervisory Board provide shareholders with all requested information, unless this is contrary to an overriding interest of ASML. If this should be the case, the BoM and Supervisory Board will provide their reasons for not providing the requested information.

Furthermore, the Corporate Governance section on ASML’s Website provides links to Websites that contain information about ASML published or filed by ASML in accordance with applicable rules and regulations.

ASML’s sole anti-takeover device is the possibility of issuing cumulative preference shares in its share capital to the Foundation under an option agreement between ASML and the Foundation.

Relationship with Institutional Investors
ASML finds it important that its institutional investors participate in its General Meetings of Shareholders. To increase the participation rate, several measures have been taken in the past few years, including providing internet proxy voting. In addition, ASML actively approaches its institutional investors to discuss their participation at the General Meetings of Shareholders.
V. The Audit of Financial Reporting and the Position of the Internal and External Auditor Function

Financial Reporting
ASML has comprehensive internal procedures in place for the preparation and publication of Annual Reports, quarterly figures, and all other financial information. These internal procedures are frequently discussed in the Audit Committee and the Supervisory Board. The Disclosure Committee assists the BoM in overseeing ASML’s disclosure activities and ensures compliance with applicable disclosure requirements arising under Dutch and U.S. law and regulatory requirements.

The Audit Committee reviews and approves the external auditor’s audit plan for the audits planned during the financial year. The audit plan also includes the activities of the external auditor with respect to their limited procedures on the quarterly results other than the annual accounts. The external auditor regularly updates the Audit Committee on the progress of the audits and other activities.

The Supervisory Board has reviewed ASML’s 2014 Statutory Annual Report as prepared by the BoM. Deloitte has duly examined ASML’s financial statements, and the Auditor’s Report is included in the Consolidated Financial Statements.

Appointment, Role, Assessment of the Functioning of the External Auditor, and the Auditor’s Fee
In accordance with Dutch law, ASML’s external auditor is appointed by the General Meeting of Shareholders and is nominated for appointment by the Supervisory Board upon advice from the Audit Committee and the BoM. ASML’s current external auditor, Deloitte, was re-appointed by the 2014 AGM for the reporting year 2015. The appointment of a new external auditor for the reporting year 2016 will be put on the 2015 AGM agenda, in order to comply with the mandatory audit firm rotation.

Annually, the BoM and the Audit Committee provide the Supervisory Board with a report on the relationship with the external auditor. The responsible lead audit partner of the external auditor rotated after the 2013 audit, which is relevant for the auditor’s independence.

The external auditor is present at ASML’s Annual General Meeting of Shareholders to respond to questions, if any, from the shareholders about the auditor’s report on the Consolidated Financial Statements.

The Audit Committee, on behalf of the Supervisory Board, approves the remuneration of the external auditor after consultation with the BoM. It has been agreed among the members of the Supervisory Board and the BoM that the Audit Committee has the most relevant insight and experience to be able to approve this item, and therefore the Supervisory Board has delegated these responsibilities to the Audit Committee.

The Audit Committee monitors compliance with the Dutch rules on non-audit services provided by the external auditor, which outlines strict separation of audit and advisory services for Dutch public interest entities.

In principle the external auditor attends all meetings of the Audit Committee, unless this is deemed not necessary by the Audit Committee. The findings of the external auditor are discussed at these meetings.

The Audit Committee reports on all issues discussed with the external auditor to the Supervisory Board, including the external auditor’s reports with regard to the audit of the Annual Reports as well as the content of the Annual Reports. In the independent auditor’s report, the external auditor refers to materiality, scope of the group audit, key audit matters (such as revenue recognition for systems, inventory excess and obsolete provision, sensitivities in valuation in goodwill and intangible fixed assets), responsibilities of management, the Supervisory Board and the external auditor for the financial statements and reports on other legal and regulatory requirements.

Internal Audit Function
The Internal Audit function assesses ASML’s systems of internal controls by performing independent procedures such as risk-based operational audits, IT audits and compliance audits. The Internal Audit department reports directly to the Audit Committee and BoM. The annual Internal Audit plan is discussed with and approved by the Audit Committee. The follow-up on the Internal Audit findings and progress against the Internal Audit plan is discussed on a quarterly basis with the Audit Committee. The external auditor and Internal Audit department have meetings on a regular basis.
VI. Required Information Article 10 Takeover Directive

General
The EU Takeover Directive requires that listed companies publish additional information providing insight into defensive structures and mechanisms which they apply. The relevant provision has been implemented into Dutch law by means of a decree of April 5, 2006. Pursuant to this decree, Dutch companies whose securities have been admitted to trading on a regulated market have to include information in their annual report which could be of importance for persons who are considering taking an interest in the company.

This information comprises amongst other things:
• The capital structure of the company;
• Restrictions on the transfer of securities and on voting rights;
• Special powers conferred upon the holders of certain shares;
• The rules governing the appointment and dismissal of board members and the amendment of the articles of association;
• The rules on the issuing and the repurchasing of shares by the company;
• Significant agreements to which the company is a party and which contain change of control rights (except where their nature is such that their disclosure would be seriously prejudicial to the company); and
• Agreements between the company and its board members or employees providing for a “golden parachute”.

In this section the BoM and the Supervisory Board provide for an explanation to the information - if applicable to ASML - as required under Article 10 of the Takeover Directive.

Share capital
ASML’s authorized share capital amounts to EUR 126,000,000 and is divided into:
• 700,000,000 Cumulative Preference Shares with a nominal value of EUR 0.09 each;
• 699,999,000 Ordinary Shares with a nominal value of EUR 0.09 each; and
• 9,000 Ordinary Shares B with a nominal value of EUR 0.01 each.

As at December 31, 2014, 438,073,643 ordinary shares with a nominal value of EUR 0.09 each were issued and fully paid up, of which 5,138,355 ordinary shares are held by us in treasury. No ordinary shares B and no cumulative preference shares are issued.

A total of 96,566,077 depositary receipts for ordinary shares are issued with our cooperation.

Our BoM has the power to issue ordinary shares and cumulative preference shares insofar as the BoM has been authorized to do so by the General Meeting of Shareholders (either by means of a resolution or by an amendment to our Articles of Association). The BoM requires approval of the Supervisory Board for such an issue. The authorization by the General Meeting of Shareholders can only be granted for a certain period not exceeding five years and may be extended for no longer than five years on each occasion. In case the General Meeting of Shareholders has not authorized the BoM to issue shares, the General Meeting of Shareholders shall have the power to issue shares upon the proposal of the BoM, provided that the Supervisory Board has approved such proposal.

Shares Issued in Customer Co-Investment Program
In connection with the CCIP, on September 12, 2012, we issued 62,977,877 ordinary shares to the Stichting that holds shares on behalf of Intel and 12,595,575 ordinary shares to the Stichting that holds shares on behalf of Samsung and on October 31, 2012, ASML issued 20,992,625 ordinary shares to the Stichting that holds shares on behalf of TSMC.
We received an amount of EUR 3,853.9 million in relation to the shares issued under the CCIP. For further details on our CCIP see Note 36.
Ordinary Shares
Each ordinary share consists of 900 fractional shares. Fractional shares entitle the holder thereof to a fractional dividend but do not entitle the holder thereof to voting rights. Only those persons who hold shares directly in the share register in the Netherlands, held by us at our address at 5504 DR Veldhoven, de Run 6501, the Netherlands, or in the New York share register, held by JP Morgan Chase Bank, N.A., P.O. Box 64506, St. Paul, MN 55164-0506, United States, can hold fractional shares. Persons who hold ordinary shares through the deposit system under the Dutch Securities Bank Giro Transactions Act (Wet giraal effectenverkeer; the "Giro Act") maintained by the Dutch central securities depository Euroclear Nederland or through the DTC cannot hold fractional shares. An ordinary share entitles the holder thereof to cast nine votes in the General Meeting of Shareholders. At our 2014 AGM, the BoM was authorized from April 23, 2014 through October 23, 2015, subject to the approval of the Supervisory Board, to issue shares and/or rights thereto representing up to a maximum of 5.0 percent of our issued share capital at April 23, 2014, plus an additional 5.0 percent of our issued share capital at April 23, 2014 that may be issued in connection with mergers, acquisitions and/or (strategic) alliances.

Holders of ASML's ordinary shares have a preemptive right of subscription, in proportion to the aggregate nominal amount of the ordinary shares held by them, to any issuance of ordinary shares for cash, which right may be restricted or excluded. Holders of ordinary shares have no pro rata preemptive right of subscription to any ordinary shares issued for consideration other than cash or ordinary shares issued to employees. If authorized for this purpose by the General Meeting of Shareholders (either by means of a resolution or by an amendment to our Articles of Association), the BoM has the power subject to approval of the Supervisory Board, to restrict or exclude the preemptive rights of holders of ordinary shares. At our 2014 AGM, our shareholders authorized the BoM through October 23, 2015, subject to approval of the Supervisory Board, to restrict or exclude preemptive rights of holders of ordinary shares up to a maximum of 10 percent of our issued share capital. At our 2015 AGM, our shareholders will be asked to extend this authority through October 22, 2016.

ASML may repurchase its issued ordinary shares at any time, subject to compliance with the requirements of Dutch law and our Articles of Association. Any such repurchases are and remain subject to the approval of the Supervisory Board and the shareholders’ authorization, which authorization may not be for more than 18 months. At the 2014 AGM, the BoM has been authorized, subject to Supervisory Board approval, to repurchase through October 23, 2015, up to a maximum of two times 10.0 percent of our issued share capital at April 23, 2014, at a price between the nominal value of the ordinary shares purchased and 110.0 percent of the market price of these securities on Euronext Amsterdam or NASDAQ. At our 2015 AGM, our shareholders will be asked to extend this authority through October 22, 2016.

On April 17, 2013, we announced our intention to repurchase up to EUR 1.0 billion of our own shares within the 2013-2014 timeframe. During the period from April 18, 2013 up to and including December 22, 2014, when the program was completed, we had purchased 14,595,554 shares at an average price of EUR 68.51 per share of which 9,464,503 shares have been cancelled in 2014, and the remainder is intended to be cancelled in 2015.

Ordinary Shares B
In 2012, the 9,000 ordinary shares B with a nominal value of EUR 0.01 were introduced. Every holder of an ordinary share B is entitled to one-ninth (1/9) of a dividend. Each ordinary share B entitles the holder thereof to cast one vote at the General Meeting of Shareholders.

Special voting rights on the issued shares
There are no special voting rights on the issued shares in our share capital.
Limitation voting rights on Ordinary Shares indirectly held by the Participating Customers

Pursuant to the agreements entered into with them, the Participating Customers (and their respective foundations) will not be entitled to vote the ordinary shares that were acquired by (the foundations of) the Participating Customers as part of the CCIP or any other ordinary shares otherwise transferred to the foundations (under the circumstances described under "Standstill; Additional Purchases", see Note 36 to the Consolidated Financial Statements) prior to a Shareholder Agreement Termination Event (see Note 36 to the Consolidated Financial Statements), except when a Suspension Event (see Note 36 to the Consolidated Financial Statements) occurs and is continuing or where the following matters are proposed at any General Meeting of Shareholders (the "Voting Restrictions"): (i) an issuance of ASML shares or grant of rights to subscribe for ASML shares representing 25 percent or more of the issued and outstanding share capital of ASML or the restriction or exclusion of pre-emption rights relating thereto (in each case, on an aggregate basis during the preceding 12 months) or the designation of the BoM as the authorized body to resolve on these matters; (ii) an authorization to repurchase 25 percent or more of ASML’s issued and outstanding share capital on an aggregate basis during the preceding 12 months; (iii) the approval of a significant change in the identity or nature of ASML or its business, including a transfer of all or substantially all business or assets of ASML and its subsidiaries to a third party, the establishment or cancellation of a long-lasting cooperation of essential importance with a third party and an acquisition or disposition of an interest in the capital or assets of a person with a value of at least one third of the assets of ASML (on a consolidated basis); (iv) an amendment to ASML’s Articles of Association that would materially affect the specific voting rights of the Participating Customers, would materially affect the identity or nature of ASML or its business, or would disproportionately (or uniquely) and adversely affect the rights or benefits attached to or derived from the ordinary shares held by the Participating Customers through the foundations as compared to the shareholders; (v) the dissolution of ASML; and (vi) any merger or demerger which would result in a material change in the identity or nature of ASML or its business.

Cumulative Preference Shares

In 1998, we granted the Preference Share Option to the Foundation. This option was amended and extended in 2003 and 2007. A third amendment to the option agreement between the Foundation and ASML became effective on January 1, 2009, to clarify the procedure for the repurchase and cancellation of the preference shares when issued.

The nominal value of the cumulative preference shares amounts to EUR 0.09 and the number of cumulative preference shares included in the authorized share capital is 700,000,000. A cumulative preference share entitles the holder thereof to cast nine votes in the General Meeting of Shareholders.

The Foundation may exercise the Preference Share Option in situations where, in the opinion of the Board of Directors of the Foundation, ASML’s interests, ASML’s business or the interests of ASML’s stakeholders are at stake. This may be the case if a public bid for ASML’s shares has been announced or has been made, or the justified expectation exists that such a bid will be made without any agreement having been reached in relation to such a bid with ASML. The same may apply if one shareholder, or more shareholders acting in concert, hold a substantial percentage of ASML’s issued ordinary shares without making an offer or if, in the opinion of the Board of Directors of the Foundation, the (attempted) exercise of the voting rights by one shareholder or more shareholders, acting in concert, is materially in conflict with ASML’s interests, ASML’s business or ASML’s stakeholders.

The objectives of the Foundation are to look after the interests of ASML and of the enterprises maintained by ASML and of the companies which are affiliated in a group with ASML, in such a way that the interests of ASML, of those enterprises and of all parties concerned are safeguarded in the best possible way, and influences in conflict with these interests which might affect the independence or the identity of ASML and those companies are deterred to the best of the Foundation’s ability, and everything related to the above or possibly conducive thereto. The Foundation seeks to realize its objects by the acquiring and holding of cumulative preference shares in the capital of ASML and by exercising the rights attached to these shares, particularly the voting rights attached to these shares.

The Preference Share Option gives the Foundation the right to acquire a number of cumulative preference shares as the Foundation will require, provided that the aggregate nominal value of such number of cumulative preference shares shall not exceed the aggregate nominal value of the ordinary shares that have been issued at the time of exercise of the Preference Share Option for a subscription price equal to their nominal value. Only one-fourth of the subscription price is payable at the time of initial issuance of the cumulative preference shares, with the other three-fourths of the nominal value only being payable when we call up this amount. Exercise of the preference share option could effectively dilute the voting power of the outstanding ordinary shares by one-half.
Cancellation and repayment of the issued cumulative preference shares by ASML requires the authorization by the General Meeting of Shareholders of a proposal to do so by the BoM approved by the Supervisory Board. If the Preference Share Option is exercised and as a result cumulative preference shares are issued, ASML, at the request of the Foundation, will initiate the repurchase or cancellation of all cumulative preference shares held by the Foundation. In that case ASML is obliged to effect the repurchase and cancellation respectively as soon as possible. A cancellation will have as a result a repayment of the amount paid and exemption from the obligation to pay up on the cumulative preference shares. A repurchase of the cumulative preference shares can only take place when such shares are fully paid up.

If the Foundation does not request ASML to repurchase or cancel all cumulative preference shares held by the Foundation within 20 months after issuance of these shares, we will be obliged to convene a General Meeting of Shareholders in order to decide on a repurchase or cancellation of these shares.

The Foundation is independent of ASML. The Board of Directors of the Foundation comprises four independent members from the Dutch business and academic communities. The members of the Board of Directors of the Foundation are: Mr. H. Bodt, Mr. M.W. den Boogert, Mr. J.M. de Jong and Mr. A.H. Lundqvist.

Limitations to transfers of shares in the share capital of ASML
There are currently no limitations, either under Dutch law or in the Articles of Association of ASML, as to the transfer of ordinary shares in the share capital of ASML. Pursuant to the Articles of Association of ASML, the approval of the Supervisory Board shall be required for every transfer of cumulative preference shares.

Reporting obligations under the Act on the supervision of financial markets (Wet op het financieel toezicht, the "FMSA")
Holders of our shares may be subject to reporting obligations under the FMSA.

The disclosure obligations under the FMSA apply to any person or entity that acquires, holds or disposes of an interest in the voting rights and/or the capital of a public limited company incorporated under the laws of the Netherlands whose shares are admitted to trading on a regulated market within the European Union, such as ASML. Disclosure is required when the percentage of voting rights or capital interest of a person or an entity reaches, exceeds or falls below 3.0, 5.0, 10.0, 15.0, 20.0, 25.0, 30.0, 40.0, 50.0, 60.0, 75.0 or 95.0 percent (as a result of an acquisition or disposal by such person, or as a result of a change in our total number of voting rights or capital issued). With respect to ASML, the FMSA requires any person or entity whose interest in the voting rights and/or capital of ASML reached, exceeded or fell below those percentage interests to notify the AFM immediately.

ASML is required to notify the AFM immediately if our voting rights and/or capital have changed by 1.0 percent or more since its previous notification on outstanding voting rights and capital. In addition, ASML must notify the AFM of changes of less than 1.0 percent in ASML’s outstanding voting rights and capital at least once per calendar quarter, within eight days after the end of the quarter. Any person whose direct or indirect voting rights and/or capital interest meets or passes the thresholds referred to in the previous paragraph as a result of a change in the outstanding voting rights or capital must notify the AFM no later than the fourth trading day after the AFM has published such a change.

Once every calendar year, within four weeks after the end of the calendar year, holders of an interest of 3.0 percent or more in ASML’s voting rights or capital must notify the AFM of any changes in the composition of their interest resulting from certain acts (including, but not limited to, the exchange of shares for depositary receipts and vice versa, and the exercise of rights to acquire shares).

Subsidiaries, as defined in the FMSA, do not have independent reporting obligations under the FMSA, as interests held by them are attributed to their (ultimate) parents. Any person may qualify as a parent for purposes of the FMSA, including an individual. A person who ceases to be a subsidiary and who disposes of an interest of 3.0 percent or more in ASML’s voting rights or capital must immediately notify the AFM. As of that moment, all notification obligations under the FMSA become applicable to the former subsidiary.
For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, among other arrangements, be taken into account: shares and votes (i) directly held by any person, (ii) held by such person's subsidiaries, (iii) held by a third party for such person's account, (iv) held by a third party with whom such person has concluded an oral or written voting agreement (including on the basis of an unrestricted power of attorney), (v) held by a third party with whom such person has agreed to temporarily transfer voting rights against payment, (vi) financial instruments of which the increase in value is wholly or partially dependent on an increase in value of our shares or distributions in respect thereof (including certain cash settled financial instruments such as contracts for difference and total return swaps), (vii) put options pursuant to which a person can be required to purchase our shares, and (vii) other contracts under which a person has a position economically comparable to having our shares. Interests held jointly by multiple persons are attributed to those persons in accordance with their entitlement. A holder of a pledge or right of usufruct in respect of shares can also be subject to these reporting obligations if such person has, or can acquire, the right to vote on the shares or, in case of depositary receipts, the underlying shares. The managers of certain investment funds are deemed to hold the capital interests and voting rights in the funds managed by them.

For the same purpose, the following instruments qualify as "shares": (i) shares, (ii) depositary receipts for shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds), and (iv) options for acquiring the instruments under (i) or (ii).

The AFM requires the notification of any gross short position in our shares. For the notification of gross short positions the same thresholds apply as for notifying an actual or potential interest in the capital and/or voting rights of a Dutch listed company, as referred to above. In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position amounting to 0.2 percent of the issued share capital of a Dutch listed company is required to report it to the AFM. Each subsequent increase of this position by 0.1 percent above 0.2 percent will also need to be reported. Each net short position equal to 0.5 percent of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1 percent will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set-off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

The AFM keeps a public registry of and publishes all notifications made pursuant to the FMSA.

Non-compliance with the reporting obligations under the FMSA could lead to criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with the reporting obligations under the FMSA may lead to civil sanctions, including (i) suspension of the voting rights relating to the shares held by the offender, for a period of not more than three years, (ii) nullification of any resolution of our general meeting of shareholders to the extent that such resolution would not have been approved if the votes at the disposal of the person or entity in violation of a duty under the FMSA had not been exercised and (iii) a prohibition on the acquisition by the offender of our shares or the voting on our ordinary shares for a period of not more than five years.

We may request Euroclear Nederland and its admitted institutions as well as intermediaries, institutions and custodians of investment funds (in the Netherlands and abroad) of which we reasonably expect that they hold our shares other than as beneficial owner, to provide certain details on the identity and number of shares held, of their clients for whom they hold our shares. We must keep the information received confidential. We may only make such requests during a period of 60 days prior to the day on which our general meeting of shareholders will be held. No details are required to be given in respect of shareholders with an interest of less than 0.5 percent of our issued share capital. A shareholder who, individually or together with other shareholders, holds an interest of at least 10 percent of the issued share capital may request us to establish the identity of our shareholders in this manner so that we can forward to them information provided by such shareholder in respect of an item on the agenda for the general meeting. This request may only be made during a period of 60 days until (and not including) the 42nd day before the day on which the general meeting of shareholders will be held.
The following table sets forth the total number of ordinary shares owned by each shareholder whose beneficial ownership of ordinary shares is at least 3.0 percent of our ordinary shares issued and outstanding. The information set out below with respect to shareholders is solely based on public filings with the SEC and AFM on February 4, 2015.

<table>
<thead>
<tr>
<th>Identity of Person or Group</th>
<th>Shares Owned</th>
<th>Percent of Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Group International, Inc</td>
<td>67,265,695</td>
<td>15.54%</td>
</tr>
<tr>
<td>Stichting Administratiekantoor MAKSJAB/Intel</td>
<td>62,977,877</td>
<td>14.55%</td>
</tr>
<tr>
<td>BlackRock Inc</td>
<td>22,116,072</td>
<td>5.11%</td>
</tr>
<tr>
<td>Stichting Administratiekantoor TSMC/TSMC</td>
<td>20,992,625</td>
<td>4.85%</td>
</tr>
<tr>
<td>The Growth Fund of America</td>
<td>13,768,843</td>
<td>3.18%</td>
</tr>
</tbody>
</table>

1 As reported to the AFM on April 25, 2014, Capital Group International, Inc. and CRMC, which we believe to be an affiliate of Capital Group International, Inc., indirectly have 605,391,255 voting rights corresponding to 67,265,695 shares (based on nine votes per share) of our ordinary shares but do not have ownership rights related to those shares. Capital World Investors reported on a Schedule 13-G/A filed with the SEC on February 13, 2014, that it is the beneficial owner of 45,026,116 shares of our ordinary shares as a result of its affiliation with CRMC.

2 Stichting Administratiekantoor MAKSJAB owns the stated percentage of our ordinary shares and has issued corresponding depository receipts to Intel.

3 Based solely on the Schedule 13-G/A filed by BlackRock Inc. with the SEC on October 8, 2014. The July 2, 2013 public filing with the AFM shows aggregate holdings of various BlackRock funds of (based on total number of issued shares as per 2 July 2013) 3.68% in shares and 4.42% in voting rights.

4 Stichting Administratiekantoor TSMC owns the stated percentage of ordinary shares and has issued corresponding depository receipts to TSMC.

5 As reported to the AFM on May 15, 2014, The Growth Fund of America does not hold voting rights related to 13,768,843 shares of our ordinary shares. We believe The Growth Fund of America to be a fund managed by CRMC as referred to in footnote 1 of this table. Accordingly, there may be overlap between the shares reported to be owned by The Growth Fund of America and the shares reported to be owned by Capital Group International, Inc.

6 As a percentage of the total number of ordinary shares issued and outstanding (432,935,288) as of December 31, 2014, which excludes 5,138,355 ordinary shares which have been issued but are held in treasury by ASML. Please note that share ownership percentages reported to the AFM are expressed as a percentage of the total number of ordinary shares issued (including treasury stock) and that accordingly, percentages reflected in this table may differ from percentages reported to the AFM.

Appointment of Board of Management and Supervisory Board

Board of Management
The rules governing the appointment and dismissal of members of the BoM are described in section II above.

Supervisory Board
The rules governing the appointment and dismissal of members of the Supervisory Board are described in section III above.

Amendment of the Articles of Association
The General Meeting of Shareholders can resolve to amend our Articles of Association. The (proposed) amendment requires the approval of the Supervisory Board.

A resolution to amend the Articles of Association is adopted at a General Meeting of Shareholders at which more than one half of the issued share capital is represented and with at least three-fourths of the votes cast; if the required share capital is not represented at a meeting convened for that purpose, a subsequent meeting shall be convened, to be held within four weeks of the first meeting, at which, irrespective of the share capital represented, the resolution can be adopted with at least three-fourths of the votes cast. If a resolution to amend the Articles of Association is proposed by the BoM, the resolution will be adopted with an absolute majority of votes cast irrespective of the represented share capital at the General Meeting of Shareholders.

The complete proposals should be made available for inspection by the shareholders and the others entitled to attend meetings at our office and at a banking institution designated in the convocation to the General Meeting of Shareholders, as from the date of said convocation until the close of that meeting. Furthermore, we must consult Euronext Amsterdam and the AFM, before the amendment is proposed to our shareholders.

Severance payments under agreements with members of Board of Management
Employment agreements respectively management services agreements for members of the BoM contain specific provisions regarding severance payments. If ASML gives notice of termination of the employment agreement respectively management services agreements for reasons which are not exclusively or mainly found in acts or omissions of the BoM member concerned, a severance payment not exceeding one year base salary will be paid upon the effective date of termination. This severance payment will also be paid in case a BoM member gives notice of termination under the agreement in connection with a substantial difference of opinion between the respective executive and the Supervisory Board regarding his agreement, his function or ASML’s strategy.
BoM members shall also be entitled to the aforementioned severance payments in the event ASML or its legal successor gives notice of termination in connection with a Change of Control (as defined in the agreements) or if such BoM member gives notice of termination directly related to such Change of Control, and such notice is given within twelve months from the date on which the Change of Control occurs.

Per July 1, 2013, the relationship between a member of the BoM and a listed company can no longer be treated as an employment contract. Members appointed after July 1, 2013 have entered into a management services agreement; however the employment agreements entered into before July 1, 2013 will remain in effect.

**VII. Deviation from the Code**

For clarity purposes, ASML lists below its deviation from the Code and the reason for doing so.

II.2.5

Although ASML does not consider ASML’s execution of this best practice a deviation from the Code, it could be interpreted as such.

The members of the Board of Management are eligible to receive performance shares which will be awarded annually under the condition of fulfillment of predetermined performance targets, which are measured over a period of three calendar years. Once the shares are unconditionally awarded after fulfillment of the performance conditions, the shares will be retained (for a lock-up period) by the Board of Management member for at least two years after the date of unconditional award or until the termination of employment, whichever period is shorter. The date of release lies three years after the original date of target setting, and the members of the Board of Management have to retain the performance shares for at least two subsequent years. Accordingly, the total period before one obtains full rights to the performance shares will be five years. The Remuneration Committee believes that the total resulting period is in compliance with the Code. At the 2014 AGM the performance share arrangement for the Board of Management as contained in the 2014 Remuneration Policy was approved.

The Board of Management and the Supervisory Board,
Veldhoven, February 10, 2015